The Effect of Budget Efficiency on The Quality of Public Services at the Dobo Airport Organization Unit Office

Hugo Savsavubun[1], Darmanto[2], Tehubijuluw Zacharias[3]
[1,2,3]Universitas Terbuka, Indonesia
Emails: hugo.hubud@gmail.com, darmanto@campus.ut.ac.id, tehubijuluwzacharias@yahoo.com

Abstract

The government policy regarding efficiency in budget expenditures at the Ministry of Transportation also impacts the quality of public services at the Dobo UPBU Office, Aru Islands Regency, Maluku Province. The purpose of this study is to analyze the impact of budget efficiency on the quality of public services at the Dobo UPBU Office. This study conducted an analysis with a quantitative approach using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method. Respondents in this study consisted of 64 employees working at the Dobo UPBU Office. The variables studied included budget efficiency as an independent variable assessed through project cost savings, periodic reviews of budget use, and optimization of resource utilization, while the quality of public services as a dependent variable assessed through transparent, participatory services and equal rights. The results obtained showed that budget efficiency had a significant positive effect on the quality of public services, with a path coefficient of 0.422, a p-value of 0.001, and an f-square of 0.255 indicating that the effect was in the moderate category. This finding indicates that the more optimal the management and utilization of the budget, the better the quality of public services provided. The results of this study emphasize the importance of results-focused budget management, through cost control, periodic evaluation of budget use, and resource optimization without neglecting operational needs in services at the Dobo UPBU Office.

Keywords: Government Policy, Budget Efficiency, Quality of Public Services.

Open access under the CC BY-NC license

Corresponding Author:
Hugo Savsavubun
Universitas Terbuka, Indonesia
hugo.hubud@gmail.com

1. Introduction

Presidential Instruction Number 1 of 2025 concerning the Efficiency of APBN/APBD Spending, targeting savings of 306.69 trillion, reflects the government's efforts to consolidate fiscal control while responding to public pressure for transparency of this efficiency goal. This savings is not only aimed at macroeconomic stabilization, but also symbolizes the political commitment of the Prabowo-Gibran government in realizing its campaign promise of clean budget governance [1]. Macroeconomic stabilization is related to how to obtain inputs at the lowest possible cost without reducing quality, efficiency is a way of using resources wisely to produce maximum results or output, and effectiveness measures the extent to which results meet targets [16].

Efficient budget utilization in the Ministry of Transportation can have a positive impact on the quality of public services if implemented through prioritization, expenditure control, and appropriate resource

utilization. Budget savings allow the use of public resources to be directed towards programs that directly benefit the community, such as transportation infrastructure maintenance, safety, connectivity, and improving service quality. The results of Yuliati's research [7] show that budget management in the transportation sector is closely related to achieving program effectiveness, although efficiency is not always achieved automatically. Other findings by Said et al. [6] show that the budget administration process has followed the rules, but still faces obstacles in the form of the lack of integration of service digitalization which ultimately reduces the effectiveness of these services. Thus, budget efficiency is not a cost reduction, but the ability of the Ministry of Transportation to utilize the budget economically, on target, and results-oriented, so that savings can go hand in hand with improving the quality of public services.

Bureaucratic restructuring to address the impact of budget efficiency must be carried out appropriately. This is of course closely related to the performance of employees who are required to work optimally in providing services to the public. Several studies have shown that the quality of public services is always directly proportional to the improvement in employee performance [3], [7], [15]. The government is essentially a public service that has an ideal function, namely service. As a public service officer, an employee must focus on the service provided to customers or the wider community in need.

