



## The Influence of the Goods and Services Procurement Process on Budget Performance with Budget Politics as a moderator (study of Regional Government OPD in Aceh)

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**ABSTRACT:** This research aims to examine the influence of the goods and services procurement process on budget performance with budget politics as a moderator. The population in this study were all government officials in the Regional Government OPD in Aceh. The sampling technique uses probability sampling. The data used is primary data. The data collection technique was carried out by distributing questionnaires to 267 respondents, namely budget users, heads of program and budget sub-divisions and program department staff. The data analysis method used is Simple Linear Regression Analysis and Moderated Regression Analysis (MRA) with the help of the SPSS 25 application. The results of the research show that the process of procurement of goods and services partially influences the Budget Performance of Regional Government OPDs in Aceh. Then budget politics moderate the influence of the goods and services procurement process on Budget Performance in Regional Government OPDs in Aceh.

**KEYWORDS:** Budget Performance, Budget Politics, Goods and Services Procurement Process.

### INTRODUCTION

The budget is part of the management control process which contains annual plans measured in monetary units. A budget is an estimate of the resources required to implement a work program. To ensure the implementation of the plan, management prepares a budget containing the annual work plan and estimates of the resources needed to implement the work plan (Garrison et al., 2021). The broad authority given by the central government to regional governments (Pemda) to develop independent regions aims to ensure that a region is able to produce quality performance in managing regional resources that is efficient and effective in creating good governance. This phenomenon of slow budget absorption does not only occur in the central government but also in regional governments. In the regional government in Aceh itself, This phenomenon occurred in the District/City Regional Government in Aceh, as shown in Table 1.1 of the realization of the District/City Regional Government's expenditure budget in Aceh for 2019-2021, where the realization of the expenditure budget was always below the budgeted target with a large percentage difference.

**Table I. Percentage of District/City Regional Government Budget Realization in Aceh**

No.	Local government	Percentage of Budget Realization (%)		
		2019	2020	2021
1	West Aceh	90.59	92.22	94.55
2	Southwest Aceh	85.87	88.65	84.87
3	Aceh Besar	90.56	91.17	94.75
4	Aceh Jaya	89.71	91.69	94.59
5	Aceh Singkil	94.62	96.99	94.11
6	Simeulue	90.04	83.80	92.66
7	Aceh Tamiang	94.52	95.01	94.31
8	Central Aceh	93.27	95.09	95.97



9	Southeast Aceh	93.45	95.58	95.22
10	East Aceh	93.31	90.60	94.27
11	North Aceh	94.20	93.93	91.77
12	Bener Meriah	94.87	92.79	95.24
13	Bireuen	92.98	93.74	94.75
14	Gayo Lues	92.27	98.63	97.60
15	Nagan Raya	84.32	91.63	93.26
16	Pidie	88.36	90.25	84.90
17	South Aceh	94.39	96.47	95.95
18	Pidie Jaya	93.55	94.51	92.98
19	Banda Aceh City	92.10	92.63	90.65
20	Langsa City	92.67	92.69	92.39
21	Lhokseumawe City	92.09	90.08	89.45
22	Sabang City	86.77	84.67	86.34
23	Subussalam City	91.08	84.50	76.88

Based on Table 1.1, it can be seen that the percentage of budget realization reaching 95% from 2019-2021 is only 5 districts/cities in Aceh, the remaining 17 districts/cities are still in the range of 84-92%. Research conducted by Rahmad as Head of PSAPP Regional Office of DJPb Aceh Province shows that the percentage of income target achieved is always higher than the percentage of expenditure budget absorption, regional government income should be sufficient to finance expenditure, but the realization of the expenditure budget is still low so that the APBD tends to always be in surplus condition So it can be said that budget absorption is still in less than optimal conditions. This phenomenon is a benchmark for the success of the Regional Government in running an accountable government ([djpb.kemenkeu.go.id](http://djpb.kemenkeu.go.id)). In the Ministerial/Institutional Work Plan (RKA-KL) contained in the Regulation of the Minister of Finance of the Republic of Indonesia Number 249, it is stated that budget implementation performance can be measured from budget absorption, consistency between planning and implementation, achievement of output, and efficiency. This is based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 158 of 2014. The achievement of budgeting performance is said to be optimal if the percentage of the budget absorbed is at least 95%. The process of procuring goods and services in its realization also plays an important role in government activities and development activities, namely to improve public services and develop the national and regional economy. Procurement of goods and services to the government is an activity carried out to meet the needs of ministries/institutions/government agencies by obtaining budgeted goods and services from state/regional income and expenditure, which can also be used to support the performance of these agencies. And for that reason, in 2010 the President of Indonesia strictly regulated in Presidential Regulation Number 54 of 2010 that government procurement of goods and services is required to be carried out electronically or e-procurement, namely that the Provincial, Regency/City Regional Government is obliged to carry out the Goods and Services Procurement Process electronically (e-procurement).

