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The Effect of Budget Planning and Quality of Human Resources on Budget Absorption of North Sumatera Province

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ABSTRACT
This study aims to examine the effect of budget planning, and the quality of human resources (both simultaneously and partially) on the level of absorption of the Regional Apparatus Organization (OPD) budget in the North Sumatra Provincial Government. This research is a hypothesis testing research by testing using multiple linear regression from data collected through a questionnaire. The study population was 35 OPD in the North Sumatra Provincial Government. Data analysis was performed using SPSS (Statistical Product and Service Solution). The results of the study show that budget planning and the quality of human resources have both a joint and partial effect on the level of absorption of the OPD budget**.**

Keywords: Budget Planning, Quality of Human Resources

INTRODUCTION

Law Number 25 of 2004 concerning the National Development Planning System and Law Number 17 of 2003 concerning State Finances are regulations that give authority to budget users to prepare Work Plans (Renja) and Regional Apparatus Organizations (OPD) budgets. It will then be submitted to the DPRD as material for consideration in preparing the Draft APBD (RAPBD) to be ratified as APBD. The approved budget is expected to be absorbed by the local government. Budget users must be able to ensure that there is no delay in realizing the implementation of the budget. Acceleration of budget absorption is the responsibility of each OPD head as the user of the budget in implementing priority development programs and activities which are the duties and functions of each OPD.

Regulation of the Minister of Finance Number 258/PMK.02/2015 concerning Procedures for Giving Awards and Imposing Sanctions for the Implementation of Budgets for State Ministries/Institutions requires giving awards to Ministries/Institutions, one of which is the percentage of budget absorption of at least 95%. According to Alumbida et al. (2016), in a performance-based budgeting system, the lack of budget absorption cannot be used as an indicator of poor bureaucratic performance, but the current economic conditions still depend on government consumption. Government spending is one of the determinants of economic growth which encourages the creation of a multiplier effect, which is expected to increase people's welfare.

Failure to target budget absorption results in loss of spending benefits, because not all of the allocated funds can be utilized by the government, which means that there are idle funds. If the budget allocation is efficient, then the limited sources of funds owned by the state can be optimized to fund strategic activities. Limited sources of state revenue require the government to prioritize activities and allocate effective and efficient budgets. When budget absorption fails to meet the target, it means that there has been inefficiency and ineffectiveness of budget allocation (BPKP, 2011).

Table 1. Budget and Realization per Quarter Government of North Sumatra Province for 2019 - 2021 (Cumulative)

Year	Budget	Quarterly	Realization	Percentage
2019	14,726,662,153,406.20	I	628,535,245,477.00	4,27
		II	2,149,903,056,193.00	14.60
		III	4,017,844,325,053.00	27,28
		IV	13,440,323,705,747.30	91.27
2020	13,212,635,656,409.30	I	691,624,311,571.00	5,23
		II	2,873,035,154,312.60	21.74
		III	6,596,323,577,777.60	49,92
		IV	12,653,607,434,218.10	95.77
2021	10,038,653,479,703.00	I	774,726,015,340.84	7,72
		II	4,343,200,491,887.44	43,26
		III	5,725,696,211,422.66	57.04
		IV	9,509,003,885,719.46	94.72

Source: Regional Asset and Financial Management Agency (BPKAD) of North Sumatra Province (data processed)

Table 1 shows the pattern of budget absorption in the North Sumatra Provincial Government. At the end of the year, the absorption of the North Sumatra Provincial Government's budget had not been maximized and seemed to be slow, especially the achievements in 2019. For 2019-2021 it only reached 91.27%, 95.77% and 94.72%, respectively. Absorption of half of the annual budget was only achieved in the third quarter (for 2020 and 2021) while in 2019 the absorption of the budget in the third quarter was still very small (27.28%). This indicates a delay in the absorption of the budget. Not having reached the 100 percent budget absorption target means that there is still a budget that has not been realized, leaving a budget or what is known as the Remaining Budget Calculation (SILPA). Inadequate absorption of the budget creates macroeconomic risks and the failure to achieve the economic growth target. Meanwhile, the slow absorption of the budget or accumulation in the last quarter also raises the risk of state financial accountability, such as forcing the implementation of activities that are not necessary, weak planning of activities, and decreasing the quality of implementation of activities (BPKP, 2012).

