

UDC 332

THE IMPLEMENTATION OF PARTICIPATORY BUDGET IN THE GENERAL DIVISION KUPANG DISTRICT REGIONAL SECRETARIAT

Malley Jeroham L.*, Kase Petrus, Rozari Petrus E. de.

Master's Program in Administrative Science, Program Pascasarjana,
University of Nusa Cendana Kupang, Nusa Tenggara Timur, Indonesia

*E-mail: malleyjero@gmail.com

ABSTRACT

The objectives of this study consisted of a general objective and some particular objectives. The general objective of this study was: (1) investigating the implementation of participatory budget in the division of General Division of Kupang District Secretariat. Meanwhile the particular objectives of this study were: (1) analyzing participatory budget during the budget planning and implementation in the General Division of Kupang District Secretariat; (2) analyzing the participation during budget implementation which relates with the management of regional budget in the General Division of Kupang District Secretariat; (3) analyzing the participation in the qualitative accountability in the General Division of Kupang District Secretariat. This study employed a qualitative approach using an intrinsic research method. The sub focuses of this study were; (1) The planning process including the generation of ideas and information, priority determination, discussion, decision making up to the implementation, (2) The implementation process which was reflected in the communication, resources, and the standards of operating procedure which included: (a) communication; (b) resources (c) standard of operating procedure (SOP). The result of this study showed that the participation in budget planning and implementation in the General Division of Regional Secretariat of Kupang District have been appropriately conducted as seen from the result of observations and research which set the budget from the previous year as the indicator. The ideas were then assisted and evaluated in the TAPD and were discussed by the legislatives to be legalized. Budget planning and implementation have been conducted accordingly including the process of budget accountability and management as proven by cash flow which matched the reported data, which data later were verified by PPTK and approved by budget users.

KEY WORDS

Participation, budget implementation, regional government, planning.

Regional government budget is realized in the form of Regional Budget or *Anggaran Pendapatan dan Belanja Daerah (APBD)*. Regional budget is the basis of regional governance and development. Budget allocation keeps increasing from year to year. Regional budget consists of original regional income and transfer of funds from the central government as a form of balance funds. Increase in the budget must be followed by adequate (Regional Budget of. Kupang: 2017). Efforts to expedite each compulsory and optional affair require effective and efficient participation of budget execution to result in outcomes that match the vision, mission and objectives of regional budget. Ineffective budget absorption leads to failure in achieving the predetermined targets due to compulsory affairs preferred by the government. Ineffective implementation of participatory expenditure budgets often occur in various regional institutions.

In budget preparation, regional government has to design a set of programs to be implemented. However, inefficiencies often occur during budget preparation in determining budget allocation. A reformation in the regional budget structure needs to be applied by implementing the performance budget system which accountability emphasizes not only on the inputs but also on the output and outcome (Halim, 2012). The implementation of participatory budgets is determined by administrative performance. It implies that the implementation, record and administration of the budget are agendas to carry out in order to

achieve the targeted objectives as they support the success of budget absorption. In fact, budget execution in Kupang Regional Secretariat often delayed due to practical problems. This problem can be seen from the inadequate level of budget absorption in the General Division Kupang District Secretariat in 2012 to 2016.

The data of regional budget execution in the General Division of Kupang District Secretariat for the budget year of 2012 to 2016 shows that the budget absorption of Kupang District Secretariat in the last five (5) years were considered ineffective. In 2012, the budget absorption only reached 73.34% and in 2015 it reached 89.48% which later increased in 2016 to 95.02%. Delays often occur in budget management, especially during budget implementation process due to some problems such as the absence of officials including the head and the vice of divisions who are in charge of signing and legalizing the ratification of budget.

In this study, budget execution refers to the processes of budget preparation, determination up to the budget accountability. Regional budget execution is closely related to regional budget management done by the General Secretariat of Kupang District as budget user based on the regulations that apply.

