

## Strategy of Planning in Absorption of Regional Budget (Study at Regency Government of East Kotawaringin)

Hatta Turachman<sup>1\*</sup>, Irwan Noor<sup>2</sup>, Mochamad Makmur<sup>3</sup>

Master Program in Public Administration, Faculty of Administrative Sciences, Brawijaya University, Malang

### Abstrak

One indication in the absorption of local budget is due to the weakness of planning which resulted in the absorption of the budget is not maximal and concentrated at the end of the budget year. After analyzing the problems in the implementation, then a scenario along with a strategy to be achieved in the planning of acceleration of budget absorption in East Kotawaringin regency to be realized at the beginning of the year and there is no accumulation at the end of the year. The research method used is qualitative descriptive by using TAIDA (Tracking, Analysing, Imaging, Deciding, Acting) method as a tool for conceiving scenarios and strategies to face every possible scenario. Based on the analysis, the most influential and uncertain trend is derived from budget planning and local government commitment. There are four scenarios, namely scenario A, scenario B, scenario C, and scenario D. In order to improve the effectiveness of the program / activity so that the local government finish the program and activities on time with good budget realization level, it is necessary to apply appropriate strategy according to the condition may occur based on a description of the scenario that has been compiled.

**Keywords:** strategy, planning, budget absorption, scenario

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### INTRODUCTION

Implementation of local government activities still not meet expectations. One indication is the absorption of local budget due to weak planning which resulted in absorption of budget is not maximal and concentrated at the end of fiscal year. This causes local government public services to the community to be hampered. So a good planning strategy will greatly help the level of budget absorption. [1] explains that the assessment of the successful implementation of the budget can be done by assessing the level of budget absorption. The assessment is to compare the budget realization and the total budget at the end of the year in an entity.

Implementation of the ideal budget can be characterized by high budget absorption accompanied by optimal output and outcome. In addition, supervision is required from the beginning of planning to detect the possibility of early budget absorption failure. Reporting also plays an important role in knowing the progress of budget absorption. For the absorption of the regional budget, there is a regulation that is

oriented towards giving trust to the government in order to be more flexible in using the budget while maintaining the principles of effectiveness, efficiency, and accountability.

The absorption condition of the central and regional governments in Indonesia has similar conditions, termed according to the World Bank, which is slow at the beginning of the year but slow and back-loaded expenditure. Absorption that accumulates at the end of the year is usually non-recurrent expenditure, such as capital expenditures and social assistance expenditures. Other issues are also related to the realization of lower spending than planned budgets. The reality in the field of slow absorption of the budget is also experienced by the Government of East Kotawaringin District. The absorption performance of East Kotawaringin Regional Budget is not yet optimal, it is proven scientifically based on the data of the Budget Realization Report (LRA) of Kotawaringin Timur District Government during the last three years, the period of 2014-2016.

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\* Alamat korespondensi:

Hatta Turachman

Email : [hattahyde1@gmail.com](mailto:hattahyde1@gmail.com)

Alamat : Perum Griya Shanta Eksekutif Blok P 347,  
Malang - Jawa Timur

Budget realization from 2014 to 2016. The average realization of expenditure budget up to the fourth quarter during the three years is above 90.00%, except in 2016 below 90.00%. Usually the condition of budget absorption in the fourth quarter can be said will happen the accumulation of budget absorption at the end of the year. Absorption of the budget that can not reach the target should indicate the inefficiency of budget allocation and result in loss of benefits that should be accepted by society [2]. This is contrary to the 3E principle, the principle of community benefit, and APBD functions.

The expenditure of this area is actually an expenditure made by the East Kotawaringin District Government to fund all activities / programs that have direct or indirect impacts on public services in Kotawaringin Timur District. When there is a failure to achieve the budget absorption target, it means that there has been inefficiency and ineffectiveness of budget allocation. Failure to reach the target of budget absorption of East Kotawaringin Regional Budget is the accumulation of the failure of budget absorption on Regional Device Organization Structure (SOPD) of Kotawaringin Timur Regency as the implementing element of regional autonomy in accordance with their respective affairs field.