Following the implementation of the budget efficiency policy, the quality of public services at the Dobo UPBU Office has declined because many non-ASN (honorary) employees have had to be laid off. The agency has a significant impact, namely an increase in the workload borne by Civil Servants (PNS). This risk has the potential to cause PNS fatigue due to high work intensity (overlapping), thus slowing down administration and reducing PNS performance. Considering these conditions, the Dobo UPBU Office recalled non-ASN employees and continued to employ them even with costs or salaries that have been cut by around 57.63% taken from the maintenance expenditure post, office stationery expenditure and office necessities expenditure. This policy was taken to maintain employee performance, even improve it considering that flight activities will operate in the new terminal building with a larger area and require better readiness, especially from the side of Human Resources or personnel who will be on duty.

The policies adopted have an impact on improving employee performance, ensuring optimal public services, especially for air transportation users. The policies adopted by the Head of the Office aim to provide optimal public services, particularly for air transportation users, while still utilizing existing Human Resources (HR).

2. Literature Review and Problem Statement

Budget efficiency is the ability of an organization to use financial resources economically and appropriately to produce optimal output and service benefits. From a value for money perspective, public sector financial management needs to pay attention to economic, efficiency, and effectiveness aspects; therefore, budget success is not only assessed by the amount of savings, but also by the results achieved for the community [1], [2], [3]. Studies on public service budgets in Indonesia show that effective and efficient budget use is

an important part of supporting service delivery, although the results depend on spending management and priorities [8], [10].

In this study, budget efficiency (X) is understood through three indicators used in the research instrument, namely cost savings in implementation, periodic evaluation of budget use, and optimization of resource utilization. Cost savings represent efforts to control non-priority expenditures; periodic evaluation helps ensure the match between realization and needs; while resource optimization emphasizes the use of budget, facilities, and labor to support service activities. These three indicators must be read as a whole: cost reductions that do not consider operational needs risk reducing service capacity, while results-oriented management can help maintain service quality with limited resources [4], [5], [11].

Public service quality (Y) refers to the ability of public organizations to provide services that meet user needs in a proper, open, and fair manner. This study operationalizes service quality through indicators of service openness, participation, and equal rights. Openness relates to the availability of clear information for users; participation provides space for user input and experiences to become material for improvement; while equal rights emphasizes that services are provided without unfair treatment. Systematic studies of fairness in public services indicate that the equality dimension is an important part of discussions of service performance and governance [9]. Research on employee performance and service quality also underscores the relevance of organizational capacity and task execution in supporting service quality [6], [7].

Conceptually, the relationship between budget efficiency and public service quality can be explained through resource allocation mechanisms. When expenditures are regularly evaluated and resources are directed to priority activities, organizations have a greater chance of maintaining operational facilities, staff readiness, and service continuity. However, this relationship is not automatic: savings that are too extensive or not based on service priorities can lead to shortages of personnel and facilities, increase workloads, and hinder service processes. The literature on public spending performance in Indonesia also shows that efficiency and performance achievements can vary between regions and between organizations, so evaluations must consider results, not just budget realization [5], [10], [12].

In the context of the Dobo UPBU Office, the research background explains that the budget efficiency policy is followed by a reduction in the number of non-ASN employees working, an increase in the workload of civil servants, and adjustments to operational spending. This condition shows the need to assess whether the implemented efficiency practices are related to the quality of public services. Previous studies have discussed budget efficiency, value for money, spending performance, and service quality in different government or public organization contexts [2], [4], [8], [13], [14]. However, based on the literature referenced in this manuscript, empirical evidence specifically testing the relationship between budget efficiency and service quality at the Dobo UPBU Office is still limited. This study fills this contextual space by quantitatively testing all 64 employees using SEM-PLS. Claims of novelty are limited to the context of the object, indicators, and empirical testing; this study does not claim that the relationship between the two variables has never been studied in general.

Based on this foundation, the research hypothesis is formulated as follows: H1: Budget efficiency has a positive and significant effect on the quality of public services at the Dobo Airport Operational Unit

Office. This hypothesis assumes that more efficient budget management, periodically evaluated, and directed at appropriate resource utilization is related to better service quality. Hypothesis testing is carried out through path coefficients and p-values in the SEM-PLS structural model.

