



Analysis budgeting strategy viewed from consistency of development priority targets for 2023 budget year in Badung District Bali

I Nyoman Tingkes¹, I Ketut Sirna², Eka Putri Suryantari³

^{1,2,3}Departemen Manajemen, Universitas Dhyanaपुरa, Badung, Bali, Indonesia

ARTICLE INFO

Article history:

Received Dec 24, 2022

Revised Jan 25, 2023

Accepted Feb 26, 2023

Keywords:

Consistency
Budgeting strategy
Development priority

ABSTRACT

The purpose of this study was to analyze the consistency between the budgeting strategy and the priority targets for regional development in Badung Regency for the 2023 Fiscal Year. This research was designed using a concurrently embedded approach. The quantitative data used comes from the 2023 APBD draft document. This data is analyzed by determining the budget allocation ratio. On the other hand, qualitative data, which originates from the results of interviews and observations of focus group discussions between the legislature and the executive during the trial process, is analyzed interactively and continuously between researchers and key informants. The aim is to find patterns of relationship between budgeting strategies and regional development priority targets. The results of the study found that (a) there was an inconsistency between the budgeting strategy and the priority targets for regional development, (b) the cause of the inconsistency was the implementation of the provisions of Article 181 of the Regulation of the Minister of Home Affairs Number 86, 2017 concerning Evaluation and Control of Regional Development, which was not optimal. Based on the results of this research, it can be suggested to the regents, governors and minister of home affairs to be more optimal in evaluating and controlling regional development.

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license.



Corresponding Author:

I Ketut Sirna

Departemen Manajemen

Universitas Dhyanaपुरa

Jl. Raya Padang Luwih, Dalung, Kuta Utara, Dalung, Kec. Kuta Utara, Kabupaten Badung, Bali 80351

Email: sirna@undhirabali.ac.id

INTRODUCTION

Regional development is a systematic effort to utilize the resources owned by the region to increase and equalize people's income, employment opportunities, increase access and quality of public services, and regional competitiveness in accordance with the government affairs under their authority. To achieve these development aims and objectives, local governments are expected to be able to determine future policies through setting priority targets by involving stakeholders for the utilization and allocation of existing budgetary resources, both in the long, medium and annual terms. In addition, local governments are also expected to be able to determine the funding framework which is the result of an analysis of regional financial management to determine sources

of funds that can be used in development, optimize the use of funding sources, and improve the quality of spending in financing the implementation of local government affairs in an effort to achieve vision and mission of regional heads as well as national development targets.

From the results of the preliminary survey conducted by interviewing key informants and direct observation during the budgeting process, it was found that discussions developed, both at commission meetings, factions, budget bodies, and plenary sessions, as well as after these meetings, regarding inconsistencies between budgeting and regional development priority targets. Based on the results of the interviews and direct observations, it can be formulated that the main problem of the research is what factors can influence the inconsistency between budgeting and priority targets for regional development in Badung Regency? The purpose of this research is to find out the factors that can influence the inconsistency between budgeting and the priority targets for regional development in Badung Regency. This research is expected to provide benefits, especially in terms of the importance of consistency between budgeting and regional development priority targets as well as the development of development economics.

Strategy is a series of managerial decisions and actions that determine the long-term performance of an organization (Tingkes, 2021). The strategy formulation process starts with observing the environment, evaluating environmental opportunities and threats based on internal strengths and weaknesses. The organization's external environment consists of the social environment and work environment. The social environment, such as culture, macroeconomics, technology, politics, and law does not directly affect organizational performance, but can affect organizational decisions in the long term. While the work or industry environment, such as shareholders, government, suppliers, competitors, customers, creditors, interest groups, associations, pressure groups, and others directly influence or are directly affected by the main operations of the organization. The strength of this social environment and work environment should be evaluated by the top leadership of the organization based on the strengths and weaknesses of the organizational structure, organizational culture, finance, research, human resources, and others in formulating a strategy.