Budget absorptions generally only have high accents at the end of the year. While at the beginning of the year, generally difficult to realize as expected by the public, not even a little SOPD in East Kotawaringin regency that lacks budget absorption in the early to mid-year budget. With the planning strategy in budget absorption, it is intended first to improve the effectiveness of programs / activities so that local governments complete programs and activities on time with good budget realization, secondly to maintain transparency and accountability of the government in order to achieve the results of rapid development activities enjoyed by the community, and third to increase the credibility of the government so that budget realization does not accumulate at the end of the year and the number of unfinished SOPD activities decreases.

So it can be concluded, the planning stage is a major problem in the absorption of local budgets so that the budget can not be realized as planned, it is necessary to create a budget management system, especially budget absorption in a planned, structured, and tersistem easily applied in the form of planning strategy in accelerating the absorption of the budget area at East

Kotawaringin District Government. The concept of strategy according to [3], defines strategy as the choice of what the organization wants to achieve in the future (direction) and how to reach the desired state. So it takes scenario planning, one form of strategy that is with scenario planning approach (scenario planning). The planning scenario has a close relationship with innovation and evaluation as well as planning strategy. To carry out the planning, the scenario becomes one of the alternatives to run the planning. The scenario is a clear picture of the future.

Scenario planning methods can be used to develop medium- and long-term strategies under uncertain conditions. This method can also be used to identify the future by understanding the nature and impact that will occur. According to Lingred and [4], scenario planning methods can help to sharpen a strategy, draw up plans for unexpected things, and keep prudence in the right direction, and on the right issues. Through the phases of scenario planning, using TAIDA (Tracking, Analyzing, Imaging, Deciding, Acting) methods, the approach is considered appropriate to assist in the process of planning strategy analysis in the absorption of local budget in Kotawaringin Timur District. This can be seen with the slow absorption of the budget at the beginning of the year so that the absorption to achieve the optimal target, of course with the formulation of strategies through an effective approach that is scenario planning using TAIDA method.

Create a scenario planning using TAIDA method to predict the absorption of regional budget in the future and what strategy should be implemented by Kotawaringin Timur Regency Government based on the scenario produced.

## **LITERATURE REVIEW**

### ***Planning Strategy***

In Riyadi and [5] states that "to pay attention" in strategic planning, namely (1) strategic decisions are fundamental (fundamental) decisions, so as not to overlap each other; (2) strategic decisions are specific decisions that directly affect the activities; and (3) there is a limit to the scope of strategic planning in politics and in conformity with the private sector. So ideally the strategic plan does not become part of the political and bureaucratic approach but must already be embedded in the planning. Based on the above two definitions, it can be concluded that "strategic plans are decisions that shape and guide how to become an organization, what the

organization does and why organizations do things like that". According to Fredy [6] explained that the notion of strategic planning is a process of analysis, formulation, and evaluation of strategies, strategies to overcome external threats and seize the opportunities that exist.

[3], define strategies as choices about what the organization wants to achieve in the future (direction) and how to reach the desired state. So it takes scenario planning, in scenario planning, scenarios become input in strategy formulation. Thus, the role of strategy in scenario planning will be to determine what to do to face the scenario. The planning scenario has a close relationship with innovation and evaluation as well as planning strategy. To carry out the planning, the scenario becomes one of the alternatives to run the planning and scenario is a clear picture of the future.

In the scenario, the planning scenario is a tool of strategic planning, which is effective as a medium-term planning tool and long-term planning under definite conditions. Using scenarios can help sharpen the strategy and plan the things that are suspected and stay alert in the right direction and the right issues. The planning scenario will make a clear picture of the desired future by looking at future possibilities, such as something undesirable. In the planning scenario, this will certainly be very helpful in the development process later [5].

