

# Causes of delays in budget absorption as the development of good governance on deconcentration and co-administration task budget (A case study at the work unit of DKP-NTB Province)

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## ABSTRACT

The objective of study is to determine the causes of delays in the absorption of Deconcentration (Decon) and Co-administration Task (TP) budget at the level of Work Unit. In carrying out its function as an agent of the Ministry of Maritime Affairs and Fisheries (DKP). The Work Unit has developed operational plan, nevertheless it plan could not be followed up. Such condition surely has consequences on the budget absorption at the Work Unit. This study is a qualitative study using a case study approach. The study uses a holistic single case study. The results indicate that there are many obstacles encountered by the Work Unit in carrying out its daily activities related to budget absorption. The obstacles may be from internal factors and external factors. The strong intervention of principal in Decon and TP budget is a key issue of the external factor that makes the Work Unit unable to be consistent to the operational plan drawn up. Besides, the procurement of goods and services through the Procurement Services Unit is also an obstacle for the Work Unit in executing the work using tender mechanism. Other external factors are the mechanisms of Money Supply (UP) and the Change of Money Supply (GUP) that cause the Work Unit to get difficulty in setting up funds for activities. Meanwhile, the internal factors that constrain the Work Unit are issues concerning Human Resources, Standard Operating Procedures and Performance Evaluation that have not been implemented well in the internal Work Unit. The theoretical implication of the study is the dominant intervention of the principal (central government) to the agent (Work Unit) is a resistance to the implementation of the values of effectiveness and efficiency in the concept of good governance.

## ABSTRAK

Penelitian ini bertujuan untuk menentukan penyebab keterlambatan penyerapan Dekonsentrasi (Decon) dan Co-administrasi Tugas (TP) anggaran di tingkat Satuan Kerja. Dalam menjalankan fungsinya sebagai agen dari Kementerian Kelautan dan Perikanan (DKP), Satuan Kerja telah mengembangkan rencana operasional, namun itu rencana tidak bisa ditindaklanjuti. Kondisi tersebut tentunya memiliki konsekuensi pada penyerapan anggaran di Satuan Kerja. Penelitian kualitatif ini dengan pendekatan studi kasus, yaitu studi kasus tunggal holistik. Hasilnya menunjukkan bahwa ada banyak kendala yang dihadapi oleh Unit Kerja dalam melaksanakan kegiatan sehari-hari yang berkaitan dengan penyerapan anggaran. Hambatan dari faktor internal dan faktor eksternal. Intervensi yang kuat di Decon dan anggaran TP yaitu isu utama dari faktor eksternal yang membuat Satuan Kerja bisa konsisten dengan rencana operasional disusun. Selain itu, pengadaan barang dan jasa melalui Unit Layanan Pengadaan juga menjadi kendala bagi Satuan Kerja dalam melaksanakan pekerjaan menggunakan mekanisme tender. Faktor eksternal lainnya adalah mekanisme Uang Beredar (UP) dan Perubahan Uang Beredar (GUP) yang menyebabkan Unit Kerja kesulitan dalam merancang dana untuk kegiatan. Sementara itu, faktor internal yang membatasi Satuan Kerja adalah isu-isu tentang Sumber Daya Manusia, Standar Prosedur Operasional dan Evaluasi Kinerja yang belum diterapkan dengan baik di Satuan Kerja internal. Implikasi teoritis penelitian adalah intervensi dominan pokok (pemerintah pusat) ke agen (Satuan Kerja) adalah resistensi terhadap pelaksanaan nilai-nilai efektivitas dan efisiensi dalam konsep good governance.

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## 1. INTRODUCTION

For public sector organization or government in Indonesia, budget is a vital instrument for running the organization. In addition, budget is a process of allocating resources to unlimited demands (Kenis 1979). In more details, Mardiasmo (2001; 65) described budget is an instrument used to assess the performance of public sector organization. Poor budget management in public sector organization may bring broad impact on development, including high rates of poverty and poor human resources. Budgeting reforms in Indonesia, as mandated in the State Finance Law, require that budgeting should be based on performance approach which focuses on creating efficiency and effectiveness of the work plan and budget of each Ministry/Institution (Heru Susanto 2006).

Although the principle of performance-based budget does not prioritize the budget absorption, rather on performance, organizations cannot exclude the budget spending in representing the functions of State Budget. Indonesia, as a developing country, has made government spending a strategic tool in driving the economic growth. The dominant variable that drives the economic growth in Indonesia is government consumption factor. So, the government spending, which also serves as the government consumption, contributes to the determinant of economic growth (Ahmad Erani Yustika 2012).