Powell (1992) in his research revealed that strategy can affect organizational performance in the future. The same thing was also stated by Armstrong (1991) that twenty out of twenty eight manufacturing companies performed better with strategy implementation, while five companies showed no difference, and three companies showed that the strategy was disruptive. Based on the results of these studies it can be concluded that strategy affects organizational performance in the future.

The importance of all efforts to develop the economy in various regions is reflected in the acceptance by the wider community of the role and function of development planning as the most convincing direct path in achieving economic progress. In general, economic planning can be interpreted as a conscious effort by the government to coordinate long-term economic decision-making. In addition, it is also to influence, direct, control the level and rate of growth of key economic variables, such as income, consumption, employment, investment, savings, export-import value, and so on in order to achieve the development goals that have been set. before (Todaro, 2000).

The United Nations (1965) reports that the main task of a development planning agency, in this case Bappeda, is to create the best possible use of scarce resources for the benefit of economic development, such as selecting projects and investments. However, developing country economies face the prices of factors of production, such as materials, labour, capital and foreign exchange, which are far different from their social costs. Therefore, the price of factors of production cannot be used as an accurate guide when it is associated with the relative scarcity or abundance of factors of production in the development process. This has caused the failure of the market mechanism on the one hand, while on the other hand Bappeda has become popular (United Nations Industrial Development, 1970).

Regarding the role of Bappeda, the government should be proactive in the development process, especially industrial development (Helfgoth, R. and Schiavo-Camp, 1970), considering that planning is a fundamental part and is integrated with every industrial development program. Meanwhile, existing market forces have not been able to overcome various forms of structural rigidity that are very severe in developing country economies (NSB). However, the inability of the market is more caused by inappropriate government policies or the application of a theory related to the mobility of factors of production that does not match the actual economic situation.

Apart from the various development planning problems faced by NSB, Killick (1976) identified that there are six characteristics of development planning in NSB. First, the similarity of political views in setting policy goals, especially those related to economic development in the future. Second, a development plan contains a strategy to achieve policy objectives which are translated into specific targets. Third, development planning is pursued through centralized and consistent coordination of basic principles and policies, optimal choices in implementing strategies so that targets are achieved so that overall development planning can be used as a guide in making daily decisions. Fourth, planning covers all aspects of the economy so it is called 'comprehensive' or universal planning. Fifth, to ensure optimization and consistency, 'universe planning' development planning uses a political, participatory and technocratic approach to project economic performance in the future. Sixth, development planning includes long-term, medium-term, and annual time dimensions.

The legal basis for regional budgeting is Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 86, Year 2017 concerning Procedures for Planning, Control and Evaluation of Regional Development, Procedures for Evaluation of Draft Regional Regulations concerning Regional Long-Term Development Plans and Regional Medium-Term Development Plans, and Procedures for Changing Plans Regional Long-Term Development, Regional Medium-Term Development Plans, and Regional Government Work Plans. This regulation adheres to the principles of (a) technocratic, (b) participatory, (c) political, and (d) top-down and bottom-up approaches (Articles 7 and 9). To ensure consistency between budgeting and regional development priority targets, the provisions in Article 181 mandate regents, governors and the minister of home affairs to evaluate and control and assess the results of performance and financial realization to ensure targets are achieved economically, efficiently and effectively. So, in theory, it can be concluded that budgeting consistency and priority targets for regional development are in the hands of regents, governors and the minister of home affairs.

Based on the subject matter and research objectives as well as theoretical studies, a model can be developed which can explain that the inconsistency between budgeting and regional development priorities is influenced by strategy, competence of Bappeda, institutions/stakeholders, as shown by the following model or research framework.

RESEARCH METHOD

Data Source

The research was designed with a concurrently embedded approach, namely quantitative research validated by qualitative research (Creswell and Clark, 2007). Quantitative data comes from the draft document for the 2023 APBD. On the other hand, qualitative data comes from the results of in-depth interviews and results of observations of focus group discussions between the legislature and the executive, both during commission meetings, budget bodies, factions and plenary sessions, as well as after these sessions.

