

Analysis of the Effectiveness and Efficiency of Budget Absorption at the Maluku Province Youth and Sports Office in 2020-2024

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ABSTRACT

The purpose of this study was to determine and analyse the effectiveness and efficiency of budget absorption at the Youth and Sports Office in Ambon City. The formula for knowing budget efficiency = (Service Budget / Service Budget Realisation) x 100%. Budget Effectiveness Ratio = (Budget realisation / Service budget) x 100% explanation of the calculation results using the Decree of the Minister of Home Affairs No. 690.900-327 of 1996. The results of the calculation of the level of budget effectiveness of the Maluku Province Youth and Sports Office for the period 2020 to 2024 vary greatly. In 2020 the level of effectiveness of the budget absorption of the Maluku Province Sports Office was 89.63%, meaning that the budget absorption was quite effective. However, in 2021 the level of effectiveness of the expenditure budget was less effective with a figure of 77.82%, the results of the interview stated that this was due to budget recofusing and due to Covid-19 many programs were not realised. In 2022 the level of effectiveness of the expenditure budget was 89.24%, which means it was quite effective. Furthermore, in 2023 the level of effectiveness of the expenditure budget was 91.59%, which means effective. Then in 2024 the level of effectiveness of the expenditure budget reached 94.61% which can be interpreted as effective. During the period 2020 to 2024, only in 2023 and 2024 was the budget absorption effective, namely 91.43% in 2023 and 94.26% in 2024. However, in 2022 the budget absorption was less effective with a percentage of 77.11%. Meanwhile, budget absorption in 2020 - 2021 is in the Moderately Effective category with a percentage of 89.98% and 89.17% respectively.

Keywords: Effectiveness, Efficiency, and Budget Absorption

Date of Submission: 06-03-2025

Date of acceptance: 18-03-2025

I. INTRODUCTION

Budget absorption is one of the key performance indicators in local financial management. The effectiveness and efficiency of budget absorption is important to ensure that the allocated funds can be used optimally to achieve development goals. This study aims to analyse the level of effectiveness and efficiency in budget absorption at the Department, there is often a mismatch between budget planning and realisation. challenges in budget absorption in various agencies include low budget absorption, many agencies experience low budget realisation due to various factors such as delays in administrative and bureaucratic processes, some programs have very high budget absorption at the end of the fiscal year, while at the beginning of the year realisation tends to be slow, and errors in the preparation of programs and budgets cause inefficiencies in the implementation of activities, in some cases, the budget absorbed is not proportional to the impact or results resulting from the program being implemented.

The gap that occurs is that although budget absorption policies have been clearly established, implementation in the field still often encounters technical and administrative obstacles, then budget preparation often does not consider implementation challenges, resulting in suboptimal realisation, between budget use and program effectiveness: Although budgets are absorbed, the effectiveness of the programmes financed is often not maximised in providing benefits to the community.

II. THEORY

Effectiveness is the ability of an agency to achieve predetermined goals using the available budget. Efficiency is the comparison between inputs (funds used) and outputs (results obtained) in the process of implementing the budget. Budget absorption is the process of using the budget by an agency in accordance with applicable plans and regulations.

Budget effectiveness reflects the extent to which the allocated budget can achieve the goals that have been set. If the budget is effective, then budget absorption will also be more optimal, because each expenditure is actually used in accordance with the plan that has been prepared. If the budget is used effectively, then the expenditure made is really in accordance with the needs and careful planning. This prevents unnecessary or wasteful spending just for the sake of increasing the absorption rate. A well-planned budget tends to be more effective in its implementation. Thus, budget absorption can run proportionally throughout the year without having to rush at the end of the budget period.

If budgets are managed efficiently, then budget absorption will be of higher quality, not just spending the budget, but also ensuring that every dollar spent provides maximum benefit. If budget efficiency is high, programme planning and implementation will be more thorough so that the budget can be absorbed on schedule without unnecessary delays. Conversely, if there are inefficiencies such as slow bureaucracy or poor planning, budget absorption can be hampered. Budget efficiency and budget absorption must be balanced. High but inefficient budget absorption can lead to waste, while too strict budget efficiency without flexibility can hamper programme realisation. Therefore, appropriate strategies are needed in managing the budget so that its use is optimised and provides maximum benefits.

