

# Capacity Analysis of Local Government Apparatus in Effective and Efficient Planning and Budgeting

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**Abstract.** Limited fiscal capacity is the main obstacle in regional development that requires Regional Governments to be able to prepare effective and efficient planning and budgeting. However, the capacity of the Regional Government apparatus in preparing the budget is also limited. This research aims to analyze the attitude of local government apparatus towards the planning and budgeting process and formulate policy recommendations to achieve effective and efficient planning and budgeting. The methodology used in this study is a desk study method by collecting data on three different managerial strata in the Garut Regency Regional Government apparatus. The results of the study showed that there was a disparity in knowledge between the apparatus, but the apparatus was willing and motivated to carry out effective and efficient planning and budgeting. Policies to support its implementation are the formulation of technical policies, capacity building of apparatus, improvement of information systems and optimization of the Regional Government Budget Team as well as intensifying planning and budgeting consultations.

**Keywords:** Planning, Budgeting, Regional Government, Apparatus, Capacity

## Introduction

Effective and efficient planning and budgeting is a policy that regulates the apparatus in prioritizing development programs with limited budgets to achieve regional development goals. As a policy, an attitude approach to evaluate the behavior of the apparatus towards effective and efficient planning and budgeting can be implemented. Attitude is an evaluation of what a person likes or dislikes, emotional feelings, and tendencies to act on some object or idea. Attitude puts us into a frame of mind about liking or disliking an object, approaching it or staying away from it. Attitudes lead us to behave consistently with the same object (Kotler and Keller, 2009). Schiffman and Kanuk (2010) stated that attitudes can be analyzed with the Tricomponent Attitude Model which outlines that attitudes consist of three main components: cognitive, affective and conative. The first part of the three-component attitude model is a person's cognition, which is knowledge and perception gained by a combination of direct experience with objects and related information from various sources of knowledge and perception. The product produced is generally in the form of belief, that is, the person believes that the object of the Attitude has a variety of attributes and certain behaviors will produce certain results as well.

The second is that a person's emotions or feelings about a certain product or object are an affective component of attitude. Emotions and feelings are often treated by researchers as a person's natural primary evaluation of making a direct or global individual judgment of an object of attitude, for example the extent to which an individual's assessment of an object as "good" or "bad", "good or bad".

The third is conation, the last component of the three-component attitude model, which deals with a person's tendency to perform certain actions or behave in a certain way towards objects. According to some interpretations, the conative component can include the actual behavior itself.

## Methods

The methodology used in this study is the Desk Study method. This method collects secondary data, analyzes data, and interprets data according to the research topic (Creswell, 2018). The use of secondary data in the Desk Study Method is relevant to the current conditions where digitalization and technological advances are inevitable, so the Desk Study method provides convenience for researchers, in its flexible approach and utilization (Johnston, 2014). However, primary data is also collected from competent apparatus in addition to secondary data, such as open datasets, laws, and regulations from government agencies, as well as papers from scientific publications.

Primary data collection was carried out at the end of March 2023 through the distribution of questionnaires to the Garut Regency Regional Government Apparatus with three different managerial strata. The strata are categorized based on the class of apparatus positions that handle planning and budgeting according to their authority into three groups, namely Top Manager, Middle Manager, and Low Manager. The sampling used was Proportionate Stratified Random Sampling for a population of 1,389 apparatus managers. The sample estimate was carried out using the Slovin formula with a margin of error of 10%, so that 2 Top Managers, 17 Middle Managers, and 73 Low Managers were obtained with a total sample of 92 people.

Data analysis was carried out using the Likert Scale method (1 - 4) on the attitude of the apparatus towards the implementation of effective and efficient planning and budgeting which was analyzed with the Attitude Tricomponent Model. First, the cognitive aspect to identify the apparatus's comprehensive understanding of effective and efficient planning and budgeting. Second, the affective aspect to identify the emotions and feelings of the apparatus in the acceptance of effective and efficient planning and budgeting. Third, the conative aspect to identify the tendency and habits of the apparatus towards effective and efficient planning and budgeting. Questions about these three aspects of attitudes were included in the questionnaire given to the samples.

## Result and Discussion

### Attitude of Apparatus Towards Effective and Efficient Planning and Budgeting

We outline three aspects of the attitude of the apparatus among the three different managerial levels of the questionnaire results. The average results of the Likert Scale as shown in Table 1 show various responses from various managerial levels or within the managerial level.

**Table 1. The Attitude of Garut Regency Apparatus to Effective and Efficient Planning and Budgeting with an Average Likert Score**

Effective and Efficient Aspects Planning & Budgeting	Likert Average Score		
	Top Manager	Middle Manager	Low Manager
<b>Cognitive</b>			
Legal Foundations and Legal Products	3,50	2,94	2,79
Basic Concepts	4,00	3,12	2,79
Procedural Stages	3,50	3,00	2,97
Causality Development Programs and Objectives	4,00	3,24	3,23
Program Evaluation and Sustainability and Development	4,00	3,18	3,30
<b>Affective</b>			
Assent	4,00	3,35	3,36
Necessity	4,00	3,41	3,36
Self-Esteem	4,00	3,29	3,47
Willingness to Learn	4,00	3,76	3,74
Implementation	3,00	3,18	3,01
<b>Conatif</b>			
Efforts to Implement	4,00	3,12	3,22
Knowledge Boost	4,00	3,41	3,47
Encouragement of Capacity Building	4,00	3,41	3,49
Keeping Up With the Latest Information	3,50	3,12	3,12
Information Campaign	3,50	3,00	2,92

Source: Primary Data, 2023

Cognitive aspect analysis provides a brief explanation of the apparatus's understanding of effective and efficient planning and budgeting. The results of the study show that all strata of apparatus management have a good understanding of effective and efficient planning and budgeting. However, when compared to all strata of apparatus managers, there is a downward trend in the average likert score from Top Manager to Middle Manager then Lower Manager in 4 sub-aspects, namely legal foundations and legal products, basic concepts, procedural stages and causality of programs and development goals.