In 2015, Presidential Decree Number 4 of 2015 was issued as an amendment to Presidential Decree Number 54 of 2010. The issuance of Presidential Decree Number 4 of 2015 was a form of refinement of Presidential Regulation Number 54 of 2010. This aims to further increase efficiency and effectiveness in process procurement of goods and services for the Regional Government, so that it can minimize the budgeted expenditure while still getting the goods and services needed at a cheaper price but with the desired quality or as expected. The performance of the government budget in economic movements and is one of the performance evaluation indicators written in Minister of Finance Regulation PMK Number 249/PMK.02/2011 article 4 paragraph 2, that performance evaluation of implementation aspects is carried out in order to produce performance information regarding the



implementation of activities and achievements output. A fairly large portion of government procurement of goods and services should be absorbed by regional governments so that the benefits of spending are not lost.

Problems that arise as a result of poor budget performance in the Goods and Services Procurement Process are due to various problems both administratively and technically. The factors that most often occur in the process of procuring goods and services are slow tender processes, late ratification of SKPD Budget Implementation Documents (DPA), lack of quality human resources, lack of guidance from the central government, reluctance of employees appointed as Commitment Making Officers (PPKom) and the difficulty of getting employees who have certificates for procuring goods and services (Putri, 2021). APBD as a political budget to formulate, determine and implement predetermined work programs and then evaluate the results of these work programs is part of public policy. Politicians/officials elected through the political process who play a role in budgeting cannot be separated from one of the actors in Budget Politics itself. Article 54 of PP No.12 of 2018 concerning Guidelines for Preparing DPRD Rules and Regulations emphasizes that the Budget Body has the duty and authority to provide suggestions and opinions in the form of DPRD main ideas to the Regional Head in preparing the APBD draft before the Regional Head's regulations regarding RKPD are stipulated. This means that the main ideas of the council have been discussed and agreed upon internally within the DPRD and formally submitted to the regional head so that they are included in the RKPD (Abdullah, 2023b).

If the APBD is implemented by the OPD in accordance with their respective duties and functions, then the performance of all programs and activities carried out by the OPD is the responsibility of the OPD concerned, including activities proposed in the APBD by the DPRD through the main ideas. Thus, normally the council's decision is not related to the low realization of APBD expenditure or absorption, because the OPD itself carries out the activities as part of the executive. The tender process, financial administration, implementation and supervision of implementation, as well as submission of accountability reports are the executive domain. Therefore, delays in completing work or low project quality are all the responsibility of the executive. However, under certain conditions, there are board members who act beyond their authority. A conflict of interest occurs when a council member becomes a third party (contractor, purveyor, supplier, etc.) who carries out activities from the DPRD's main ideas. This often happens because the background of a council member was a businessman before becoming a people's representative. Several facts in the field that often occur related to violations of ethics and propriety committed by council members are first: council members receive project fees from third parties (contractors or purveyors) before or while the activities of the main idea are carried out. Second: council members cut funds provided or transferred to recipients by the local government, especially in the form of financial assistance, social assistance, and/or grants, including scholarship funds. Third: selling activities from the main idea while the APBD preparation process is in progress (Abdullah, 2022).