A slow budget absorption in the first semester of the current fiscal year can lead to the buildup of budget absorption in the second semester of the fiscal year. This indicates a lack of effectiveness in the utilization of funds, which in turn having implications for cash management (Parluhut Hutahean 2010). Sri Lestari Rahayu (2011) further states that when the budget absorption fails to meet the target, meaning that there have been inefficiency and ineffectiveness in budget allocation. In depth, actually there are two parties involved in the process of budget absorption: Budget User (PA) and the State General Treasurer (BUN) (Murtini 2009). In implementing its functional tasks, Ministry/Institution, as the Budget User (PA), delegates its authority to the Work Units existing in the scope of the institution under it.

De-concentration (or Dekonsentrasi hereinafter referred to Decon) and Co-Administration Task (or Tugas Pembantuan hereinafter referred to TP) are the delegation of authority and assignment from central government to regional government. Various problems arising related to the implementation of DK and TP budget require concrete follow up and have become the concern of the Ministry/Institution

and the Work Units, one of which is about the buildup of budget absorption at the end of the year. Based on the recommendation of the Minister of Finance on the regional funding balance in the planning and implementation of Decon and TP published in 2013, there are four (4) issues in the implementation of Decon and TP, one of which is the acceleration of budget absorption.

This study tries to focus on exploring the causes of delays in the absorption of Decon and TP budget at the Department of Maritime Affairs and Fisheries of Nusa Tenggara Barat Province (hereinafter referred to DKP-NTB). DKP-NTB is an agent of the Ministry of Maritime Affairs and Fisheries (hereinafter referred to KKP) in the management of Decon and KP budget sourced from the KKP in Nusa Tenggara Barat Province. Unfortunately, the performance of the absorption of Decon and TP budget by DKP-NTB has not reflected the proportionality principle between the budget absorption of the first semester and that of the second semester.

During the last two years (2013 - 2014), a low budget absorption pattern occurred at the beginning of the current fiscal year or in the first quarter. Yet, it increased in the second quarter, and the peak acceleration absorption occurred in the third quarter of the fiscal year. In the first semester of fiscal year 2013, the budget absorption was only 35.26% of the total ceiling of IDR 14,236,198,000 or about IDR 4,998,701,200.

The difference between the ceiling and the realization (idle money) until the end of the fiscal year (December 31) was 2.45% of the total ceiling or about IDR 347,788,900. In the first semester of fiscal year 2014, the budget absorption decreased when compared to the first semester of fiscal year 2013 with the percentage of budget absorption reaching 24.68% of the total budgeted ceiling of IDR 14,513,059,000 or about IDR 3,581,712,370. Table 1 is the comparison of the budget realization occurred in the Work Unit of DKP-NTB for the Fiscal Year 2013-2014.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Referring to the phenomenon in this research, in order to avoid bias and ambiguity, the researchers formulate a research question as a guideline to determine the description of the data and information collection process in the field. The research question is such as what are the barriers that cause delays in the absorption of Decon and TP budget at the Work Unit of DKP-NTB? In which the delay in budget absorption occurring in the first semester resulted in the buildup of the budget and the acceleration of

**Table 1**  
**Comparison of Realization per Semester of the Fiscal Year 2013 – 2014**

Fiscal Year	Budget Ceiling	Realization Period	Amount (IDR))	% of Ceiling
2013	14,236,198,000,	First Semester	4,998,701,200	35.11
		Second Semester	8,889,707,900	62.44
		Idle money	347,788,900	2.44
2014	14,513,059,000	First Semester	3,581,712,370	24.68
		Second Semester	7,619,235,030	52.50
		Idle money	3,312,111,600	22.82

Source: Budget Realization Report of DKP NTB Work Units.

budget absorption in the second semester. The main objective of this study is to explore (understand completely and thoroughly) the causes of delay in the absorption of Decon and TP budget at the Work Unit of DKP-NTB.

## Literature Review

### Agency Theory

In agency theory, there are two parties that make agreement or contract. They are the party, which gives authority, the so-called principal, and the party which accepts the authority, the so-called agent. Agency problem arises when the principal delegates decision-making authority to the agent (Zimmerman et al. 1978). Zeff (1972) further says that agency problem occurs in all organizations. Agency theory assumes that each party always wants to maximize the benefits for individual interests. In the context of this study, KKP serves as the principal and DKP-NTB Work Unit serves as the agent.