III. METHODOLOGY

The analysis was carried out with a quantitative descriptive approach, collecting data on budget realisation for the last few years. Comparison between planned and realised budgets. Identification of inhibiting and supporting factors in budget absorption. Researchers conducted interviews with samples to obtain perspectives on constraints and solutions in budget implementation.

The formula to determine budget efficiency = (Service Budget / Service Budget Realisation) x 100%. In the Decree of the Minister of Home Affairs No. 690.900-327 of 1996, it is explained that there are criteria for the level of effectiveness which are divided into 5 criteria, namely: a) If the results of the calculation show a percentage above 100%, it means inefficient. b) If the results of the calculation are 90% - up to 100%, it can be interpreted as less efficient. c) If the results of the calculation are at the level of 80% to 90%, it means moderately efficient. d) If the results of the calculation are at the level of 60% to 80%, it means efficient. e) If the comparison produces a figure below 60%, it can be interpreted as very efficient.

Budget Effectiveness Ratio = (Budget realisation / Service budget) x 100%. In the Decree of the Minister of Home Affairs No. 690.900-327 of 1996, it is explained that there are criteria for the level of effectiveness which are divided into 5 criteria, namely: a) If the results of the division are above 100%, it means that it is very effective. b) If the results of the division are between 90% and 100%, it can be said to be effective. c) If the results of the division are between 80% and 90%, it can be interpreted as quite effective. d) If the division of the results is between 60% and 80%, it can be interpreted as less effective. e) If the division of the results is below 60%, it means ineffective.

IV. RESULT

To calculate the level of effectiveness and the level of efficiency of budget absorption of the Maluku Province Youth and Sports Office, data on expenditure budgets and budget realisation from 2020 to 2024 are required. This data is usually contained in the Budget Realisation Report. The results of the calculation of the budget effectiveness level of the Maluku Province Youth and Sports Agency for the period 2020 to 2024 vary greatly. In 2020 the level of effectiveness of the budget absorption of the Maluku Province Sports Office was 89.63%, meaning that the budget absorption was quite effective. However, in 2021 the level of effectiveness of the expenditure budget was less effective with a figure of 77.82%, the results of the interview stated that this was due to budget reconfusing and due to Covid-19 many programs were not realised. In 2022 the level of effectiveness of the expenditure budget was 89.24%, which means it was quite effective. Furthermore, in 2023 the level of effectiveness of the expenditure budget was 91.59%, which means effective. Then in 2024 the level of effectiveness of the expenditure budget reached 94.61% which can be interpreted as effective.

After the research results and discussion described above, the author can conclude that the budget absorption of the Maluku Province Youth and Sports Agency for the period 2020 - 2024 varies. During the period 2020 to 2024 only in 2023 and 2024 was the budget absorption effective, namely 91.43% in 2023 and 94.26% in 2024. However, in 2022 the budget absorption was less effective with a percentage of 77.11%. Meanwhile, budget absorption in 2020-2021 is in the Moderately Effective category with a percentage of 89.98% and 89.17% respectively. Meanwhile, the efficiency level of budget absorption of the Maluku Province Youth and Sports

Agency from the period 2020 - 2024 did not reach 100%. This is because there are still many budget items whose realisation is not in accordance with the Budget Implementation Document. Many expenditures are not in accordance with the approved budget. So it is not surprising that every year the expenditure budget of the Maluku Province Youth and Sports Office decreases. However, the decrease in the budget absorption of the budget still does not reach the efficient category.

V. CONCLUSION

Based on the results and discussion presented in the previous chapter, it can be concluded that: Maluku Province Youth and Sports Office to improve coordination between those who make policies and those who implement policies to achieve the level of efficiency and effectiveness of budget absorption. With the coordination between decision makers and those who carry out tasks, the task implementers can carry out their duties in accordance with the directions and objectives to be achieved. If coordination has not gone well, it results in planned programmes not running well. Not running the programme or activity will have an impact on the performance of the agency which can be seen in the effectiveness and efficiency ratio of the Maluku Province Youth and Sports Agency budget. In addition, the Maluku Province Youth and Sports Office must carry out an evaluation to review the causes of inefficient and effective absorption of budget expenditure. Every year an evaluation is expected to be held regarding programmes that are not running well. With this evaluation, it is hoped that improvements will be made to achieve effective and efficient criteria in terms of budget absorption for the Maluku Province Youth and Sports Agency.

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