While the method used in compilation scenario planning suggested by Lingren and [5] is by using TAIDA (Tracking, Analyzing, Imaging, Deciding, Acting) method, which is a framework used to develop scenario planning project for public and private organizations. Before doing scenario planning with TAIDA, the most important first step is to determine the objectives of the scenario planning process. Lindgren and Bandhold (2003) provide four scenario planning objectives: 1) risk awareness / need for renewal, 2) new thinking / paradigm shift, 3) business development / concept development, and 4) organizational development / development strategy. Further steps used in TAIDA are:

a. *Tracking or tracking. The initial stage in the TAIDA process is tracking, which is done by tracing and describing changes and signs of threats and benefits, while also recognizing the strengths and weaknesses that are owned. The ultimate goal is to track and describe existing trends and changes around the world that may have an impact on the problem or question being the focus or core of the problem.*

- b. *Analyze or analyze. After the tracker, the next step is to analyze the changes and develop scenarios and analyze the consequences that can arise due to the presence of challenges and opportunities. At this stage also the logic of the scenario begins to develop.*
- c. *Imaging or depiction. Having gained insights or views on things that may happen in the future, further identifying the possibilities and making visions of what is expected (vision of what is desired).*
- d. *Deciding or deciding. The deciding phase is done jointly by considering information, as well as identifying against choices and strategies. At this stage, the introduction of development areas and strategies in dealing with threats to achieve the vision and goals.*
- e. *Acting or acting is about taking action and following up on it. Here will be shown how a scenario plan can be implemented. This process is the implementation stage of a strategy that has been integrated scenarios, as well as the learning stage of the organization to continue to adapt.*

#### **Absorption of Regional Budget**

Budget absorption has significance in the achievement of national goals, namely the improvement and maintenance of people's welfare. Law Number 17 Year 2003 regarding State Finance states that the function of the budget as an instrument of economic policy, plays a role in realizing economic growth and stability as well as equal distribution of income in order to achieve the goals of the state. Budget absorption, especially the expenditure of goods and services, has a significant influence in encouraging economic growth. For that every government agency should manage its expenses to run smoothly and can support the successful achievement of national development targets.

[2] explains that the assessment of the successful implementation of the budget can be done by assessing the level of budget absorption. A budget is an operational plan of activities expressed in the financial form of an organization in which one party represents the estimated cost (expenses) and the other party represents the estimated revenue (revenue) to cover such expenses, for a given period of one year in general. Starting from the definition of the budget, the follow-up of the budget is to realize the budget has been allocated in accordance with what has been determined in the APBD. In this case, the follow up is the realization of the

activities that have been planned to be implemented within one budget year. Thus, the achievement of the realization of predetermined activities is a reflection of budget absorption. Therefore, budget absorption is the ability of a Ministry / Agency / City Government / Pemkab in maximizing the use of existing financial resources.

Absorption here is the realization of the budget. Perhaps in general the budget absorption in question is the achievement of an estimate to be achieved over a given period of time regarded at a given moment. Easier laymen say the disbursement of the budget. As observed is a public sector organization or government entity, the budget absorption here can be interpreted as the disbursement or realization of the budget as stated in the Budget Realization Report (LRA) at a given moment [2].

Budget absorption is one of the stages of the budget cycle that starts from budget planning, determination, and budget approval by the House of Representatives (DPR), budget absorption, budget control, and budget absorption accountability. Budget absorption, particularly goods and services spending, has a significant effect in driving economic growth. For that every government agency should manage its expenses to run smoothly and can support the successful achievement of national development targets. However, the absorption of the budget is not required to reach 100%, but the absorption of the budget is expected to meet at least more than 80% of the budget already set. The high absorption of the budget in a SKPD becomes the performance benchmark of SKPD in Local Government.

Based on the above definition can be stated that the acceleration of absorption of regional budgets is important to encourage the creation of multiplier effect on the regional economy but should the performance of local government bureaucracy should not be measured only by budget absorption alone but also judged from the timeliness factor in absorption of the budget.

## **RESEARCH METHODS**

The type of research used is descriptive with qualitative type. Because this research is a research to know the possibility of scenario that happened, hence this research use TAIDA method [5].

This research data is divided into primary data obtained from direct interviews with resource persons and in the form of observation or observation data, and secondary data in the form

of documents supporting research.

The source of this research comes from the Regional Development Planning Board which includes the Head of Bappeda, the Head of Planning and Control of Regional Development, the Head of Development Data and Information Sub-Section as well as the resource person from the Head of the Regional Finance and Asset Management Board.