3. Method

This study applies a quantitative method with an explanatory research design, aiming to explore the impact of budget efficiency on the quality of public services at the Dobo Airport Operational Unit (UPBU) Office, Aru Islands Regency, Maluku Province. The population in this study includes all employees at the Dobo UPBU Office, totaling 64 individuals consisting of 33 civil servants and 31 PPNPN. Given the limited population size, all members of the population were taken as research samples through a census or saturated sampling method. In this way, the total number of respondents in this study was 64 people.

The variables studied consisted of budget efficiency (X) as a stand-alone variable and public service quality (Y) as an influenced variable. Budget efficiency was measured through three indicators: cost savings in implementation, routine evaluation of budget use, and optimization of resource use. Meanwhile, public service quality was assessed based on indicators of service transparency, participation, and equal rights. Research data were obtained through a questionnaire distributed to all respondents. The instrument used a Likert scale to assess respondents' level of agreement with each statement in this study. The collected data were then analyzed using a structural equation model-partial least squares strategy (SEM-PLS). This analysis included an evaluation of the measurement model (outer model) to test the validity and reliability of the instrument, as well as an evaluation of the structural model (inner model) to identify the effect of budget efficiency on the quality of public services. Hypothesis testing was conducted by considering the path coefficient, p-value, confidence interval, and f-square as measures to assess the extent of the influence of the independent variables on the dependent variable.

4. Results and Discussion

a. Evaluation of Measurement Model

The measurement model was evaluated to test the validity, reliability of the indicators, and discriminant validity. A summary of the validity and reliability test results can be seen in Table 1 below.

Table 1. Summary of Reliability Test Results of Research Variables

NO	Variables	Valid Items	Cronbach's Alpha	Composite Reliability	Average variance extracted (AVE)
1	EfficiencyBudget (X)	28	0.966	0.971	0.509
3	Quality of ServicePublic (Y)	34	0.979	0.981	0.591

The budget efficiency variable (X) and the public service quality variable (Y) have the same number of items, namely 45 statements. The validity test results show that the budget efficiency variable has 28

valid items (17 invalid) and the public service quality variable has 34 valid items (11 invalid). Valid items are used for analysis purposes, while invalid items are discarded.

The test results show that all variables in this study have a good level of reliability, as indicated by the composite reliability value for each variable being above 0.70. Furthermore, convergent validity has also been met, as indicated by the Average Variance Extracted (AVE) value for all variables being greater than 0.50. Evaluation of discriminant validity is determined by the Fornell-Larcker criterion of the square root of the AVE.

Table 2. Evaluation of discriminant validity

Variables	Budget Efficiency (X)	Quality of Public Services (Y)
Budget Efficiency (X1)	**0.714**	
Quality of Public Services (Y)	0.690	**0.769**

In Table 2, the Fornell-Larcker Criterion discriminant validity evaluation is met because the square root of the AVE (0.714 and 0.769) for each variable is greater than the correlation value between that variable and other variables (0.690). Therefore, the model structure formed is valid.

b. Structural Model Evaluation

Structural model evaluation relates to hypothesis testing and the direct influence between variables. A summary of the hypothesis testing can be seen in Table 3 below.

Table 3. Hypothesis Testing

Hypothesis	***Path Coefficient***	***p-value***	**95% Path Coefficient Confidence Interval**		***f square***
			Lower Limit	**Upper Limit**	
Employee Efficiency (X1) -> Quality of Public Services (Y)	O,422	0.001	0.183	0.691	0.255

Based on the results of the hypothesis testing according to table 1, it can be concluded thatThe hypothesis is accepted, namely there is a significant influence of budget efficiency on the quality of public services with a path coefficient (0.422) and p-value (0.001 < 0.05). This means that any change in budget efficiency will improve the quality of public services. In the 95% confidence interval, the influence of budget efficiency in improving the quality of public services lies between 0.183 and 0.691. The f-square value of 0.255 indicates that budget efficiency has a moderate effect on the quality of public services. However, the 95% confidence interval provides opportunities for improving efficiency in budget management, whether through reducing

operational costs, routinely assessing budget use, or optimizing resources, playing a role in improving the quality of public services to reach 0.691.