Data Analysis Techniques

Quantitative data is analyzed by determining the ratio of budget allocations, namely the total budget divided by each priority budget multiplied by 100%. The highest budget means priority one, and the second highest budget means priority two, and so on. The results of the analysis are compared with

the priority targets for regional development. Based on the results of this comparison will be able to know the deviation that occurs. On the other hand, qualitative data were analyzed at each stage of the research, both during the preparation, implementation and after returning from the field. The aim is to explore the thoughts, feelings, attitudes, beliefs, values, perceptions, personality and behavior of respondents related to the relationship between budgeting and regional development priority targets.

RESULTS AND DISCUSSIONS

The role of Bappeda

Bappeda has a key role in formulating budgeting and regional development priority targets. This can be seen in the provisions of Article 14 of the Minister of Home Affairs Regulation Number 86, Year 2017, which states that Bappeda coordinates, synchronizes and harmonizes on the basis of e-planning to regional apparatus and stakeholders in preparing the Regional Long Term Development Plan (RPJPD), Regional Medium Term Development Plan (RPJMD), and Local Government Work Plan (RKPD). On the other hand, e-planning in question is a local government information system that contains geographical conditions, demographics, potential resources, economy and finance, aspects of community welfare, aspects of public services, aspects of competitiveness, as well as data and information contained in other plans (article 144). This finding is in accordance with the opinion expressed by Helfgoth, R and Schiavo-Camp, (1970) and Killick (1976) that the role of planning agencies in NSB is on the rise. Fro these findings it can be concluded that Bappeda can influence the consistency between the budget and regional development priority targets.

Allocation of Budget Ratio and Regional Development Priority Targets

Education Sector

In the education sector, there are three programs/activities, namely the management of elementary, junior high and non-formal education with a total budget allocation of Rp. 350,644,098,775.00 or 9.05% of the total regional expenditure. On the other hand, the budget allocation for each program/activity is not stated or data is not available.

Table 1. Education Sector

No.	Programs/Activities	Budget	%
1.	Elementary Education Management	Na	Na
2.	Middle School Education Management	Na	Na
3.	Management of Non-Formal Education	Na	Na
	Amount	350.644.098.775,00	9.05

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022).

Health Sector

In the health sector, there are four programs/activities, namely fulfilling individual health and public health, increasing the capacity of human resources, pharmaceutical preparations, medical devices, food and beverages, and community empowerment. Programs for fulfilling individual health and public health received the largest budget allocation, namely 98.41% while the smallest were pharmaceutical preparations, medical devices and makmin, 0.17%.

Table 2. Health Sector

No.	Programs/Activities	Budget	%
1.	Individual Health Fulfillment	190.951.134.309,00	98,41
2.	Public health	1.273.430.746,00	0,66
3.	HR Capacity Building	329.491.664,00	0,17
4.	Pharmaceutical, Alkes, and Makmin preparations	1.482.114.082,00	0,76
	Amount	194.036.170.801,00	100,00

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022).

Infrastructure Sector

In the infrastructure sector, there are six programs/activities. Of the six programs/activities, building and environmental management received the largest budget allocation, namely 47.78%; the regency road implementation program received the second largest budget allocation, namely 33.92%; while the water supply system program received the smallest budget allocation, namely 0.13%. This data shows that the arrangement of buildings and the environment is a priority target of regional development

Table 3. Infrastructure Sector

No.	Programs/ Activities	Budget	%
1.	Water Resources Management Program	12.317.416.077,00	5,09
2.	Water Supply System Program	303.489.818,00	0,13
3.	Regional Solid Waste Management Program	2.760.599.479,00	1,14
4.	Building Arrangement Program	28.883.167.793,00	11,94
5.	Building and Environment Management Program	115.592.716.050,00	47,78
6.	District Road Management Program	82.048.684.255,00	33,92
	Amount	241.906.073.472,00	100,00

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022)

Customs, Religion, and Culture Sector

In the fields of custom, religion and culture, there are five programs/activities. Of the five programs/activities, cultural development received the largest budget allocation, namely 68.50%; preservation and cultural heritage receive a budget allocation of 14.79%; while historical coaching received the smallest budget allocation, namely 4.01%. This data shows that cultural development is a priority target for regional development.