The relationship between the principal and the agent, or KKP and DKP-NTB Work Unit, is intertwined because, in this case, KKP has delegated authority to DKP-NTB Work Unit to implement some functional tasks of KKP in NTB province, where in carrying out these tasks, DKP NTB Work Unit has been given budget according to its needs. Agency problems in public sector (government) occur between the government officials, elected and appointed as agent, and the voters (people), as the principal, hereinafter represented by the House of Representatives (DPR). The government officials, as the party that organizes public services, have a lot more information so that they can make decisions or policies that benefit only the government and the rulers but ignore the interests and welfare of the people. To reduce such problems, the government should apply the principles of good governance by implementing transparent and accountable financial management.

### Good Governance

World Bank defines governance as “the way state power is used in managing economic and social re-

sources for development of society” (in Mardiasmo 2002: 17). United Nation Development Program (UNDP) defines governance as “the exercise of political, economic, and administrative authority to manage a nation’s affairs at all levels” (in Sedarmayanti 2004: 3). In this case, World Bank emphasis more on the way how the government manages the social and economic resources for the benefit of community development, while the UNDP emphasis more on the economic, political and administrative aspects in the management of the State (in Mardiasmo 2002: 17).

Good Governance is a comprehensive development paradigm because it involves three main components namely government, business world (private) and society, (Indra Bastian 2013; 4). Another definition of good governance is a form of public governance and administration that is able to work efficiently and able to meet the needs of the people, (Eko Prasodjo 2007). Akhmad Syahroza (2003) describes good governance as good organizational governance by implementing the principles of openness, fairness and accountability to achieve organizational goals. Good organizational governance can be viewed from the context of the internal mechanism and the external mechanisms of the organization.

### Public Sector Budget and Budget System in Indonesia

According to Mulyadi (2001), budget is a work plan which is expressed quantitatively and measured in monetary standard unit and other measurement units covering a period of one year. The budget of a state in one fiscal year can simply be compared to the budget of other public sector organizations that are smaller in scope, in which the budget itself has two sides: receipt and expenditure. The function of the state budget in moving the wheels of the government in Indonesia is regulated in Law Number 17 of 2003 on State Finance, while the function includes authorization, planning, supervision, distribution, allocation and stabilization.

Determination of the State Budget (APBN) is a reflection of the budget system in Indonesia. State

Budget is the government's annual financial plan which is approved by the House of Representatives (DPR), containing a systematic and detailed list of estimated receipts and expenditures of the state during the fiscal year (January 1 – December 31), defined by Law, and implemented openly and responsibly for the greater prosperity of the people. Murwanto, (2005) divides the state budget into five stages/cycles, namely: the stage of state budget planning, the stage of state budget law establishment, the stage of state budget law implementation, the stage of budget law monitoring, and the stage of the accountability of the state budget law implementation.

#### **De-concentration (Decon) and Co-Administration Task (TP) Budget**

The legal basis of Decon and TP funds is the Government Regulation No. 7 of 2008. The Government Regulation describes the planning, budgeting, accountability, reporting, training, supervision and sanctions in the management of Decon/TP funds. To support the implementation of de-concentration requires Decon funds, that is, the funds derived from the state budget administered by the Governor, including all receipts and expenditures in the implementation of de-concentration, excluding the funds allocated for central vertical agencies in the region.

Co-administration Task (TP) funds are the funds derived from the state budget (APBN) implemented by regions and villages, including all receipts and expenditures in the implementation of the co-administration task (TP). Decon funding is allocated to finance non-physical activities under the authority of the central government in the region to support the strengthening and empowerment of the role of the Governor as the representative of the Central Government. Meanwhile, TP funding is allocated to finance physical activities and is addressed to the Governor/Regent/Mayor as the head of the Autonomous Region.

Ministry or institution shall inform the Decon/TP activities to the Governor/Regent/Mayor before the delegation or assignment in order to achieve the synergy between central government and regional government. After the Ministry/Institution submits the information regarding the delegation, the Governor/Regent/Mayor then conveys it to each Parliament during the discussion of the regional budget plan regarding the Decon/TP implementation plan. The management of Decon/TP funds must be carried out in the spirit of transparency, accountability, and orderliness in order to achieve unqualified opinion of National Procurement Board (LKPP).

### **3. RESEARCH METHOD**

#### **Research Approach**

The analysis unit is a case that becomes the object of the study. It is the delay in the absorption of Decon and TP budget at DKP-NTB Work Unit. The main objective is to understand completely and thoroughly the phenomenon of the delay in budget absorption, so the approach applied in this study is a qualitative approach. Creswell, (2010; 4) states that qualitative research is a method to explore and understand the meaning which, by individuals or group of people, is ascribed to social problems. The type of qualitative research used in this research is a case study approach.