A well-managed budget allows institutions to direct resources to activities that are truly related to service needs. Fitrah and Handayati [2] in their research emphasize the importance of budget efficiency analysis in government institutions to ensure that the budget is used well in achieving organizational goals effectively. The results of another study by Sugiyarto et al. [5] found that the efficiency of public spending in Indonesia still experiences various disparities between regions and that increasing spending efficiency is very important to support the performance of local governments and public services. The research findings also support the implementation of budget efficiency at the Dobo UPBU Office, so that more optimal resource management is very important to improve development outcomes and the quality of public services. Therefore, budget efficiency is not only about cost savings, but is a process to ensure that every use of resources provides maximum results for achieving organizational goals and improving the quality of services to the community.

The findings in this study indicate that understanding budget efficiency should be seen as a strategic tool that links resource utilization with the achievement of quality public services, not just as an effort to reduce costs. Nugroho et al. [4] have shown that the application of the concept of value for money has an impact on the quality of public services because it places more emphasis on the management of public resources that pay attention to economic factors, efficiency, and effectiveness are closely related to the organization's ability to provide quality services. In the context of UPBU Dobo, this means that every decision regarding budget use must consider the extent to which it supports the smooth running of services, so that efficiency is not achieved through general spending reductions that could hinder service delivery.

Efficiency should focus on controlling ineffective costs, periodically reviewing budget utilization, and optimizing resources so that existing budgets can provide greater service benefits. Nugroho et al. [4] in their research showed that measuring value for money by looking at economic, efficiency, and effectiveness aspects can be used to evaluate the performance of public organizations and also see its relationship to meeting the needs of service users. Thus, the success of budget efficiency at UPBU Dobo is not only measured by the level of savings obtained, but more on the organization's ability to convert existing resources into optimal service results and benefits. This view is very important because efficiency that does not consider service results can result in operational limitations, reduced service capacity, or reduced support for service user needs. Therefore, the implementation of budget efficiency must be carried out selectively, based on service priorities, and accompanied by an evaluation of the results achieved.

5. Conclusion

Based on the study results, it can be concluded that budget effectiveness has a positive and significant impact on the quality of public services at the Dobo Airport Operational Unit (UPBU)

Office, Aru Islands Regency, Maluku Province. This finding indicates that the better the budget management through operational cost savings, regular evaluation of budget usage, and optimal resource utilization, the greater the organization's ability to support the provision of quality public services. Budget efficiency is not only understood as reducing spending, but also as an effort to maximize the use of existing resources to provide the best benefits and service results. Therefore, budget management at the Dobo UPBU must be carried out in an effective, measurable, transparent, and results-focused manner, while maintaining the allocation of resources for needs that directly support services. Thus, the implementation of budget efficiency oriented towards service priorities can be an important tool in improving the quality of public services sustainably at the Dobo UPBU.

References

[1] M. Darmawan, M. Rifqy, A. Athalla, and O. B. Yehezkiel, "Efisiensi anggaran dan dampaknya terhadap praktik good governance di Kementerian Dalam Negeri dalam era reformasi birokrasi," vol. 3, pp. 12–29, 2025.

[2] [A. Fitrah and P. Handayati, "Analisis efisiensi anggaran pada instansi pemerintah Badan Layanan Umum," e-Journal Ekonomi Bisnis dan Akuntansi, vol. 9, no. 1, pp. 42–48, 2022.