## THEORETICAL BASIS

### *Agency Theories*

The relationship between principal and agent occurs when the actions taken by someone have an impact on other people or when someone is very dependent on the actions of other people (Gilardi, 2001). The influence of this dependence is manifested in agreements in institutional structures at various levels such as behavioral norms and contractual concepts. In the agency relationship in government between the executive and the legislature, the executive is the agent and the legislature is the principal. Between principals and agents, there are always problems of agency. Therefore, the problems that often arise between the executive and legislative branches are also agency problems. In the context of policy making by the legislature, it is the principal who delegates authority to agents such as the government or committees in the legislature to create new policies. The agency relationship here occurs after the agent makes a policy proposal and ends after the proposal is accepted or rejected.

### *Regional Budgets and Budgeting*

According to (Abdullah, 2018) The budget is the government's main tool for translating all its obligations, commitments and policies into concrete and comprehensive plans regarding what actions will be taken, what results will be achieved, how much it will cost and who will finance it. (Ball et al., 2000) public budgeting is a reflection of the relative power of parties who have an interest in budget results. (Abdullah, 2023a) says that budgeting is the process of allocating limited resources to needs that are a priority for the organization. (Freeman & Shoulders, 2003) say that budgetary provisions can be seen as a performance contract between the legislature and the executive.



## ***Budget Performance***

(Fahmi, 2012) performance is the result produced by an organization within a certain period of time, regardless of whether the organization is profit-oriented or not. Performance (work achievement) is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him

A budget is a written plan for an organization expressed quantitatively and usually in monetary units for a certain period of time. A budget is a statement about the estimated performance that will be achieved within a certain period of time shown in financial measures, and budgeting is a process or approach to making a budget (Mardiasmo, 2021).

Budget performance according to (Tanjung, 2022) is an assessment of the achievement of desired results by comparing budget allocations, budget realization and the resulting impacts. Budget performance also includes evaluation of goal achievement, effective and efficient use of resources, transparency in the management of public funds, and accountability in budget implementation.

## ***Goods and Services Procurement Process***

(Arsyad & Karisma, 2022) state that the stages of the government's Goods and Services Procurement Process consist of three global stages, namely planning, implementation and supervision. The scope of procurement activities includes five main activities, namely procurement plans, procurement processes, receipt and storage, as well as asset use and management, and three transactions, namely transactions for the expenditure or use of goods and services.

## ***Budget Politics***

Budget Politics refers to the process of decision making and policy formation related to the management and allocation of financial resources within a country or government entity. Budget politics involves various aspects, including planning, preparing, monitoring and evaluating the budget. Politics can be involved in all state affairs, including public financial affairs, both in planning, implementation and evaluation stages.

According to (Abdullah, 2018) Budget Politics is one of the factors that influences budget absorption, where the political process is the process of determining budget policy which is influenced by various interests of political elements. Budget politics cannot be avoided, this creates a tug-of-war between the interests of the government and the legislature which can directly reduce the time for implementing the work program that was agreed upon at the beginning of the fiscal year. The consequences arising from these political factors mean that OPD cannot immediately implement its work program if it is not in accordance with the priorities of need and justice as agreed by the legislature.

## ***Budget Politics moderates the influence of the Goods and Services Procurement Process on Budget Performance***

The problem that has occurred every year is the low budget absorption in goods and services procurement activities due to various problems both administratively and technically. The problem factors that often occur in the process of absorbing the budget for procurement of goods and services are slow tender processes, delays in ratifying SKPD Budget Implementation Documents (DPA), lack of quality human resources, lack of guidance from the central government, difficulty in getting employees who have goods and services procurement certificate (Putri, 2021). The budget preparation process is susceptible to being influenced by various factors, one of which is the parties authorized by the community to voice community aspirations, namely the legislature and the executive as implementers of activities. The budget preparation process cannot be separated from political aspects because the parties involved in budget preparation have a tendency to maximize their utility through allocating resources within the established budget. This cannot be separated from the various forms of interests in the budget preparation process that arise from various parties. In general, in the process, these interests can be divided into executive interests and legislative interests because these two institutions are very clearly involved in budget preparation.