Documents undertaken in this study include Laws, Regional Regulations, as well as various literature and articles. The documents used in this study include the Regional Development Work Plan (RKPD), the formulation of the General Policy of the Regional Budget (APBD) and the Provisional Budget Priorities and Ceilings (KUA-PPAS), the formulation of Work Plan and Budget SKPD (RKA-SKPD), the Draft of Daerah Regulations Raperda Regional Budget (APBD), Budget Realization Report (LRA) of East Kotawaringin District, East Kotawaringin Regional Development Plan (RPJMD) 2016-2021, and Decree of Kotawaringin Timur Regent on the Determination of Evaluation and Supervision Team on Budget Realization of Kotawaringin Timur Regency Year 2016.

## **RESULT AND DISCUSSION RESULT**

### ***Absorption of Regional Budget in East Kotawaringin Regency***

Usually the condition of budget absorption from 2014 to 2016 can be said will happen the accumulation of budget absorption at the end of the year. The low realization of budget absorption especially at the beginning of the fiscal year and tend to accumulate at the end of the year is the main problem in the implementation of the government budget of Kotawaringin Timur Regency. This is evident from the evaluation done in the years prior to 2014. As a result, the budget already available at the beginning of the year and is the right of the community to enjoy it in the form of public services through programs and activities of the government was forced to not be implemented because the government tends to spend it in the end year. Whereas if the realization of expenditure can be implemented in the early years then the economic growth and stretching has occurred at the beginning of the year and will impact on job creation, poverty reduction, and unemployment and others.

The cause of the absorption of the less than optimal budget occurred due to absorption in the first half that counted between January to July that should be 50% financial realization can not be

achieved. During the last 3 (three) years from 2014 to 2016, the low realization of East Kotawaringin Regency finance continued to occur at the beginning of the year precisely in the first semester (January-June) still has not fulfilled the target of financial realization by 50%. Achievement of the financial realization of East Kotawaringin Regency in June 2016 only reached 36.27% lower compared to 2015 of 46.89% and in 2014 at 38.78%. When entering the second semester (July-December) the realization will seem to start wriggling and generally always happen to accumulate at the end of the budget year. This continues to happen repeatedly every year, the budget is used by every local government to run the wheel of development. The majority of local governments can not spend the budget or APBD they have every year. This is evident from the budget buildup that occurs at the end of each year.

**Strategy of Planning In Absorption of Regional Budget in East Kotawaringin Regency**

**Tracking**

To build a proper scenario, the first step to do is to identify trends and issues. Trend identification will facilitate research in illustrating future possibilities. After knowing the state budget absorption in East Kotawaringin which has been described above, it is better to understand also the trend (direction of movement) absorption of local budgets, can be anticipated various situations and conditions that may occur.

One of the main problems causing low realization of the absorption of the East Kotawaringin district government budget is downstream from the budget execution cycle due to the lack of maturation of planning, namely the preparation and approval of planning and budgeting documents, which are in the upper reaches. The documents of planning and budgeting are among others: RKPD, KUA-PPAS, APBD, DPA-SKPD, implementation guidance / technical guidance, stipulation of budget management officials. For that purpose, all upstream activities should be enhanced by making all planning activities carried out in N-1 or in the year prior to the current budget.

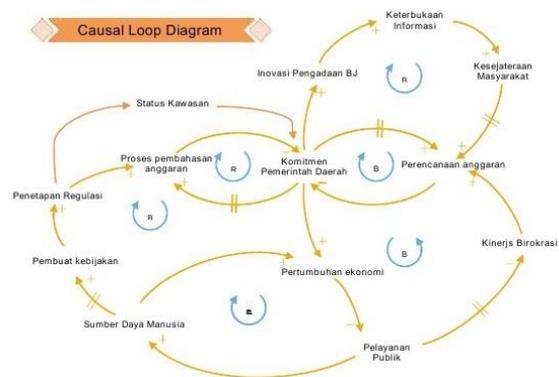
Possible aspects of the impact of budget absorption problems in Kotawaringin Timur Regency are as follows:

**Table 1** Aspect of the Influence of Budget Planning Scenario Planning in Kotawaringin District Timur

Variabel Trend	Aspects of Influence
<i>Political</i>	i. Budget discussion process. ii. Local government commitments. iii. Policymaker. iv. Regulation stipulation.
<i>Economic</i>	i. Economic growth. ii. Budget planning. iii. Bureaucratic performance. iv. Public service.
<i>Sosietal</i>	i. Human Resources. ii. Public welfare.
<i>Technological</i>	i. Innovation of goods procurement services. ii. Information disclosure.
<i>Environtment</i>	Regional status.

**Analyzing (Analyze)**

At this stage will identify the driving factors and consequences by understanding how the trends we have identified first staged interact with each other. At this stage also the logic scenario began to be developed. One of the methods used to analyze is cross-impact analysis. Simply the result of cross-impact analysis of the trends identified in the tracking stage is shown in the form of causal-loop diagrams as follows:



**Figure 1.** Cross-Impact Analysis Budget Absorption of East Kotawaringin Regency

Based on the trend trend above, then most drivers variable is budget planning, while most dependent variable is commitment of local government. Budget planning and local government commitments are the most powerful drivers of all trends. This makes the acceleration of absorption of regional budgets has not been effective.

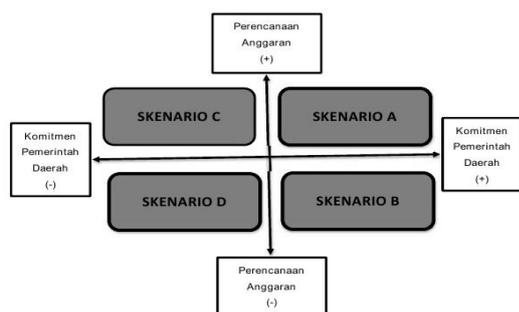


Figure 2 Four Budget Absorption Schemes of East Kotawaringin Regency

Scenario A illustrates the condition of budget absorption influenced by the preparation of careful planning and supported by the commitment of local governments. So far, the absorption of the budget of East Kotawaringin Regency always accumulates at the end of the year so the impact of budget absorption becomes uneven. This is related to budget planning, activities / programs, procurement of goods and services, and documents that need to be prepared first before the current budget year and budget discussion process conducted by the Government of East Kotawaringin District with East Kotawaringin Regency DPRD runs in accordance with the time set . If preparation of planning and budget discussions have been done and determined then automatically will directly affect the implementation of budget absorption.

Scenario B describes the condition of budget absorption is not good because the preparation of planning is less mature and supported the commitment of local government. Problems absorb due to weak / less mature planning / preparation in the upstream part of the budgeting cycle, ie preparation of planning and budgeting documents from RKPd to tender documents. For that the problem to be solved is the preparation of planning and budgeting documents as a prerequisite to do the auction. With the availability of such documents, the auction process can be initiated in a timely manner where according to the provisions can be implemented after the mutual agreement between the Head of Region, namely the Regent and the Chairman of the Regional House of Representatives (DPRD) on the draft of the Regional Budget Law.

Scenario C illustrates the preparation of mature planning and is not supported by the Local Government Commitment. Budget absorption activities are downstream and highly dependent on preparing the planning and budgeting

documents located upstream. For that if want to improve the absorption of the budget first fixed upstream, namely to fix the completion of planning and budgeting documents ie RKPd, KUA-PPAS, APBD, and so forth. Planning is an important cycle in the preparation of the budget, because it can determine the direction in the implementation of the budget, can determine whether or not a target is achieved well.

Scenario D is the worst planning that describes the preparation of immature planning and is not supported by the Local Government Commitment. In determining the planning of activities / shopping packages SOPD services are less mature because most of the problems occur due to weak planning so that the budget absorption plan has not been projected properly. SOPD has not done well budget absorption plan. Plans that are created tend to be of a formality only and do not reflect actual absorption plans so SOPD does not have any target guidelines when to properly budget absorption. The failure of the planned projects to result in some projects that have been planned by the local government to meet the constraints and can not be realized in the current budget year as a result of the funds that have been provided in the APBD is not realized.