Case study is a research strategy, in which in the inside, the researchers investigate the programs, events, activities, processes or a group of individuals carefully (Creswell 2010; 20). According to Stake (1995), a case is limited by time and activity and the researchers gather complete information using a variety of data collection procedures based on a pre-determined time. According to Yin (1994), there are four types of research design of case study: single-case (holistic), single-case (embedded), some cases (holistic), and some cases (embedded). The selection among these four types of design is dependent on the aspects studied. In this study, the type of research design used is Type 1: single-case design (holistic) because the unit of analysis used is only one, that is, DKP-NTB with one case object, budget absorption.

#### **Participant and Data Collection Procedure**

The participants are strategic stakeholders who play a role in the management of Decon and TP budget at DKP-NTB Work Unit. They have a direct contact with the budget absorption activities. The strategic stakeholders consist of Proxy of Budget Users (hereinafter referred to KPA-P1), Commitment Making Officials (here in after referred to PPK-P2 and P3), Treasurer of Expenditure (hereinafter referred to P7 and P8), Procurement of Goods/Services (hereinafter referred to P6), Officials in charge of the Activities (hereinafter referred to P4), and Executors of Activities (hereinafter referred to P5). Sampling is accomplished by using purposive sampling and snowball sampling.

The procedures or steps in collecting research data are interviews, participatory observation, and documents. According to Myers (2009), interview allows researchers to collect rich and multi-dimensional data from participants. In this study, the type of interview used is semi-structured interviews. Referring to Sarosa (2012; 47), semi-structured

interview is a type of interview by making a list of topics and interview protocol. In this research, the researchers performed participatory observation, in which the researchers also participated in the daily activities of the participants. Field study is defined as a human observation on his "habitat", Sarosa (2012; 56). Myers (2009) explains that in the field study the researchers can dig and find information that is not revealed in the interview, in addition to observing what actually happens. The documents referred to in this study are all records, either hardcopy or softcopy. The documents can be in the form of books, articles, diaries, reports, minutes, web pages, and so forth.

#### Validity and Analysis of the Data

To obtain valid data, the research data were tested using credibility test in accordance with the procedure of data credibility test in qualitative research. The credibility test was conducted by using data triangulation technique, reference materials and member-check. Triangulation technique prioritizes on the effectiveness of the process and the desired result. Therefore, triangulation can be done by testing whether the process and results of the method used have been running well, Bungin (2007; 252). Reference material is a supporter to prove the data that have been discovered by researchers. The reference material used in this study is in the form of sound recording device and record of the interviews. Member-checking is done by bringing back the final report or the descriptions or specific themes presented to the participants to check whether the participants feel that the reports/descriptions/themes are accurate or in accordance with what have been put forward by the participants.

Data analysis is a continuous process that requires continuous reflection on the data, presents analytical questions, and writes short notes throughout the study, Cresswell (2010). Furthermore, Myers (2009) states that data analysis involves open data collection based on common questions and information from participants. In this research, the data analysis is done using the model of Miles and Huberman (1992). Miles and Huberman (1992) state that qualitative data analysis consists of three activity lines carried out simultaneously: data reduction, data presentation and conclusion withdrawal.

#### 4. DATA ANALYSIS AND DISCUSSION

Based on interviews and participatory observation, the researchers found five (5) clusters of themes which caused inconsistencies of the Work Unit with the Operational Plan of Activities (hereinafter re-

ferred to **ROK**) that has been prepared thus causing delays in absorption and resulting in the buildup of activities/budget in the second semester or the end of the year.

#### Theme 1: The Uncertainty of the External Environment

This theme consists of four categories: activities outside ROK, resource person from central government, ROK preparation reference, and rationalization of activities. Activities outside ROK are incidental activities which are not planned in the ROK. These incidental activities are generally the activities that involve structural officials in the regional government, both division head and section head who have a strategic role in the Work Unit. P1, as the Proxy of Budget User (KPA) gave an idea of how the incidental activities had affected the performance of budget absorption, as seen in the following statement:

*"There must be obstacles beyond what we have planned, for example, our friends want to conduct meetings, but at the same time, there is an invitation from the center that must be attended. This causes delay and unpredictable, because our job is not only in Decon and TP, there are still other duties. As for the preparation of activities in the Work Unit takes another time to be scheduled, but at least we have prediction on the achievements that we will achieve so that we can tap the existing problems"*

P2, as one of the Commitment Making Officials (PPK) of the Work Unit, confirmed that there were incidental activities resulting bias against the ROK, as seen in the following statement:

*"Sometimes there are obstacles that we cannot be consistent, because there are unplanned activities that affect the planned ones. Sometimes these activities require us to attend and thus occurring irregularities in ROK".*

The Work Unit's coordinative self-managed activities involved many parties, primarily associated with resource person from the center, sometimes the resource person was unable to attend the activities referring to the time that had been planned in accordance with ROK, as stated by a participant (P4), as one of the Officials in charge of the Activities, as follows:

*"Related to the meeting activities, the obstacle is on the resource person from the center who is not ready for the respective month. Conflict of time often occurs in the activity of inviting resource persons from the center or cross-sector. They are busy, but at the meantime we have scheduled the activities carefully. For example, on the day that we have planned, they*

*in fact could not be present, so the first alternative is to postpone the activities".*

The practices occurring at the Work Unit, at the time of preparing ROK, always referred to the activities, especially, that became the priority of the Ministry. With such an ROK preparation model, the Work Unit tended to put aside or did not make absorption as the priority. The ROK preparation which had referred to the activities of the central priority was proven ineffective in creating an optimal absorption. Sometimes the center was not consistent with the plans that had been prepared so that the Work Unit that followed the activities plan also could not be consistent with the ROK that had been set on the level of Work Unit, as stated by P3, as one of the Commitment Making Officials ((PPK) in DKP-NTB province, as follows:

*"So far, our reference in preparing the ROK is on the activities which are focused not on the basis of budget. Indeed, to prepare ROK, we must know the information from the central government, although the information is sometimes not appropriate with the realization in the field at the stage of implementation".*

One category in this theme is the rationalization of activities that become the policy of the Ministry to reduce activities existing at the level of Work Unit in the regional. The existence of the policy often occurred in the first semester of the current fiscal year, so the Work Unit that was affected by this policy should suspend all activities until the presence of certainty of the activities that would be rationalized (reduced/eliminated). Here is an interview between the researchers and P3, regarding the impact of the rationalization of activities on budget absorption of the Work Unit:

*"Based on last years' experience, information related to the rationalization of activities or reduction in the budget/activities sometimes came so suddenly. There's call to allocate activities whose budget could be reduced. That was certainly very influential because it could affect many things. We did not know what to be rationalized. We, therefore, need immediate information related to rationalization policy. So, if there is rationalization, please inform quickly and clearly on which activities that will be reduced".*

## Theme 2: Cash Management/Internal Finance of Unit Work

The problem of financial/cash management (henceforth just mentioned as cash management) in Work Unit occurred because of some aspects from both internal and external Work Units. One external as-

pect was the mechanism of Money Supply (hereinafter referred to **UP**) and the Change of Money Supply (hereinafter referred to **GUP**) where there were limitations in proposing UP and GUP to the State General Treasurer (hereinafter referred to **BUN**), represented by State Treasury Office (hereinafter referred to **KPPN**), as expressed by P4 as follows:

*"The amount of UP is limited. UP-GUP mechanism sometimes prevents us from doing activities. For example, the budget required by the Work Unit is 2.2 Billion, but the treasurer only proposes UP as much as 100 million in average, just like that ... you know that there are lots of activities that should be funded from the UP, many kinds of activities"*

The limited amount of UP in Work Unit caused the delay in the activities to be carried out because the amount of UP, as the treasury cash, was unable to cover several activities at once. The situation frequently experienced by the executors of activities was the budget constraints existing in the treasury to carry out activities. Here is the expression of P7 (as one of Expenditure Treasurers in Work Unit):

*"The problem is that the cash I hold is often not enough to carry out the activities, because it has run out ordered by the executor of activities. How could I get the cash again? First, I should ask the Accountability Report (SPJ) from the executors of activities. Well, here is the problem, because the executors of activities are not the same, they are not unified in holding a meeting, some hold this week, but others hold next week, and so on".*

In line with those expressed by P7, P4 also expressed the same thing, where the executors of activities could not carry out their activities because of budget constrain in the treasurer, in this regard he stated:

*"The problem is the unavailability of budget in the treasurer. It has often happened, not only once or twice. Each time the executor of activities proposed budget of activities ... the budget does not exist, which makes us withdraw from the existing schedule. When we want to carry out the activity according to the amount existing in Work Plan and Budget of Ministry/Institution (hereinafter referred to **RKAKL**), the amount of the budget in the treasurer is not enough to carry two to three items of activities. In one month we do not only hold one activity but many, even 4 or 5 activities. For example, if the cash in the treasurer can only be used to finance two activities, what about the two other activities? So we have to wait for the treasurer to propose GUP ... resulting in the delay in activities and thus no longer appropriate to the ROK determined".*