LITERATURE REVIEW

Budget. Budget is a periodic quantitative plan that is arranged based on a set of approved programs. Budget is a written plan regarding organizational activities which is expressed quantitatively for a certain period of time and it is generally stated in either units of money or of goods / services. Budget is a management tool which can be used to achieve organizational goals. Those explanations clarify that budget is not a goal and it cannot substitute the role of organizational management. In budget preparation, it is necessary to consider these following factors (Dewi, 2013); (1) Knowledge of company's general objectives and policies; (2) Past data; (3) Possible development of economic conditions; (4) Knowledge of strategies, strategies applied by competitors, and competitor movements; (5) Possible changes in government policies; (6) Research for company development.

In budget preparation, it is necessary to pay attention to the behavior of the budget implementers by considering these following matters (Wiyono, 2009): (1) The budget must be designed in the most sensible, accurate, and precise way that the fund allocation is not lacking nor it will be excessive. Deficit budget does not represent dynamism, while excessive budget is rather a wishful thinking. (2) To enhance the motivation of budget executors, the participation of the top management is necessary (3) The budget should reflect social equality in order to grow the motivation during its implementation and prevent pressure from occurring, (4) Budget reports should be made accurate and timely in order to prevent and immediately anticipate any adverse irregularities.

The designed budget might lead to failures if these following aspects are neglected (Wiyono 2009): (1) Ineffective budget planning, which budget does not contain any broader vision ahead, (2) Weak authority in budget planning, (3) Lack of support from the society, (4) Inadequate amount of fund. Budget has distinctive characteristics from other plans (Rusdianto, 2006): (1) Budget is stated in monetary unit; (2) Budget applies within a year; (3) Budget reflects leaders' commitment; (4) Budget proposal needs to be approved officials higher than executors; (5) Budget proposal which has been approved can be modified under certain conditions; (6) Any deviations/variants exist in the process should be analyzed in order to find their contributing factors.

There are some objectives of budget preparation, including; (1) Budget is a formal juridical basis to select and determine the source of funding and investment, (2) Giving certain limit to the amount of fund needed and used. (3) Giving details to the source of fund and investment for easier control. (5) Completing the previously designed plan as budget makes everything clearer and measurable. (6) Accommodating, analyzing and deciding every financial proposal (Wiyono, 2009).

Participatory Budget. Participatory budget is one of bottom-up approaches in budgeting process, in which budget is created based on the data proposed by those from lower

management to the higher one. Every person who accounts for any cost/income is required to design an estimated budget to be submitted to those from higher management. The estimated budget is then reviewed and consolidated to higher level of management (Garrison et al, 2013). Garrison et al (2013) defines participatory budget as a budget that is made based on collaboration and participation of from any leaders at any management levels. According to Hansen and Mowen (2013) for participatory budget is a budgeting approach that allows leaders in-charge take the responsibility upon budget performance and to participate in planning the budget. Participatory budget also communicates the responsibilities to leaders from lower management level and enhances the creativity at the same time.

The Objectives and Benefits of Participatory Budget. According to Kennis (1979) there are five characteristics of budget objectives; (1) Participation in budget planning; (2) Clarity of the targets; (3) Budget evaluation; (4) Budget feedback; (5) Difficulties in budget target. Hansen and Mowen (2013) mention that one of the benefits of participatory budget is that participatory budget communicates and enhances the creativity and responsibility, besides it challenges the leaders from the middle and lower management for better performance. The participation of leaders from the middle and lower management results in more realistic decisions that conform with broader organizational objectives.

Participatory budget demands collaboration in budget planning as top leaders often lack of knowledge about detailed operational activities in daily basis that they need the detailed data form their subordinates. On the other hand, top leaders usually focus on general strategic perspective in preparing the budget.

METHODS OF RESEARCH

This study is an intrinsic research that employed a qualitative approach. The focus and the sub focus of this study were; (1) Preparation that is evaluated from the process (2) Execution seen from communication, resources and SOP that included: (a) communication, (b) resources, (c) standard operating procedure (SOP); (3) Accountability. This study was conducted in the General Division of Kupang Regional Secretariat. Data were collected using interviews, documentation, and observation. Informants of this study were selected using a purposive technique. The obtained data were then analyzed using inductive data analysis and were validated using data triangulation technique.