## **RESEARCH METHODS**

The study objective used in this research is a causal study by testing the hypothesis that has been formulated. Survey research was carried out by sending questionnaires online using Google Form. Survey research includes things like collecting information and data, creating a research design, creating a valid survey instrument, managing and analyzing data, and reporting the results.

Unit of Analysis is the level of unity of data collected during the data analysis stage (Sekaran & Bougie, 2017), The unit of analysis in this research is the entire Regional Government OPD in Aceh. The population in this study were all government officials



in the Regional Government OPD in Aceh. The sample in this study was 166 government officials involved in the budget preparation process, namely the head of the OPD, the head of the program and budget sub-division, and staff at the regional government OPD in Aceh.

**RESEARCH RESULT**

*Characteristics of Research Respondents*

**Table II. Characteristics of Research Respondents**

No.	Respondent Characteristics	Frequency	Percentage(%)
<b>I</b>	<b>Gender</b>		
1.	Man	109	65.7
2.	Woman	57	34.3
<b>Total</b>		<b>166</b>	<b>100</b>
<b>II</b>	<b>Age</b>		
1.	< 30 years	1	0.6
2.	30 – 39 years old	21	12.7
3.	40 – 50 years	84	50.6
4.	> 50 years	60	36.1
<b>Total</b>		<b>166</b>	<b>100</b>
<b>III</b>	<b>Last education</b>		
1.	D-III	1	0.8
1.	S1	41	31.8
3.	S2	87	67.4
<b>Total</b>		<b>166</b>	<b>100</b>
<b>IV</b>	<b>Field of education</b>		
1.	Accountancy	53	31.9
2.	Management	38	22.9
3.	EKP	7	4.2
4.	Other	68	41
<b>Total</b>		<b>166</b>	<b>100</b>
<b>V</b>	<b>Years of service</b>		
1.	< 6 Years	2	1,2
2.	6 – 10 Years	6	3.6
3.	11 – 15 Years	54	32.5
4.	>15 Years	104	62.7
<b>Total</b>		<b>166</b>	<b>100</b>

*Simple Linear Regression Results*

**Table III. Simple Linear Regression Results**

Model	Unstandardized Coefficient		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6,437	1,078		5,972	0,000
PPBJ	0.650	0.061	0.639	10,627	0,000
<b>F: 112,930 ; Sig. 0,000</b>					





Based on the test data results as shown in the table above, the following linear regression equation is obtained:

$$Y = 6.437 + 0.650PPBJ + e$$

The constant value ( $\alpha$ ) is 6.437, which means that if the independent variable, namely the Goods and Services Procurement Process, does not change or is equal to zero, then the Budget Performance value will increase by 6.437 units. The regression coefficient value for the Goods and Services Procurement Process variable is 0.650, if the Goods and Services Procurement Process increases by 1%, then Budget Performance will increase by 0.650. The coefficient is positive which shows that there is a positive influence of the Goods and Services Procurement Process variable on Budget Performance, meaning that the better the Goods and Services Procurement Process, the more optimal the Budget Performance will be. It can be seen that the t-calculated value for the Goods and Services Procurement Process variable is equal to 10.627 greater than the t-table with a value of 1.654 and a significance value of  $0.000 < 0.05$ . This means that the Goods and Services Procurement Process influences the Budget Performance of the Regional Government OPD in Aceh. So it can be concluded that the better the Goods and Services Procurement Process, the more optimal the Budget Performance will be

**Moderated Regression Analysis (MRA) Test Results**

**Table IV. Moderated Regression Analysis (MRA) Test Results**

Model	Unstandardized Coefficient		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5,994	1,061		5,647	0,000
PPBJ	0.486	0.080	0.478	6,066	0,000
PPBJ.M	0.011	0.004	0.241	3,061	0.003

Based on the results of statistical calculations as shown in the table above, the following equation is obtained:

$$Y = 5.994 + 0.486PPBJ + 0.011PPBJ*PA + e$$

The criteria for seeing acceptance or rejection of a hypothesis is if Sig. (PPBJ\*PA) > 0.05, then Budget Politics cannot moderate the influence of PPBJ on Budget Performance, if Sig. (PPBJ\*M) < 0.05, then Budget Politics can moderate the influence of PPBJ on Budget Performance in Regional Government OPDs in Aceh. Based on the data test results in the table above, it can be seen that the significance value of PPBJ\*PA is 0.003 so it is < 0.05, thus it can be concluded that Budget Politics can moderate the influence of PPBJ on Budget Performance in Regional Government OPDs in Aceh. The regression coefficient value of 0.486 is positive but has decreased from the regression coefficient before the moderating variable of 0.650, which means that Budget Politics can weaken the influence of the Goods and Services Procurement Process on Budget Performance in Regional Government OPDs in Aceh.