Table 4. Customs, Religion, and Culture Sector

No.	Programs/ Activities	Budget	%
1.	Cultural Development Program	100.597.325.581,00	68,50
2.	Traditional Arts Development Program	17.290.573.366,00	11,77
3.	History Development Program	5.892.705.059,00	4,01
4.	Cultural Heritage and Preservation Program	21.715.120.401,00	14,79
5.	Museum Management Program	1.365.749.814,00	0,93
	Amount	146.861.474.221,00	100,00

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022)

Tourism Sector

In the field of tourism there are five programs/activities. Of the five programs/activities, the waste management program/activity received the largest budget allocation, namely 72.64%; management of biodiversity gets a budget allocation of 11.65%; while the development of the creative economy received the smallest budget allocation, namely 0.12%. This data shows that besides being seen as a crucial problem, solid waste management is also seen as influencing tourist attractiveness.

Table 5. Tourism Sector

No.	Programs/ Activities	Budget	%
1.	Tourism Destination Attraction Program	9.120.609.248,00	9,50
2.	Tourism Marketing Program	5.851.784.022,00	6,09
3.	Creative Economy Development Program	111.273.270,00	0,12
4.	Waste Management Program	69.744.276.059,00	72,64
5.	Biodiversity Management Program	11.187.148.462,00	11,65
	Amount	6.015.091.061,00	100,00

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022)

Social Security Sector

In the social security sub-sector there are four programs/activities. Of the four programs/activities, unexpected programs/activities received the largest budget allocation, namely 98.19%; social rehabilitation gets a budget allocation of 0.85%; while disaster management received the smallest budget allocation, namely 0.11%. This data shows that uncertainty is the variable that is considered to have the most influence on social security issues.

Table 6. Social Security Subsector

No.	Programs/ Activities	Budget	%
1.	Social Empowerment	556.161.964,00	0,84
2.	Social Rehabilitation	565.777.049,00	0,85
3.	Disaster Management	75.878.605,00	0,11
4.	Unexpected	64.990.959.398,00	98,19
	Amount	66.188.777.016,00	100,00

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022)

Employment Sector

In the field of employment there are three programs/activities. Of the three programs/activities, placement of manpower received the largest budget allocation, namely 63.15%; industrial relations gets a budget of 33.69%; while job training and work productivity received the smallest budget, namely 3.16%. This data shows that the placement of workers is a priority target of regional development.

Table 7. Labor Sub-sector

No.	Programs/ Activities	Budget	%
1.	Job Training and Work Productivity	23.547.855,00	3,16
2.	Workforce Placement	469.905.162,00	63,15
3.	Industrial relations	250.715.031,00	33,69
	Amount	744.168.048,00	100,00

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022)

Food, clothing and shelter sector

Food sub-sector

In the food sub-sector there are five programs/activities. Of the five programs/activities, provision and development of agricultural facilities received the largest budget allocation, namely 53.12%; provision and development of agricultural infrastructure gets a budget allocation of 25.64%; while capture fisheries management received the smallest budget allocation, namely 1.86%. This data shows that the provision and development of agricultural facilities is a priority target of regional development.

Table 8. Food Sub-Sector

No.	Programs/ Activities	Budget	%
1.	Supervision and Examination of Cooperatives	12.167.571.535,00	53,12
2.	Cooperative Training	5.873.725.427,00	25,64
3.	MSME Empowerment	2.934.726.387,00	12,81
4.	MSME Development	426.363.105,00	1,86
5.	Amount	1.503.635.154,00	6,56
	Supervision and Examination of Cooperatives	22.906.021.608,00	100,00

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022)

Clothing sub-sector

In the clothing sub-sector, there are four programs/activities. Of the four programs/activities, cooperative education and training programs/activities, namely 39.03%; MSME development gets a budget allocation of 33.08%; while supervision and inspection of cooperatives received the smallest budget allocation, namely 1.86%. This data shows that the supervision and inspection of cooperatives is a regional development priority.