From the field notes of observation, researchers found that the Work Unit did follow the operational standard in the implementation of activities, particularly in financial management. Such condition made the internal Work Unit, the treasurer and the executor of activities) threw responsibility to each other for the vacancy in the treasury cash. The treasurer assessed that the cash vacancy was caused by the indiscipline of the executors of activities in conveying the Accountability Report (SPJ) of the activities that had been completed. On the other hand, the executors of activities considered that the treasurer was always late to propose GUP so that the vacancy occurred in treasury cash. P2 acknowledged that the lack of operational standard implementation in the Work Unit was an obstacle for the Work Unit, thus hampering the implementation of the activities. P2 stated as follows:

*"Regarding operating standard (SOP) ... this also has not been implemented well ... let's say, for example, for a business trip, a week after completing the trip, all Accountability Reports (SPJ) must have been received by the treasurer including the report results. Well, the same as other activities, when the activities already finish, a few days later the SPJ will have to been received by the treasurer to be cashed. There should be time limit for the SOP related to the technique or implementation of Work Unit. So far, we have got a clear path even though it is not in written expression, but we have not mentioned how long it takes".*

In line with the statement of P2 above, P1 stated: *"Well ... I also have not seen operational standard (SOP) as the supporting of the implementation of activities in the ROK, whether it could be the trigger. But seeing its condition, it could be one of the reasons that make us become inconsistent. The existing problem may be one that hinders us, it might be a drawback that makes the ROK inconsistent".*

### **Theme 3: Administration and Budget Absorption Mechanism Evaluation**

Although the Work Unit's operational plan of activities (ROK) had been set by allocating a year-round activity for 12 months (from January to December) in the current fiscal year, but in practice, the Work Unit's activities would just be effective in February. In January the Work Unit was made busy by the preparations of the administration of activities related to the Decree of Work Unit Manager, KPPN administration and the settlement of administrations of the previous year's activities, as revealed by P3 as follows:

*"Obstacles are sometimes also associated with the*

*Decrees (SK), the Decree of Governor is a little late to be received, and the Decree of Ministry to the Co-administration task (TP) is also a late, even though we have proposed from the beginning of the year".*

At the beginning of fiscal year, the Work Unit was not only busy with the preparations of administration for the implementation of activities, but also busy with the job that should have been addressed in the previous year but it was done at the beginning of the current fiscal year, so the Work Unit could not be effective at the beginning of the year. This category was the results of interviews illustrated by 5 participants, while 3 participants did not comment. P4 stated as follows:

*"During this time, we have often experienced this ... This is the real situation in the office. We have planned to start early January, but in fact it can't work, because in January we are still busy to complete the previous year's activity report. Although the List of Budget Implementation (DIPA) has been received and the Work Plan and Budget of State Ministry/Institution (RKAKL) has already existed, the activities still cannot run because we still have to complete the previous year's administration".*

The results of observations and interviews with participants showed that there was a weakness in terms of budget absorption evaluation mechanism, both performed at the level of Work Unit and at the level of Ministry/Center. The existing practices showed that budget evaluation was conducted at the end of the fiscal year-end, where such condition was not able to "help situation" because at that time there had been a buildup of budget. P4 illustrated the evaluation mechanisms made by the Ministry as follows:

*"...evaluation from Center is conducted at the end of the year, usually in November or early December, for the budget of the current year. There is no per quarter. Per quarter we indeed send the budget realization data to the center. The evaluation is conducted orally, by telephone. Monitoring that includes the whole Work Units is conducted per directorate and it is in the form of meeting in the center once a year".*

Budget absorption evaluation was not only done by the central government, but also by the internal Work Unit. Unfortunately, the characteristics of budget absorption evaluation had the same pattern, in which the budget absorption evaluation was done only once a year, and it was at the end of the fiscal year. P5 (as one of the executors of activities in Work Unit) revealed that the existing evaluation model on the level of Work Unit to be one of the

triggers of the accumulation of budget/delay in budget absorption, because the evaluation was only conducted approaching to the end of the year and was not scheduled per certain period. P5 stated as follows:

*"...at present the evaluation is done at the end of the year. The Commitment Making Officials (PPK) and the treasurer should have the same role because they are the officials who set the realization of financial report. I wonder about our evaluation. It does not mean never, but the meeting is always be held just at the end of the month ... and then they say that this section has not implemented these activities yet, and ask the section to do the activities immediately.... these make us take a short cut. If the evaluation were done monthly or at least quarterly, it would be better. At least we have a trigger for immediate action".*