**DISCUSSION**

**The Influence of the Goods and Services Procurement Process on Budget Performance**

The Procurement Process for Goods and Services in the Aceh Regional Government has a focused impact on budget absorption for goods and services expenditure stated in the Regional Revenue and Expenditure Budget (APBD) structure which is part of direct expenditure. The APBD is a very important policy tool for the Aceh Government and a gateway to realizing community welfare by determining expenditure items that support this goal. Determining the right budget for the procurement of goods and services is certainly not easy, especially with the influence of the legislature which has an important role in approving the budget but includes personal interests in the process so that the budget that has been planned in the RKA-SKPD proposed by the executive which is the OPD proposal becomes hampered. and conflicts occur during the process of procuring goods and services which has an impact on delays in realizing activities. ULP officials do not provide clear and complete explanations or guidelines so that the SKPK is easy to understand. As a result, the SKPK is not appropriate in allocating its budget. This is a reference that in the process of procuring goods and services, it is very vulnerable to pressure from various parties, especially from the executive and legislative parties, to



fulfill their interests. certain. The Goods and Services Procurement process starts from planning, procurement preparation, and carrying out procurement. All tender documents for the Goods and Services Procurement Process that are timely, transparent and open can make Budget Performance more optimal. In the Regional Government in Aceh, delays in budget absorption were caused by the tender process which took several months to complete various technical processes. The amount of time required to finalize the budget is extended by the length of the tender process and the conflict that occurs between the executive and legislative parties during the tender process in which the executive and legislative parties are both stakeholders. One of the main problems in slow budget absorption is that the procurement process for goods and services is not well organized. Weak budget planning in the regional government in Aceh causes the budget for procurement of goods/services to be suboptimal.

In agency theory, it is often described as a relationship between the provider of information, namely the ULP official (agent) and the OPD (principal) who is responsible for carrying out activities. ULP officials must provide clear, open, transparent and easy to understand information to OPD so that the Goods and Services Procurement Process can be realized in a timely manner and Budget Performance will be optimal. Several previous studies related to the procurement of goods and services have been studied by (Lestari & Yuliani, 2022), (Arsyad & Karisma, 2022) who examined the effect of procurement of goods and services on budget absorption, the research results showed that procurement of goods and services had an effect on budget absorption.

### ***The Influence of the Goods and Services Procurement Process on Budget Performance with Budget Politics as a Moderator***

The process of Procurement of Goods and Services in the Regional Government in Aceh cannot be separated from the political aspect because the parties involved in budget preparation have a tendency to maximize their utility through allocating resources within the established budget. This is inseparable from the various forms of interest in the Goods and Services Procurement Process that arise from various parties. Agency theory explains that agents must be able to fulfill the principal's needs and desires. In implementing the budget, the OPD must be able to meet the needs of the people, represented here by the DPRD as a reservoir of community aspirations. This proves that Budget Politics influences Budget Performance, in the budget preparation process if political needs are not met then the DPRD will slow down the ratification process which will make Budget Performance hampered and not optimal, this is because every budget proposed by the OPD is not in line with element priorities politics required by stakeholders in joint meetings with the DPRD Banggar. Even though the budget is a political tool as a form of executive commitment and legislative agreement on the use of public funds for the benefit of society, it is misused by stakeholders for certain political interests. This happens because Budget Politics, in this case, the legislature usually sets a priority program scale that is not in accordance with regional development policies and goals. Even if the Goods and Services Procurement Process is carried out well, if the program implemented is not in accordance with legislative directions, this can lead to undesirable changes in funding.

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