### **Imaging (Picture of the Future / Vision)**

It is the stage of identifying possibilities and building a vision of what to expect (visions of what is desired). Imaging is the stage to create a picture of the desired future by creating a vision. Vision is a positive idea of the desired future. At this stage, the impacts that occur if each scenario arises, in this stage the portrayal created by vision is not a short-term goal, but the goal is long-term.

The vision is in accordance with the condition of budget absorption in Kotawaringin Timor Regency that is to be achieved in the future now and in the future. To achieve the economic absorption of East Kotawaringin economically, efficiently, and effectively needed qualified human resources and dedicated to the region. Human resources is an important capital in advancing a region. By implementing budget absorption early in the year, the realization of development that affects the welfare of the people and the start of development activities will provide employment opportunities for the community which will affect the decrease of unemployment rate, poverty rate, the volume of money circulation in East Kotawaringin regency will increase, on the other hand will also encourage economic growth will be better and expected economic growth can

increase people's income so that this will directly touch the welfare of the weak economic community.

**Deciding (Decision / Policy)**

At this stage consider the information obtained, identify choices and make decisions about which scenarios and strategies to apply. Based on the above scenarios, vision and mission, then in the deciding stage take the choice of what strategy is most appropriate for the scenario that has been made. If referring to the stages of analysing then there are four strategies in the absorption of local budgets in Kotawaringin Timur District, as follows:

1. Scenario A (Budget Planning and Commitment Local Government Support), planning strategy is:
  - a. Socialization of intensive planning stage control.
  - b. Have a definite activity schedule.
  - c. Integrated planning and budgeting system.
  - d. Intensive coordination of all stakeholders.
  - e. Local government commitment proactively.
  - f. Agreement with the executive and legislative.
2. Scenario B (Insufficient Budget Planning and Commitment of Local Government Support), the planning strategy is:
  - a. Create a clear and structured planning schedule.
  - b. The tender process is executed on time.
  - c. Target setting on budget absorption.
  - d. Mature planning of the budgeting cycle.
  - e. Good regulatory guidance on budget absorption.
  - f. Create an action plan for SOPD to achieve the objectives of the activity.
3. Scenario C (Budget Planning and Local Commitment Less Support), planning strategy is:
  - a. Preparation of planning and budgeting documents.
  - b. Budget discussion process according to the schedule specified.
  - c. Implementation of procurement of goods and services at the beginning of the fiscal year.
  - d. SOPD is orderly in the announcement of general procurement plan.

- e. Improve coordination of all stakeholders of local government.
  - f. Socialization of the rule of law on the prevention of corrupt acts of corruption procurement of government services.
4. Scenario D (Inadequate Budget Planning and Less-Supporting Local Government Commitment), the planning strategy is:
- a. Make the planned budget absorption projected with the right target.
  - b. High commitment and consistency of all stakeholders in the budget management process from planning.
  - c. Have a good system of implementation mechanism between planning and budgeting.
  - d. Have a schedule of preparation of document approval activities from planning to budgeting.
  - e. Required local government commitment from the planning, implementation, and evaluation in the implementation of budget absorption.
  - f. Created and agreed on mutual agreement by the parties on schedule of activities related to budget absorption.

**CONCLUSION**

The absorption of local budget in Kotawaringin Timur Regency has not been effective yet. Based on cross-impact analysis of trend trends, the most drivers variable is budget planning, whereas most dependent variable is the commitment of local government. Furthermore, from the most dominant driving force analysis on budget absorption, there are 4 planning scenarios with planning strategy, is Scenario A (mature budget planning and supported by local government commitment), with planning strategy that is: socialization of intensive planning stage control. Scenario B (budget planning is less mature and supported by local government commitment), with planning strategy that is: to create a clear and structured planning schedule. Scenario C (mature budget planning and unsupported local government commitment), with planning strategy: preparation of planning and budgeting documents. Scenario D (budget planning is not mature and not supported by local government's commitment), with the planning strategy that is: make the planned budget absorption projected with the right target.

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