RESULT AND DISCUSSION

Participation in Budget Preparation. Bureaucrats will try to act professionally to achieve their goals. The management of a bureaucracy is in charge to set goals, objectives, make plans in the forms of programs to achieve the predetermined goals and objectives. In a general context, management is defined as a process consisting of planning, organizing, directing, and controlling activities done to achieve certain predetermined goals in the most effective and efficient way. Planning is an action that regards various facts and assumptions to be carried out in the forms of activities in to do in the future. Budget is a part of bureaucratic plan. Planning activities generate plans that consist of goals, strategies, programs, procedures and budgets. Thus it can be concluded that budgeting is an important aspect in management activities, especially in planning.

Data and Information Collection. Thorough planning in the General Division of Kupang Regional Secretariat can be carried out through idea and information collection, priority determination, discussion, decision making and implementation. The results of this study showed that the participation in the drafting and determining the budget in the General Section of the Kupang District Secretary through observations and research and based on the absorption of the previous year's budget has been considered good. The data were then assisted and evaluated in TAPD and were discussed with the legislatures to reach mutual approval. Participation is an important aspect. In order to achieve the predetermined objectives, the General Section of the Kupang District Secretary needs to have clear plan

and budget plan. The budget plan should cover any cost to pay for any expenditures to carry out organizational activities, such as marketing and administrative costs. It is stated by Munandar (1986) that budget is a systematically-arranged plan that covers all activities expressed in monetary units and applies for a certain period of time to come.

Budget plan is also a barometer for management to prepare for future financial planning, determine the allocation of fund as a reference tool for financial authorities, as well as a tool to measure target accomplishment and enhance cost efficiency.

Priority Determination. Every organization should set a priority scale to implement. Priority determination is in the form of a list made by an organization scaling any matters from the most urgent ones to the less urgent ones. Priority determination helps organizations to determine which matter should be taken care first. The process of determining priority scale itself raises members' responsibility for time effectiveness and efficiency which eventually improve members' discipline. The results of this study showed that the determination of budget priorities in the General Section of the Regional Secretariat of Kupang District was done through *RENJA* and *RENSTRA* which were submitted to BP4D for PPAS issuance prior to the submission to the General Section as a reference for RKA preparation. Priority determination helps organizations determine which should be done first. The process of determining priority scale itself raises members' responsibility for time effectiveness and efficiency which eventually improve members' discipline. Priority determination does not only deal with planning which agendas should take precedence, but also about the duration of each agenda to ensure that every program runs well.

Decision Making and Legalization. One of the functions that must be carried out by an organization in an effort to achieve its objectives is for an organization to make decisions effectively. The results of the research interview explained that decision making in budget participation in the General Division of the Regional Secretariat of Kupang District was done based on various considerations related to the absorption of previous year's budget and regarding the needs and estimated expenditures in operational expenditures to support the functions of the general division. In fact, decision making is not a simple matter, because every decision usually contains of two consequences; positive consequences and negative consequences. However, an organization has to take certain decision in facing various conditions. An organization is expected apply Terry's view (in Marzuki, 2015: 2) that in decision making, one should choose the best one out of several alternatives. One of the important tasks of an organization is to determine the best option for the members and the community.

The Implementation of Participatory Budgeting. Implementation is an action to strive for all group members in attempts to achieve goals as predetermined. Hence, implementation can be interpreted as an act to mobilize people to want to work by themselves and who share mutual awareness to effectively achieve certain desired goals. In this case, the most important aspect is leadership. To physically carry out the activities of the planning, leaders of the General Division of Kupang District Secretariat need to take actions in the forms of communication, resources and operational procedural standards (SOP).