#### **Theme 4: Contractual Work with Tender Mechanism**

The procurement of government goods/services (contractual work) involving private sector is an issue that can be considered inherent in the phenomenon of delay in budget absorption, especially the procurement with tender mechanism. Although the regulations relating to the procurement of goods/services have been revised several times, up to now the procurement of goods/services remains a mainstream issue in the budget absorption. The obstacles that caused the Work Unit to be inconsistent with the ROK were related to the procurement of goods/services with a tender mechanism through Procurement Unit (ULP). Meanwhile, for the procurement conducted in internal Work Units, such as direct procurement or direct appointment, indicated no significant obstacles. Here is the interview with P3:

*"On our side, there has been no problem in direct procurement and direct appointment. But we have problem in tender. Associated with the Procurement Unit (ULP), since all tenders are related to the Procurement Unit, they recognize that there is much work to be handled, so through tender, we must go into the waiting list. In the schedule, sometimes we are at the bottom waiting list"*

One of the other participants also expressed the same thing as P3. In this case, P4 assessed that the lateness of ULP in carrying out the tender affected the Work Unit's budget absorption for the work concerned. Here is the interview with P4:

*"When we go through the Procurement Unit (ULP), we do not directly come to tender ... because they conduct the tender from all Regional Work Units (SKPD), both using APBN funds and APBD funds. In ULP, first of all, all agencies are listed. First-come,*

*first-processed, that is also a problem for us because if the tender process is late, of course, the implementation will be hampered that ultimately affects our budget absorption. For example, we already schedule the tender to be executed in March, so we directly give down payment, but in fact, the tender is delayed until May. This means that it has deviated from our plans".*

One of the problems related to the contractual work at Work Unit was the limitation of goods/services providers in the field of Maritime Affairs and Fisheries in NTB province who had the required qualifications, so this task involved partners from outside of the province. This raised another problem, that was, the failure of the auction/tender, in which when the work was tendered, no companies or contractors signed up as partners, so that the tender was rescheduled. This is disclosed by P3 through an interview as follows:

*"We failed because in NTB province, it is difficult to find internal contractors that have deep qualification. On the other side, external contractors are not many because they are no interested. Major activities are very dependent on third parties outside, so we still rely on external parties".*

#### **Theme 5: HR: Quality, Performance, and Motivation**

The results of this study indicate that the constraints related to HR include the perceived inadequate number of human resources compared to the existing job volume, low performance and low motivation due to lack of reward and punishment. The human resources directly involved in the management of work units are the employees who are on the areas that manage The List of Budget Implementation (DIPA). This has implications for the dual position of the existing human resources in these areas, because these areas do not only manage the budget from the state budget (Decon and TP) but also the budget from the regional budget. P1 found this to be one of the causes the Work Unit unable to carry out the activities optimally, since the number of human resources was not adequate. Here is the interview with P1:

*"We have fewer human resources. But I think, quantitatively each area has been represented, but in quality it is still far from enough compared with the complexity of our work, either on state budget or on regional budget".*

In line with the statement of P1, P2 also stated that the number of human resources was still very few because many of the existing human resources



at Work Unit had double position related to the implementation of regional budget. In this case, P2 said:

*"We've shared the work according to the existing duties and indeed most of the executors of the activities have double position that is no less severity in the regional budget...for example, as the Commitment Making Officials (PPK) in regional budget and as the officials in procurement of goods in regional budget. Actually, they should be separated but this is. If it is said less, yes it is less"*

Work Unit did not only face the reality of the inadequate quality of the human resources but also indicated the lack of commitment and performance of human resources in the implementation of Work Unit's activities. P4 used the term "lack of respect for time" to describe the indiscipline elements within the structure of Work Unit indicating the poor performance, which in turn leading to the accumulation of activities in the second semester. The following is an interview with P4:

*"... There are still many who do not respect for the time. They waste so much time. They work just an hour, but gossiping for five hours until the end of office hours. Only a few who actually work, others just show up a moment then disappear. So it means that they are lack of respect for the time. Therefore, there must be a commitment from all of us, both from the budget management and from the executors of activities in order to make these activities in accordance with the plan we have made. The point is less respect for the time".*

P2 also has the same view related to the performance of human resources in the internal Work Unit. Here is the interview with P2:

*"This has already been our culture ...and perhaps my culture, too. Waiting for the time, why wait? Sometimes we forget and often postpone till tomorrow. If it can be done right now why must we wait till tomorrow? Such is human nature ... when we wait till tomorrow, then we often forget it. Actually, if there is a strong commitment to implement the budget, there will not be any buildup".*