Table 9. Clothing sub-sector

No.	Programs/ Activities	Budget	%
1.	Supervision and Examination of Cooperatives	113.977.796,00	12,90
2.	Cooperative Training	344.716.995,00	39,03
3.	MSME Empowerment	132.441.197,00	14,99
4.	MSME Development	292.168.823,00	33,08

Amount	883.304.811,00	100,00
--------	----------------	--------

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022)

Board subfields

In the board sub-sector there are three programs/activities. Of the three programs/activities, programs/activities for improving infrastructure, facilities, and public utilities or PSU received the largest budget allocation, namely 96.36%; residential area master plan program gets a budget allocation of 3.08%; while the prevention of slum housing received the smallest budget allocation, namely 0.57%. This data shows that improving infrastructure, facilities and public utilities is a priority target for regional development.

Table 10. Board sub-Sector

No.	Programs/ Activities	Budget	%
1.	Residential Area Master Plan	927.693.500,00	3,08
2.	Slum Prevention	170.318.046,00	0,57
3.	Implementation of Residential PSU	29.033.928.991,00	96,36
	Amount	30.131.940.537,00	100,00

Source: Explanation of the Regent of Badung (Tuesday, 2 August 2022)

Based on the results of the discussion of the allocation of the ratio of the budget, it can be seen that the allocation of the priority budget ratio is in the fields of (a) education and health, (b) infrastructure, (c) customs, religion and culture, (d) tourism, (e) social security and employment, and (f) food, clothing, and boards. On the other hand, the priority regional development targets for 2023 are (a) food, clothing and shelter, (b) health and education, (c) social security and employment, (d) customs, religion, traditions, arts and culture, (e) tourism, and (f) infrastructure. So, there is a deviation or inconsistency between budget allocations and regional development priorities for 2023. From the results of the qualitative analysis it can be found that the inconsistency between the budget and regional development priority targets is caused by a political approach in budgeting. In addition, it is also caused by the process in evaluating and controlling regional development that is mandated to regents, governors, and the minister of home affairs that is not optimal (Article 181)..

CONCLUSION

Based on the subject matter of the research, research objectives, theoretical studies, framework, and discussion of research results, both quantitative and qualitative, the following can be concluded. There is no consistency between the priority budget allocations and the 2023 regional development priority targets; Bappeda has an important role in coordinating, synchronizing, and harmonization of the RPJPD, RPJMD, and RKPD; E-planning is a regional information system that contains geographic, demographic, resource potential, economic and financial conditions, aspects of community welfare, aspects of public services, aspects of competitiveness, as well as data and information contained in other plans to determine the accuracy of development plans; Evaluation and control of regional development mandated to regents, governors and minister of home affairs in accordance with Article 181 has not been optimal.

Consistency between budget allocations and regional development priority targets in the future needs more attention; The role of Bappeda in coordinating, synchronizing and harmonizing the RPJPD, RPJMD and RKPD in accordance with article 14 needs to be optimized; E-planning contains geographic, demographic, resource potential, economic and financial aspects, aspects of community welfare, aspects of public services, aspects of competitiveness, as well as data and information contained in other plans that need to be validated and updated continuously; It is necessary to optimize the implementation of evaluation and control of regional development mandated to regents, governors and minister of home affairs in accordance with Article 181