Communication. Communication plays a very important role in the success of a budget implementation. Policy decisions and orders must be forwarded to the right person and accurately in a clear manner that it can be easily understood by executors. Based on the results of the study, the communication that occurs in the general part of Kupang Regency involves all staff and operators of financial management, as seen from the two-way communication built in the General Division. In a two-way communication style, communication is administered openly, allowing each organization member to express various ideas or opinions within a favorable atmosphere. Organization atmosphere should motivate each organization member to reach mutual agreement and understanding. This two-way communication makes communication better since open communication is an effective communication that enhances ones' empathy and cooperation, especially in situations where members are required to make decisions about complex problems. This style of communication also ensures the continuity of actions upon certain information among organization members.

Resources. Resources including human resources are very important in running an organization. HR is the main key to the success of an organization. The results of this study showed that the human resources in the general section of the Regional Secretariat of Kupang District regarding to budget participation was considered low. This was seen from the status of the financial management staffs in the Sub-Division of Finance and Assets who were contract laborers. HR was not very essential in sections other than financial management staffs since most of the jobs were already computerized. Human resources (HR) is one of the key factors in global competition to create quality human resources who have skills and are highly competitive in the era of globalization. Quality human resources in an organization can be enhanced by the education, because education is the main capital. Resources and human resources owned by an organization will be efficient if it is managed and regulated by fairly educated human resources and experts in their fields.

Standards of Operating Procedure (SOP). Standards of Operating Procedure (SOP) is a written guidelines (documents) that is used to encourage and mobilize organizations to achieve the predetermined goals. A good SOP explains at least the work process, persons in charge, relevant document and other standards of criteria (quality, quantity, cost and delivery time) that must be fulfilled. Based on the results of this research, the SOP applied in the regional financial management in the General Division of Kupang District Secretariat referred to *Permendagri* Number 21 of 2011 concerning the Second Amendment of *Permendagri* Number 13 of 2006 concerning Guidelines for Regional Financial Management.

Implementation is the process of realizing a plan. Management of implementation refers to the governance and leadership that act based on certain ideas, plans, methods, designs, principles, ethics, and motivation to achieve certain goals. Therefore, implementation can be regarded as an action process that must be consistent and compliant with the initial plan which has been previously designed regarding to the possible risks and benefits. The implementation process will create a period of transition or change from the previous condition to the new one. The consequences of the implementation process depend on the planned projections. In the implementation process, leaders should be involved in the initial projections, and they must have the mentality of fighters as they will have to face difficulties and challenges ahead.

Effective implementation processes will close the gap between intentions and promises, achievements and performance, aspirations, plans and reality. Implementation consists of the ability to achieve certain goals in a preferred way. Implementation process must interactive and dynamic, besides it should be built upon a solid relationship, which relationship engages various intentions and purposes, dreams and hopes, ideals and struggles. Implementation is a process that begins with a feasibility study, then it is executed based on orders and plans. Implementation also ensures members' discipline, compliance, and ethics in every aspect including the ability to bring together ideals, hopes, ease of quality, lifestyle, and better standards (Djajendra).

Participation in Budget Accountability. Accountability is a measure that shows whether bureaucratic activities or the services provided by the General Division of Kupang District Secretariat comply with the norms and values in the society and whether the public service has been able to accommodate the real needs of the society. Thus, accountability is related to the philosophy which believes that government executive agencies whose main task is to serve the people must be directly and indirectly responsible to the people. Accountability is seen from the report and explanation to higher leaders which includes public evaluation of the budget management performed by the General Division of Kupang District Secretariat.

The results of this study concluded that participation in the budget accountability process in the General Division of Kupang District Secretariat ran appropriately as seen from the financial management accountability which has regarded the evidence of cash disbursements that matched the expenditure records verified by PPTK before it was approved by budget executors. Financial management accountability report is a manifestation of one's obligation or the obligation of an organizational unit to account for the management of resources and the implementation of policies within the framework of achieving the goals. The report is in the form of periodically-arranged accountability report.

The report is expected to provide benefits as it encourages government agencies to carry out general government and development tasks in a good and right manner (good governance) based on the legislation, transparency and accountable policies for the community. Hence accountable government agencies will run their functions efficiently, effectively, and responsive to community's aspirations and environment, besides it should be able to gain public trust towards the government.