[3] M. N. Abbas and A. Rahmadanita, "Work performance in improving the public service quality: Research on Semuntai Village, Long Ikis District, Paser Regency," Jurnal MSDA (Manajemen Sumber Daya Aparatur), vol. 11, no. 2, pp. 130–142, 2023.

[4] G. S. T. Nugroho, Y. J. Pambelum, and F. Christian, "Pengaruh value for money terhadap kualitas pelayanan publik dengan transparansi sebagai variabel moderasi (studi empiris pada wajib pajak di Kantor SAMSAT Kota Palangka Raya)," Balance: Media Informasi Akuntansi dan Keuangan, vol. 13, no. 1, pp. 38–48, 2023.

[5] A. Sugiyarto, B. L. Lee, and C. Wilson, "Narrowing the gap: Dynamics of Indonesia's public expenditure performance in economically lagging districts," Economic Analysis and Policy, vol. 85, pp. 2299–2318, 2025.

[6] L. O. A. Said, M. Rijal, and Sarinah, "Implementasi kebijakan digitalisasi pelayanan publik di Indonesia: Kajian literatur tahun 2020–2025," Musamus Journal of Public Administration, vol. 8, no. 2, pp. 160–172, 2026.

[7] D. Yuliati, "Dampak kebijakan efisiensi anggaran di Bappeda Provinsi NTB: Implikasi terhadap pelayanan publik," vol. 10, no. 1, pp. 31–42, 2025.

[8] D. S. Akbar, I. F. Rudiana, B. Prawiranegara, and M. Aryanti, "Assessing the effectiveness and efficiency of the public service budget: A study in one region in Indonesia," Jurnal Ilmiah Akuntansi Kesatuan, vol. 10, no. 1, pp. 37–46, 2022, doi: 10.37641/jiakes.v10i1.1189.

[9] G. Cepiku et al., "Equity in public services: A systematic literature review," Public Administration Review, vol. 81, no. 6, pp. 1019–1032, 2021, doi: 10.1111/puar.13402.

[10] A. Haetami, B. Firmansyah, A. M. Itsniawan, and B. R. Irianto, "Assessing the effectiveness and efficiency of local government budget implementation in Indonesia: A systematic review of value for money performance (2016–2023)," Journal of Economics and Social Sciences, vol. 5, no. 1, pp. 211–218, 2026, doi: 10.59525/jess.1418.

[11] R. Wulandari and L. P. Surbakti, "Analisis kinerja anggaran belanja pada PTN BLU X tahun anggaran 2021–2023," Akbis: Media Riset Akuntansi dan Bisnis, vol. 8, no. 2, 2024.

[12] N. L. P. Oktaviani, S. Zuhroh, and Dwirini, "Evaluation of public sector financial performance using value for money in Denpasar City Environmental Service," Journal of Innovation and Public Accounting, vol. 2, no. 1, 2025, doi: 10.33830/jipa.v2i1.13047.

[13] W. Yuliyanto, S. Wahyuningsih, R. Kurniasih, and A. Waluyo, “Pengukuran kinerja melalui pendekatan value for money pada pelaksanaan anggaran Dinas X di sektor publik,” Jurnal E-Bis, vol. 7, no. 1, 2023, doi: 10.37339/e-bis.v7i1.1183.

[14] A. Tameon, S. Rafael, and L. Ga, “Analisis kinerja anggaran menggunakan metode value for money pada Pemerintah Daerah Provinsi Nusa Tenggara Timur periode 2017–2021,” Jurnal Akuntansi: Transparansi dan Akuntabilitas, vol. 11, no. 1, pp. 40–50, 2023, doi: 10.35508/jak.v11i1.10250.

[15] R. Andrews, M. J. Beynon, and A. M. McDermott, “Organizational capability and public service performance,” Journal of Public Administration Research and Theory, vol. 27, no. 2, pp. 239–258, 2017.

[16] Mardiasmo, Akuntansi Sektor Publik. Yogyakarta, Indonesia: Andi, 2018.