The absence of performance assessment system and motivation treatment in the Work Unit was the central point of the problem of the low performance of the elements involved in the Work Unit. Job description as the only instrument for carrying out the Work Unit's activities did not have strong role to create or boost productivity in carrying out the activities that had been planned. So far, the Work Unit has not implemented the mechanism of reward and

punishment to be able to control the performance of the management of the Work Unit (especially related to the problem of discipline). This is expressed by all the participants, one of whom is by P1 as follows:

*"For the time being, reward and punishment mechanism has not been implemented in the Work Unit related to the implementation of the Work Unit's activities. Well, perhaps the reward can be done individually, but in organization it has not been able to do because we must have clear rules for it."*

This condition (the absence of reward and punishment) gave rise to an attitude of "low motivation" of each management in the Work Unit, as illustrated in the following interview with P5:

*"It is just the same ...whether we want overtime or we want to take the work home ... all are the same, for example, it has something to do with the honorarium of the Work Unit ... the honorarium provided is the same between those who work and those who do not work ... just the same. So far, no one has been given sanction for the lateness in completing the work. Sometimes we see those who are involved in Work Unit just sitting and doing nothing but the reward they get is the same as those who really work".*

There were intertwined issues in the internal Work Unit related to human resources, such as in Operational Standard (SOP), performance appraisal, reward and punishment, and motivation. Noting the condition of the Work Unit in the perspective of human resources, proper efforts need to be done by the management to increase the values of good governance, such as effectiveness and efficiency, in conducting budget absorption.

## 5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study finds the factors of constrain that make the Work Unit unable to be consistent with the operational plans drawn up, thus resulting in the delay in budget absorption. The phenomenon occurring in the field related to the inconsistency of the Work Unit to the ROK is generally caused by external factors and internal factors of the Work Unit. External factors are constraints, which are caused by the reliance of the Work Unit on the central government (ministry) in conducting self-managed and non-contractual activities that have been budgeted.

In implementing self-managed activities, the Work Unit is often detained by central policy changes and strong intervention from the central government. Some top-down self-managed activities have caused the Work Unit to wait for certain period of time for the execution of the same activities, which

are first conducted in the center then followed by the Work Unit in the regional. For more effective and efficient implementation of activities as the embodiment of the values of good governance, hegemony of the central government to the Work Unit needs to be reduced.

Central government (Ministry of Maritime Affairs and Fisheries) as the principal of Decon and TP budget should implement a good monitoring by giving the Work Unit a freedom to manage activities without having to participate in every activity of the Work Unit. The announcement related to the tender conducted by Procurement Unit (ULP) is often incompatible with the schedule arranged by the Work Unit (delay in the tender). This makes the implementation of activities by the partners incompatible with the operational plan of the Work Unit resulting in the delay in the disbursement of funds for such activities. Besides, the limited number of qualified providers of goods/services leads to the failure in tender, so the tender should be re-scheduled.

The human resources and low synergy among the elements in the Work Unit are the main issues that become obstacles in the internal Work Unit. Double position in internal Work Unit is an overview of the inadequate human resources compared to the capacity of existing jobs. On the other hand, the existing human resources do not fully have strong commitment to complete their work (under-performance) caused by their low motivation and no implementation of reward and punishment in the internal Work Unit. In addition to the problems of human resources, another obstacle in the internal Work Unit is the low synergy among the elements in the Work Unit, such as financial manager and manager of activities who are still unable to work as a single system. The absence of internal operational standard enforced in the Work Unit causes the financial manager and manager of activities to work based on their own perception.

The theoretical implication of the study, from the perspective of agency theory, shows that the strong intervention from principal (central government) to the agent (Work Unit) is a resistance to the agent in carrying out its activities. The rigid relationship between principal and agent, or central and regional, has an impact on the failure to implement the activities that meet the values of effectiveness and efficiency in the concept of good governance.

The practical implication of this research is that it can be beneficial to the parties concerned, both central and work unit, to implement strategic measures in the implementation of Decon and TP budget. Related to the policy implication, the results of this

research can be made as a material of consideration by the interested parties in making policies and decisions.

The Work Unit within the scope of DKP-NTB province can use this research to implement an assessment system or performance monitoring manifested in the form of operational standard of internal Work Unit, so that this instrument can be used to detect problems in the elements existing in the Work Unit. Furthermore, improving the work motivation of the internal Work Unit requires reward and punishment in order to give a pressure on the performance of each individual in the Work Unit.

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