

ANALYSIS OF THE EFFECTIVENESS AND EFFICIENCY OF IMPLEMENTING THE MALUKU PROVINCE GOVERNMENT EXPENDITURE BUDGET FOR 2017-2021

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ABSTRACT

Keywords:

Effectiveness, Efficiency of Budget Execution, Expenditure Budget

The research aims to assess the effectiveness of the implementation of the Maluku Province Regional Government expenditure budget for 2017-2021 and to assess the efficiency of implementing the Maluku Provincial Government expenditure budget for 2017-2021, with the type of research used in this research is descriptive which is studied quantitatively. The data analysis technique used in this study is effectiveness analysis, which describes the government's ability to realize the planned spending budget when compared to targets set based on the real potential of the region, and to analyze the level of efficiency of regional financial management in terms of expenditure, the ratio calculation formula between realization indirect expenditure budget to the total indirect expenditure budget. The results found that the level of effectiveness of the budget and spending each year varies with a tendency to increase in recent years. This is an indication of improved management seen in the increase in budget management in 2021. The ratio of budget and expenditure efficiency in 2017 was 85.79%, in 2018 the efficiency ratio was 87.46%, in 2019 the efficiency ratio was 91.09% , in 2020 the efficiency ratio is 69.04%, and in 2021 the efficiency ratio is 79.41%.

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1. INTRODUCTION

Evaluation of the implementation of the Maluku Province government spending budget can be done in several ways, including by using the ratio of Effectiveness and Efficiency ratio. The budget is an activity plan that is presented in the form of an income and spending plan in monetary units. In its simplest form, a budget is a document that describes the financial condition of an organization which includes information about revenues, expenditures and activities. Effectiveness according to Mardiasmo (2009: 65), is the relationship between the output and the goals or objectives that must be achieved.

Meanwhile, efficiency according to Mardiasmo (2009: 65) is very closely related to the concept of productivity. Efficiency measurement is carried out by using a comparison between the output produced and the input used (cost of output). The process of operational activities can be said to be efficient if a particular work product or result can be achieved with the lowest possible use of resources and funds (spending well). The efficiency of using the budget must reach the targets that have been prepared beforehand.

Reports on the realization and implementation targets of the budget issued by the Maluku Provincial government are one source of information regarding the financial performance of the Maluku Provincial

government. The ability to know the performance of regional budget implementation will benefit many parties, especially for local governments in making decisions.

Regulation of the Minister of Home Affairs (Permendagri) Number 13 of 2006 concerning Guidelines for Regional Financial Management, states that regional expenditures are all expenditures from the regional general treasury account that reduce fund equity, are regional obligations in one fiscal year and no repayment will be obtained by the regions.

The Regional Government of Maluku Province is a level I local government in Indonesia which is headed by a regional head and is a governor and is accompanied by his deputy.

Shiva Lima is the motto of Maluku Province which means Mutual Owning. The area is 705,645 km², the land area is 47,350.42 and the water area is 658,294.69 km². It is divided into 9 (nine) districts and 2 (two) cities, namely Buru Regency, South Buru Regency, Aru Islands Regency, Southwest Maluku Regency, Maluku Regency. Central, Southeast Maluku Regency, West Southeast Maluku Regency, West Seram Regency, East Seram Regency, Tual City, and Ambon City.

Vision and Mission of the Regional Government of Maluku Province

- **Vision :**
Maluku which is managed in an honest, clean and serving manner, guaranteed in prosperity and sovereignty over the group of islands.
- **Mission :**
 1. Realizing a Dynamic, Juju, Clean and Serving Bureaucracy
 2. Improving the Quality of Education and Health, Cheap and Affordable
 3. Sustainable Natural Resource Management
 4. Island Cluster Connectivity Infrastructure Improvement
 5. Improving the Conducive Atmosphere for Investment, Culture and Tourism
 6. Realizing Professional, Creative, Independent and Outstanding Human Resources.

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Based on the concept of effectiveness and efficiency in managing regional expenditure funding, researchers try to provide an overview of the number of Expenditure Targets and the amount of Expenditure Realization obtained from the financial division of the Regional Government of Maluku Province in 2017-2021.

The data regarding the Expenditure Target and Realization of Regional Development Planning Expenditures for the Province of Maluku for 2019-2021 can be seen from table 1.1 below:

Table 1. Target Expenditures and Realization of Regional Expenditure of Maluku Province for 2019–2021

Year	Budget	Realization	%
2017	2,062,172,452,196	1,997,862,109,621	96.88
2018	2,542,899,540,192	2,143,097,856,412	84.28
2019	2,965,991,169,731	2,759,044,049,233	93.02
2020	3,643,376,319,535	2,780,809,725,347	76.33
2021	4,154,801,121,589	3,818,887,101,289	91.92

Based on table 1 above, it shows that the realization of spending from the budget set in 2019 was 93.02%, while in 2020 the realization of spending decreased from the budget set or only reached 76.33%, this figure was very low from the previous year. In 2021 the realization of spending from the determined budget is 91.91%, this figure shows that the realization of spending has increased compared to 2020 but not greater than in 2019. The numbers and percentages in the table indicate that the level of development of spending in the Maluku Provincial Government fluctuated quite a bit, in other words there were significant changes in the budget and realization from year to year.