Late absorption of the budget needs attention serious from the government. Dharma (2014) stated that local governments should play a better role in increasing the absorption of their budgets by improving the quality of planning andhuman Resources. Poor budget planning is a significant impediment that can slow budget absorption. Planning is the single most important factor at the local government level, and can compound all other difficulties in budget absorption (Ministry of Finance, Planning and Economic Development of Uganda, 2011).

In addition to budget planning, the quality of human resources, in this case civil servants as financial management apparatus, is also a factor affecting delays in budget absorption. This is in accordance with Maulana's statement (2011) that the absorption of the use of the APBD budget by several OPDs has not been optimal, indicating that the OPD has not been able to maximize its human resources.

Therefore, the purpose of this study was to examine the effect of budget planning and the quality of human resources both jointly and partially on the level of absorption of the OPD budget in the North Sumatra Provincial Government.

Planning can be interpreted as a process for determining appropriate future actions, through a sequence of choices, taking into account available resources. In the context of government development planning, its formulation is mainly guided by Law No. 25 of 2004 concerning the National Development Planning System. To carry out development the government has planned development targets in the future.

Budget planning in general, planning can be interpreted as an activity carried out for a better future by taking into account the present and past conditions. Planning (planning) is a process that begins with setting organizational goals in the form of determining strategies to achieve overall goals and formulating an overall planning system to integrate and coordinate all organizational work, until these goals are achieved (Robbins and Coulter, 2002 in (Zarinah et al. , 2016).

Planning is a process for determining future actions, so it is important to do it before carrying out an activity/job. According to Halim and Kusufi (2014) defines the budget as a public sector budget planning tool made to plan what actions will be taken by the government, how much money is needed and what results are obtained from this expenditure. According to the Directorate General of Fiscal Balance (2013) planning as a

reference for budgeting is basically a process for preparing income, expenditure and financing plans for a certain period of time. The absence of a real planning concept for using the budget will certainly have an impact on the emergence of a number of difficulties in directing the use of the budget on target.
The planning aspect that is not mature in determining the budget to be presented will have an impact on the work program not running properly, this is due to the misalignment between budget planning and the work program to be implemented so that it becomes one of the factors causing the lack of budget absorption (Arif & Halim, 2013).

The success of an organization in achieving its goals is largely determined by the quality and capabilities of its human resources (Negara, et al. 2018). Based on the Regulation of the Minister of Administrative Reform and Bureaucratic Reform Number 38 of 2017 concerning Competency Standards for State Civil Apparatuses, it is stated that the State Civil Apparatus (ASN), which was formerly called PNS, must have competence in the form of knowledge, skills and behavior required in carrying out the duties of the position.

Quality human resources will determine the implementation and achievement of organizational goals as well as being a distinct advantage for the organization in dealing with dynamic environmental changes. Employees who are assigned as financial managers must have certain competencies. Starting from knowledge of financial governance, computer knowledge, understanding of regulations and technical instructions. The better the quality of the financial management staff, the better the absorption of the budget.

The Human Resource Quality Indicators according to (Hutapea & Nurianna Thoha, 2008), namely:

1. Understand their respective fields
2. Knowledge
3. Ability
4. Passion for work
5. Planning/organizing skills.

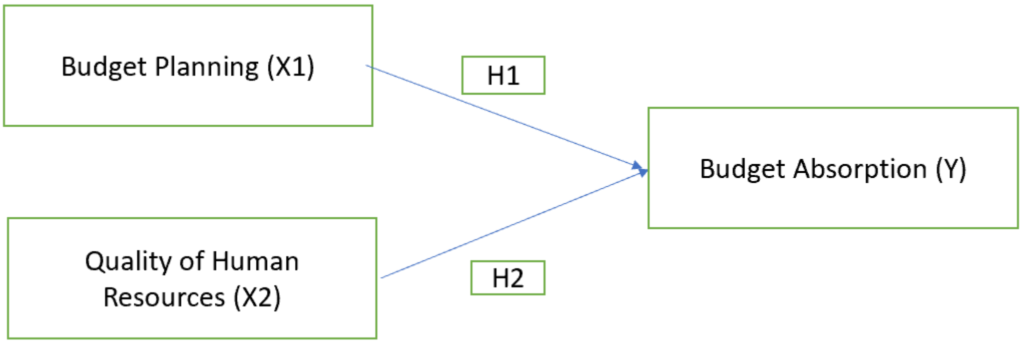
METHOD

This research is a quantitative approach with the aim of examining the effect of the independent variables on the dependent variable with causality. The population in this study is at the organizational level, namely all 35 OPDs within the North Sumatra Provincial Government. The data used in this study are primary data and secondary data. Primary data is data directly obtained from the first data source at the research location or research object. Secondary data is in the form of Physical and Financial Realization Reports, books, journals, articles, previous research and regulations specifically related to research.

Conceptual Framework

Framework conceptual will show clearly the relationship between the variables studied based on the formulation of the problem. On researchIn this case, there are two independent variables that affect budget absorption (Y), namely budget planning (X1) and the quality of human resources (X2).

Based on the description above, the conceptual framework of this study can be seen in the image below.



Based on the background, the formulation of the problem and the research objectives, the hypotheses or temporary answers from this research are:

The Influence of Budget Planning on Budget Absorption.

In an effort to accelerate budget absorption, strengthening planning such as the accuracy of allocations and determining activities needs to be done so that implementation is in accordance with planning and can run smoothly. In addition, it needs to be emphasized to Regional Apparatus Organizations to sharpen programs and work plans by selecting activity proposals so that budget allocations can be adjusted to the needs in order to avoid inefficiencies and increase SKPD flexibility (Zarinah, 2016). Good budget planning will facilitate the implementation of budget execution, so that when linked to financial managers, this will affect budget absorption.

H1: Budget Planning has an effect on Budget Absorption

The Influence of the Quality of Human Resources on Budget Absorption.

Miliasih's research (2012) also found that a shortage of quality human resources, both management officials and staff, can result in delays in budget absorption. So it can be said that the higher the quality of human resources, the better the level of absorption of the budget. If human resources are less competent then budget uptake may be low. Based on the theory, the better the quality of the human resources of a work unit in carrying out programs and activities, the better the absorption of the budget will be because the human resources understand their main tasks and functions. In the implementation of regional financial management, the quality of human resources will affect budget absorption.

H2: The Quality of Human Resources affects Budget Absorption.

RESULT AND DISCUSSION

To test the effect of budget planning and the quality of human resources together on the level of budget absorption, it is carried out by looking at the regression coefficient (β) of each variable, with the criteria if there is at least one βi ($i = 1.2$) $\neq 0$, then the hypothesis can not be rejected / accepted. The results of testing the hypothesis with the help of SPSS software can be seen in Table 2.

Table 2. Regression Test Results

	Name Variable	Coefficient Regression (β)	R	R^2
	Constant	1,753		

X1	Plannera budget	0.190	0.425	0.181
X2	HR Quality	0.221		

Source: Primary Data Processed (2021)

Based on Table 1 above, the multiple linear regression equation is obtained as follows:
$Y=1.753+0.190X1+0.221X2+ \varepsilon$

The results of testing the effect of budget planning (X1) and quality of human resources (X2) on the level of absorption of the budget (Y) jointly obtained that all regression coefficients (β) of each independent variable are not equal to zero (β1 = 0.190) and (β2 = 0.221). The provision is that if there is at least β1 (i = 1, 2) ≠ 0, then X1 and X2 have a joint effect on Y. This means that the first hypothesis is accepted, namely budget planning and the quality of human resources jointly affect the absorption rate budget.