This condition indicates a knowledge gap among the apparatus caused by differences in the working period and experience of each management strata, including the level of education and training related to effective and efficient planning and budgeting capacity.

Affective aspect analysis provides an emotional perspective on the acceptance of effective and efficient planning and budgeting. The results of the study show that all strata of apparatus management are willing to accept and support an effective and efficient planning and budgeting process because they feel that this process will help local governments in achieving development goals. The lowest average likert score in the affective aspect is found in the implementation subaspect. This condition is caused by the lack of apparatus capacity in effective and efficient planning and budgeting so that many apparatus are unable to implement the process.

The analysis of conactive aspects provides a perspective on the tendencies and habits of the apparatus. The results of the study show that all strata of the managerial apparatus tend to increase capacity and carry out effective and efficient planning and budgeting processes. However, local government apparatus at the low manager level has a higher motivation than the middle manager level in pursuing effective and efficient planning and budgeting, and also has a higher motivation to improve their knowledge and capacity.

#### Policy Recommendations

Based on the results of the analysis of the attitude of the apparatus and discussions with local government officials, several problems were found related to the implementation of effective and efficient planning and budgeting. First, there is no technical policy regarding the procedure for determining priority programs. Basically, there are two main legal policies that govern local government planning and budgeting, namely Government Regulation Number 12 of 2019 concerning Regional Financial Management and Regulation of the Minister of Home Affairs Number 77 of 2020 concerning Technical Guidelines for Regional Financial Management. The two regulations only describe the procedural mechanism for regional planning and budgeting, and do not outline the technical procedures for the effective and efficient implementation of planning and budgeting. Although the local government has issued technical guidelines every year through the Regent's Circular, based on the results of the discussion, local government officials want a common perception based on the same regulation as a technical guideline for the implementation of effective and efficient planning and budgeting. Currently, local government apparatus carry out the planning and budgeting process based on their respective perceptions which can cause incompatibility between programs as outputs and development goals.

The second problem is the need to increase the capacity of the apparatus related to effective and efficient planning and budgeting supported by high motivation of the apparatus. Regional development problems continue to grow along with the emergence of global disruption. The recent technological, demographic, economic, social, climate, and pandemic disruptions are inevitable problems and need to be considered as input in regional planning and budgeting. Increasing knowledge and capacity through the implementation of continuous training programs is a must so that the apparatus is more adaptive to the latest regional development issues so that they can improve the quality of planning and budgeting.

The dynamic relationship between central and local governments is the third issue in effective and efficient planning and budgeting. The planning and budgeting process carried out by its apparatus is entered into an information system called the Regional Development Information System which is used by all local governments in Indonesia. Continuous coordination and policy changes have an impact on changes in the implementation of planning and budgeting. Based on the discussion, the system has a rigid schedule compared to dynamic changes in local government planning and budgeting. The system should be more flexible in terms of replanning and rebudgeting times due to policy changes.

The role of the Regional Government Budget Team as the main coordinator in managing regional planning and budgeting is the fourth issue that we discuss. The Government Budget Team plays a major role in managing regional budget utilization policies from the initial stage to the final stage of the planning and

budgeting process. The performance of the Regional Government Budget Team needs to be optimized by formulating a general budget policy that regulates the priority of budget utilization. Budget priorities can help the apparatus to formulate better in the planning and budgeting process to achieve regional development goals.

The last issue we discussed was the need for consultation for regional apparatus. Based on the results of the discussion, local governments through the Regional Development Planning Agency and the Regional Financial and Asset Management Agency should periodically provide the necessary assistance and information to regional apparatus related to planning and budgeting. Consultation should be carried out from the initial stage of planning to the final stage to minimize the possibility of errors that can result in the regional development program being ineffective and efficient.

## **Conclusion**

Based on the results of the study, it can be concluded that the attitude of local government apparatus in the cognitive aspect towards the planning and budgeting process has a downward tendency from top managers to middle managers and then bottom managers which means that there is a knowledge gap among managers that can lead to misinterpretation in the planning and budgeting process. In the affective aspect, local government apparatus at all managerial levels are willing to accept and support the implementation of an effective and efficient planning and budgeting process because of its benefits in achieving regional development goals. Finally, from the cognitive aspect, local government apparatus at the lower manager level has a higher motivation than the middle manager level in pursuing effective and efficient planning and budgeting, and also has higher motivation to improve their knowledge and capacity.

Results-based policy recommendations to support the implementation of effective and efficient planning and budgeting in regional development are 1) Policy formulation that regulates technical procedures so that local government apparatus has the same technical guidelines in the planning and budgeting process; 2) Increasing the knowledge and capacity of local government apparatus in the field of planning and budgeting through continuous training; 3) Improvement of the planning and budgeting system to be more flexible and integrated in accordance with dynamic changes; 4) Optimizing the role of the Regional Government Budget Team in the preparation of general policies, focuses and priorities of the regional budget; 5) Intensify consultation for local government officials in the entire planning and budgeting process.

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