Research conducted by Mulvita and Syamsul (2021), it can be concluded that the average level of effectiveness for regional spending is more than 90%, meaning that it is included in the effective criteria. While the level of spending efficiency on average above 60% is considered very efficient. Furthermore, the five-year effectiveness growth side at Bappeda of Central Sulawesi Province can be said to be quite different from period to period. Likewise in terms of spending efficiency, it also seems to vary slightly from year to year. However, overall the utilization of the budget in the Bappeda of Central Sulawesi Province is quite good.

In contrast to research conducted by Mega Oktavia Ropa (2016), whose research was on the financial performance of the South Minahasa district government in 2011 – 2014. The results showed that there was inefficiency in 2011 of 93.78%, in 2012 of 97.87% , in 2013 it was 92.82%, in 2014 it was 100.70%. So that the efficiency ratio of the 2011-2014 fiscal year is at a less efficient level with an average of 96.29%, so it can be categorized as less efficient.

Referring to the previous research presented above, there are several differences in the results of the research, as there are research results which state that the efficiency ratio has a significant effect on determining the financial performance of regional governments. Meanwhile it is also said that the efficiency ratio has no influence on the financial performance of local governments. The inconsistency of previous research results is one of the reasons why this topic is interesting to study. This research is intended to find empirical evidence of the sequence of variables forming the financial performance of the Maluku Provincial Government for 2017 to 2021, with the title "Analysis of the Effectiveness and Efficiency of the Implementation of the 2017-2021 Regional Government Budget of Maluku Province".

Based on the background that has been described, the formulation of the research problem is how effective is the implementation of the Maluku Province Regional Government spending budget for 2017-2021 and how efficient is the implementation of the Maluku Provincial Government spending budget for 2017-2021. The purpose of this study was to assess the effectiveness of the implementation of the 2017-2021 Maluku Province Regional Government budget and to assess the efficiency of implementing the 2017-2021 Maluku Province Regional Government budget.

2. METHODS

The type of research used is descriptive quantitative research with a correlational research approach which can analyze the influence or relationship of the independent variables and the dependent variable (Sugiyono, 2011), namely: The Effectiveness and Efficiency of Implementation of the 2017-2021 Regional Government Expenditure Budget for the Maluku Province.

The analysis technique used is financial ratios, as follows:

1. Effectiveness Ratio

$$\text{Effectiveness} = \frac{\text{Realisasi Anggaran Belanja}}{\text{Target Anggaran Langsung}} \times 100$$

2. Efficiency Ratio

$$\text{Efficiency} = \frac{\text{Realisasi Anggaran Belanja Langsung}}{\text{Target Anggaran Langsung}} \times 100$$

3. RELUST AND DISCUSSION

3.1 Results

The Regional Government of Maluku Province is a level I local government in Indonesia which is headed by a regional head who is a governor who is assisted by his deputy. Efforts to build a New Maluku in the future will be based on socio-cultural values that have existed for a long time.

The culture in Maluku consists of hundreds of sub-tribes, as indicated by the use of local languages which are known to be actively used as many as 117 of the 130 local languages that have existed. Even though Maluku has many different kinds of culture, basically it has the same cultural values as a collective representation.

Siwalima is an approach that has a central position in an array of approaches that have a plural character. That is, only in the Siwa Lima approach, other approaches are modulated and process as a whole and dynamically to plan, the people in the Maluku region, yesterday, today and in the future.

Philosophy of Life The local community of Manggurebe is advancing, lawamena hau lala, which means to unite to build Maluku to move forward and never retreat. Katong Samua is one partner with one heart and one heart, meaning that we are all one family/siblings

3.2 Budget Effectiveness Analysis

Table 2. Results of the Calculation of the Effectiveness Level of Budget Implementation Regional Government of Maluku Province, 2017 – 2021

Year	Budget	Realization	Effective Risk	Criteria
	(IDR)	(IDR)	(%)	
2017	2,061,172,452,624	1,997,862,109,624	96.88	Effective
2018	2,542,899,540,192	2,143,097,856,412	84.28	Effective enough
2019	2,965,991,169,731	2,759,044,049,233	93.02	Effective
2020	3,643,376,319,535	2,780,809,725,534	76.33	Less effective
2021	4,154,801,121,589	3,181,887,101,289	91.92	Effective