The constant value obtained is 1.753 units indicating that if X1 and X2 are not equal to zero, then the magnitude of Y is 1.753 units.

The correlation coefficient (R) value of 0.425 indicates that budget planning and HR quality have a sufficient (moderate) correlation with the level of budget absorption.

The coefficient of determination (R2) of 0.181 means that the absorption rate of the budget is influenced by budget planning and the quality of human resources by 18.1%, while the remaining 81.9% is influenced by other variables that are not included in this study.

The results of this study support the research of Arif & Halim (2013), Kuswoyo (2012), Sukadi (2012), and Herriyanto (2012) which show that budget planning and the quality of human resources are factors that affect delays in budget absorption.

The Effect of Budget Planning on the Level of Budget Absorption.

The regression coefficient (β) of the budget planning variable is obtained for 0.190 or β ≠ 0. This shows that the second hypothesis is accepted, meaning that budget planning affects the level of budget absorption. The budget planning variable (X1) has a positive influence or in other words, every time there is an increase in budget planning by 1 unit, it will increase the absorption rate of the budget by 0.190 units on an interval scale. This shows that the better the budget planning, the better the level of budget absorption. As the results of a report by the Directorate General of Fiscal Balance (2014) show that the level of absorption of regional spending in funding public services is strongly influenced by the budget planning process and the determination of the APBD.

The results of this study support the results of Arief and Halim's research (2013) which found that aspects of planning that were not mature in determining the budget to be presented would have an impact on the work program not running properly, due to the misalignment between the budget planning and the work program to be implemented. impact on budget absorption. Herriyanto's research (2012) also found that budget planning affects the level of budget absorption.

Effect of HR Quality on Budget Absorption Rate.

The regression coefficient (β) of the variable quality of human resources is 0.221 or β ≠ 0. This indicates that the third hypothesis is accepted, meaning that the quality of human resources influences the level of budget absorption. The variable quality of human resources (X2) has a positive influence or in other words, every time there is an increase in the quality of human resources by 1 unit, the rate of absorption of the budget will increase by 0.221 units on an interval scale. So it can be said that the higher the quality of human resources, the better the level of budget absorption. The results of this study are in accordance with the findings of Herriyanto (2012) which shows that human resources are a factor that influences delays in budget absorption.

Miliasih's research (2012) also found that the lack of quality human resources, both management officials and staff, can result in delays in budget absorption.

The research results of Arif & Halim (2013) show that the placement of employees requires the full attention of regional leaders and SKPD leaders. However, the results of this study are not in line with the research by Kuswoyo (2012) and Sukadi (2012) which did not identify the quality factor of human resources as one of the factors that can affect the accumulation of budget absorption at the end of the fiscal year.

IMPLICATIONS

The implications of this research can be stated as follows

Budget planning has a significant influence on budget absorption. This shows that the poorer the budget planning carried out by government officials, the lower the level of absorption of the budget. Competence of human resources has a significant positive effect on budget absorption. This shows that the better the competence of human resources in an SKPD or government, the better the absorption of the budget.

CONCLUSION

Budget planning and the quality of human resources together influence the level of absorption of the OPD budget in North Sumatra Province. Budget planning affects the absorption rate of the OPD budget in North Sumatra Province. The quality of human resources influences the level of absorption of the OPD budget in North Sumatra Province.

In an effort to increase budget absorption, researchers suggest that the government pay serious attention to the problem of budget absorption, by continuing to improve the budget planning process by implementing a performance-based budgeting system, establishing cost standard analysis and minimum service standards. Improving the quality of apparatus resources as financial managers can be carried out by applying uniform norms, standards and procedures in determining the formation, procurement, development, determination of salaries and welfare programs as well as dismissal of employees. In addition, the addition of other variables such as budget execution, procurement of goods and services, and administration as well as an increase in the number of respondents in the study population is expected to make better research.

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