The above view is supported by Mardiasmo (2002) who believes that accountability is an obligation to report and to be responsible for both success or failure in the implementation of organizational mission in achieving predetermined goals through periodical accountability report. The process of participatory budget starts in the General Division of Kupang Regional Secretariat as written in a circular letter issued by the Head of Kupang District to carry out the stages and preparation of the budget preparation. The General Division through budget executors and staff then compile the direct expenditure for activities that produce *RKA*. Then, the General Division compiles the Budget Work Plans to be submitted to the Regional Financial and Asset Management Agency (*BPKAD*) for Regional Regulation Drafting. The draft is then put into *KAS* budget and it is then approved by *BPKAD*. A letter of fund provision is issued by *BPKAD*, with the issuance of *SPD*, the General Division of *BPKAD* is already able to submit a letter of application for disbursement (*SPP*) then submitted to budget executors for approval and to issue a Payment Order (*SPM*) submitted to *BPKAD* for verification and Disbursement Warrant Fund Issuance (*SP2D*). The *SP2D* is addressed to Banks appointed by the Regional Government of Kupang District to disburse cash or non-cash fund. After the disbursement and use of funds, the validated proof of transfer / note / receipt / receipt are then compiled into an Account (*SPJ*). The implementation of participatory budget by the General Division of Kupang Regional Secretariat was carried out based on studies and observations, and evaluation of the previous year budget. The implementation of participatory budget takes a long two-way communication that involves all relevant staffs. However, some staffs in the General Division of Kupang District Secretariat are contract employees.

Factors Influencing the Participatory Budgeting. It is considered necessary to determine the factors that influence the implementation of participatory budgeting in order to minimize various risks that might occur. Factors influencing budgeting are: Internal factors including: leadership commitment, infrastructure, budget availability, human resource behavior. External factors including: population growth and community income. Based on the explanation above, it is also important to stay aware that budget has limitations as mentioned by Ellen Christina (2002); (1) In budget preparation, the estimated budget might not match the real condition. (2) Circumstances used as the basis for budgeting might change away from the plan. (3) Budget preparation involves many parties which might trigger problems can disrupt the budget execution process. (4) Budgeting cannot be separated from subjective judgments of policy makers, especially when data and information are incomplete and insufficient. Those factors should be adequately considered before preparing a budget. Therefore, the budget can be properly, effectively and efficiently designed to achieve the predetermined organizational goals.

CONCLUSION

Based on the findings and discussions in this study, conclusions are drawn as follows (1) Participation during the drafting and budget planning in the General Division of Kupang District Secretariat has been appropriately done as seen from the results of observations, investigation and based on the absorption of the previous year's budget. Those data were evaluated in *TAPD* and discussed with the legislature to reach mutual approval. (2) Participation in the implementation process related to regional financial management in the General Division of Kupang District Secretariat has been adequate and good communication from the top to bottom or vice versa has been well maintained. In addition, related to resources, various tasks have been computerized. Besides, the SOP were adopted from *Permendagri* Number 21 of 2011 concerning the Second Amendment to *Permendagri*

Number 13 of 2006 concerning Guidelines for Regional Financial Management. However, problems still occurred related to human resources as some staffs were contract employees who were high school graduates. (3) Participation in the budget accountability process in the General Division of Kupang District Secretariat has been considered good. The financial management accountability was done based on valid evidence of cash disbursement that had matched the expenditure records before it was verified by *PPTK* and approved by Budget Users.

SUGGESTIONS

Regarding to the results of this study, suggestions were made as follows: (1) The participation in the budget preparation and budget legalization in the General Division of Kupang District Secretariat has run well and it should be well-maintained for better performance in the future. (2) Participation in the process of regional financial management in the General Division of Kupang District Secretariat has been appropriately implemented. However, motivation in the form of increase in incentives is necessary to be given for contract employees. Better motivation among financial staffs is expected to improve their performance. The participation in the accountability process has been adequate and should be well maintained in order to provide valid financial information in the future. (3) Future researchers are encouraged to investigate the participation in budget execution done by Kupang Regional Government.

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