References

- Armstrong, J.S. 1991. Strategic Planning Improves Manufacturing Performance. *Long Range Planning* (August, 1991), p. 127--129.
- Creswell, John W. and Vickil Plano Clark. 2007. *Mixed Methods Research*. University of Nebraska Lincoln. Cooper and Emory. 1998. *Business Research Methods*. Volume 2. Fifth Edition. Jakarta: Erlanga.
- Farsi, D. (2021). Social Media and Health Care, Part I: Literature Review of Social Media Use by Health Care Providers. *Journal of Medical Internet Research*, 23(4), e23205. <https://doi.org/10.2196/23205>
- Ferris, S., Robbins, P., Best, R., Seville, D., Buxton, A., Shriver, J., & Wei, E. (2014). Linking smallholder farmers to markets and the implications for extension and advisory services. *MEAS Brief*, 4(10), 13–14.
- Fischer, E., & Reuber, A. R. (2011). Social interaction via new social media: (How) can interactions on Twitter affect effectual thinking and behavior? *Journal of Business Venturing*, 26(1), 1–18. <https://doi.org/10.1016/j.jbusvent.2010.09.002>
- Freire-Gibb, L. C., & Nielsen, K. (2014). Entrepreneurship Within Urban and Rural Areas: Creative People and Social Networks. *Regional Studies*, 48(1), 139–153. <https://doi.org/10.1080/00343404.2013.808322>
- Glaub, M. E., Frese, M., Fischer, S., & Hoppe, M. (2014). Increasing Personal Initiative in Small Business Managers or Owners Leads to Entrepreneurial Success: A Theory-Based Controlled Randomized Field Intervention for Evidence-Based Management. *Academy of Management Learning & Education*, 13(3), 354–379. <https://doi.org/10.5465/amle.2013.0234>
- Hart, C. (2018). *Doing a Literature Review: Releasing the Research Imagination*. SAGE.
- Helgoth, R and Schiavo-Camp. 1970. An Introduction to Development Planning. *UNIDO Industrialization & Productivity Bulletin*, number 16 (1970), p. 11.
- Hunger, J. David and Wheeleen, Thomas, L. 2020. *Strategic Management*. Sixteenth Printing. Yogyakarta: Andi
- Hodge, H., Carson, D., Carson, D., Newman, L., & Garrett, J. (2017). Using Internet technologies in rural communities to access services: The views of older people and service providers. *Journal of Rural Studies*, 54, 469–478. <https://doi.org/10.1016/j.jrurstud.2016.06.016>
- Jones, N., Borgman, R., & Ulusoy, E. (2015). Impact of social media on small businesses. *Journal of Small Business and Enterprise Development*, 22(4), 611–632. <https://doi.org/10.1108/JSBED-09-2013-0133>
- Joy, A., Sherry, J. F., Venkatesh, A., Wang, J., & Chan, R. (2012). Fast Fashion, Sustainability, and the Ethical Appeal of Luxury Brands. *Fashion Theory*, 16(3), 273–295. <https://doi.org/10.2752/175174112X13340749707123>.
- Killick, Tony 1976. The Possibilities of Development Planning. *Oxford economics Paper* (July, 1976), p. 3--4. Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 86, 2017 concerning Procedures for Planning, Control and Evaluation of Regional Development, Procedures for Evaluation..
- Saragih, M., & Novimariono, N. (2020). An Experimental Study of The Effectiveness PEOW MODEL Through Applying Quartet Card in Teaching English Writing. *Indonesian Journal of Education, Social Sciences and Research (IJESSR)*, 1(1), 32–40.
- Shu, K., Mahudeswaran, D., Wang, S., Lee, D., & Liu, H. (2020). Fakenewsnet: A data repository with news content, social context, and spatiotemporal information for studying fake news on social media. *Big Data*, 8(3), 171–188.
- Stewart, E. (2021). Detecting Fake News: Two Problems for Content Moderation. *Philosophy & Technology*, 1–18.
- van der Giesen, C., Cucurachi, S., Guinée, J., Kramer, G. J., & Tukker, A. (2020). A critical view on the current application of LCA for new technologies and recommendations for improved practice. *Journal of Cleaner Production*, 259, 120904.