The calculation results in table 2 show the effectiveness of budget implementation in 2017. The Provincial Government of Maluku is considered effective based on the standard Minister of Home Affairs Decree No. 690,900,327 in 1996. This means that the Provincial Government of Maluku in 2017 was considered effective in implementing the budget. So that it can be identified that the Maluku Provincial Government is showing good performance because in the realization or implementation of the expenditure budget used in 2017 amounting to 96.88% almost reached 100% of the budgeted funds. In 2018 the financial performance of the Provincial Government was considered quite effective compared to the previous year. This is because the value of the ratio has decreased, namely 84.28% so that based on the Decree of the Minister of Home Affairs No. 690,900,327 in 1996 the Maluku Provincial government was considered quite effective in implementing the budget. In 2019 the Provincial Government of Maluku improved its financial performance because budget implementation was almost 100% realized, namely 93.02%. However, in 2020 the situation was not good for the Maluku Provincial government because this year's financial performance was very low compared to previous years. Based on Decree of the Minister of Home Affairs No. 690,900,327 in 1996 the Maluku Provincial government was considered less effective in managing its budget. From the calculation results obtained ratio value of 76.33%. The value of the effective ratio is low because indirect spending and direct spending are not realized as a whole according to the target. This was caused by the Covid-19 pandemic which had an impact on all sectors of the economy including the financial sector of the Maluku Provincial Government. In 2021 the Provincial Government of Maluku is trying to get up even in the midst of the Covid-19 pandemic. This can be seen based on the results of the calculation of the effective ratio in table 4.3. 690,900.

This research is in line with the results of research from Alvi, and Rahmiza (2019). The same results are also supported by research conducted by Wahyu Heri Prasetyo, and Agustina Prativi Nugraheni (2020).

3.3 Analysis of the Efficiency of Budget Execution.

Table 3. Results of Calculation of the Efficiency Level of Implementation of the Budget Local government Maluku Province Years 2017–2021

Year	Direct Budget	Realization of Direct	Effective Risk	Criteria
	Realization	Shopping		
	(IDR)	(IDR)	(%)	
2017	996,175,689,012	854,591,712,491	85.79	Efficient Enough
2018	1,062,491,142,911	929,241,461,739	87.46	Efficient Enough
2019	1,381,568,466,911	1,258,493,486,495	91.09	Less Efficient
2020	1,831,447,691,037	1,264,472,925,152	69.04	Efficient
2021	2,517,022,975,877	1,998,831,730,681	79.41	Efficient

The results of the research in table 3 show that in 2017 and 2018 the financial performance of the Maluku Provincial Government was considered quite efficient in managing the direct expenditure budget based on the Decree of the Minister of Home Affairs Number 690,900,327 of 1996. The results of the efficiency ratio were at 80% - 90%, which was categorized as quite efficient .

After being analyzed with existing efficiency measurement indicators, this is because of all the elements direct expenditures consisting of personnel expenditures, capital expenditures and goods and services expenditures, the value between the target and the realization is almost the same. Even though efficiency is very important in one of the government performance appraisals. In 2019 the financial performance of the Maluku Provincial Government was considered not good because based on the efficiency level criteria according to the Decree of the Minister of Home Affairs Number 690,900,327 of 1996, the Maluku Provincial Government was considered to be less efficient in managing regional finances. The ratio value obtained was 91.09%, this was because the realization of direct spending almost reached the set target, this was not good for regional finances. In 2020 and 2021, even in the midst of the Covid-19 pandemic, the local government of Maluku Province is able to manage its regional finances efficiently, this is because based on the calculation results in table 4.4 the efficiency ratio is in the range of 60% -80%, thus the Maluku Provincial Government is considered good and able to save funds in efficient direct expenditure management because the realization of expenditure does not exceed the amount of the predetermined budget. The amount of budgeted expenditure is the highest limit for each type of expenditure. All elements of direct expenditure in 2020 and 2021 are realized to be smaller than the direct expenditure budget.

This research is in line with the results of research from Ni Luh Putu Fitriani, and AANB Dwirandra (2014). These results are also in accordance with research conducted by Alvi, and Rahmiza (2019).

4. CONCLUSION

The level of effectiveness of the budget and spending has fluctuated every year and increased in recent years. This is a good thing because it is accompanied by an increase in budget management in 2021. The level of efficiency of the budget and spending is a measure of the success of an activity which is assessed based on the amount of costs or resources used to achieve the desired results. The level of efficiency in implementing the direct expenditure budget of the Maluku Provincial Government is considered to have progressed, even though in 2019 it was in a less effective condition, but in the following two years the regional government was able to manage its budget efficiently.

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