



## SIMPOSIUM ILMIAH AKUNTANSI 5

### ANALYSIS OF PERFORMANCE-BASED BUDGET IMPLEMENTATION ON SERVICE QUALITY IN THE LOCAL GOVERNMENT OF WEST MEDAN DISTRICT

Afrina Nasution<sup>1</sup>, Ismayanti Polem<sup>2</sup>, Friti Sintia Erika<sup>3</sup>, Eka Nurmalasari<sup>4</sup>

Department of Accounting, Universitas Muhammadiyah Sumatera Utara, Indonesia

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#### ABSTRACT

Based on the results of the research and discussion conducted, it can be concluded that the application of performance-based budgeting to the quality of service in the regional government of the West Medan District. The variables in this study are Performance-Based Budgeting (X1) and Service Quality (Y). The research method used is a qualitative method and literature review (library research). Examine the theory and the relationship or influence between variables from books and journals both offline in the library and online sourced from Mendeley, Scholar Google, and other online media. Thus it can be concluded that there are many other factors affecting the performance of local governments, apart from the implementation of performance-based budgeting and service quality. Therefore, further research is still needed to look for other factors that can affect the performance of local government besides the variables examined in this article. Other factors include internal controls, awards, sanctions, quality of financial reports and clarity of budget targets.

#### Corresponding Author:

Eka Nurmalasari

Department of Accounting, Universitas Muhammadiyah Sumatera Utara, Indonesia

Email : [ekanurmala@umsu.ac.id](mailto:ekanurmala@umsu.ac.id)

#### INTRODUCTION

Currently, the government has implemented a budgeting system with a performance-based budget system. Before the performance-based budget system was implemented, the government used a traditional budget system where this system emphasized more on costs rather than on results/performance. This traditional budget system is dominant with the preparation of the budget based on the realization of the previous year's budget, thus there is no significant change to the next year's budget.

The current government performance is highlighted by the public, especially the performance of government agencies whose activities are mostly financed by public funds. Performance or often work performance is the result of work in quality and quantity achieved by an employee in carrying out his tasks in accordance with the responsibilities given to him. Therefore, performance measurement should not only be based on the absorption of the current year-end budget. Performance measurement must be in accordance with the vision and mission in an organization in order to be beneficial for the growth of the organization (Pratiwi, 2020).

In making performance-based budgets, local governments must first have a strategic planning plan that is prepared objectively and also involves all components in the government. With this system, local governments are believed to be able to measure their financial performance as reflected in their regional budgets. One of the aspects measured in the assessment of local government performance is the financial aspect in the form of ABK (Performance-Based Budget).

Performance-based budgets are budgets that emphasize work performance or results. According to Bastian (2020: 171). Performance-based budgeting is an organizational output-oriented budgeting system that is closely related to the vision and mission as well as the

organization's strategic planning. This budgeting system links directly between outputs and outcomes to be achieved accompanied by an emphasis on the effectiveness and efficiency of the allocated budget (Sulistio, 2019). Performance-based budgeting is considered important, because the existence of performance-based budgeting is expected to improve people's living standards, increase development effectiveness and improve financial governance and better governance.

Based on Law Number 32 of 2020 concerning Regional Government, each regional apparatus work unit (SKPD) within the Medan City Government needs to prepare a SKPD Strategic Plan, Minister of Home Affairs Regulation Number 86 of 2019 concerning Procedures for Planning, Control and Evaluation of Regional Development, Procedures for Evaluating Draft Regional Regulations on Regional Long-Term Development Plans and Regional Medium-Term Development Plans, As well as Procedures for Changing Regional Long-Term Development Plans, Regional Medium-Term Development Plans, and Regional Government Work Plans and Government Regulation No.8 of 2019 article 2 concerning Regional Development Planning is a unity and regional development planning system. West Medan District as SKPD has the authority to manage resources and carry out regional development planning to formulate development strategies, policies, programs and activities that are medium term 5 (five) years and short 1 (one) year.

West Medan District development planning is based on an accurate, intact, complete, and comprehensive understanding of data and information about the potential of the area; strengthening communication, coordination and continuous consultation with stakeholders; and the implementation of regular and integrated control and evaluation.

Planning is known in organizational management. In the cycle of management activities of governance, development, and public services. The Strategic Plan is the beginning followed by implementation and supervision (control), thus the plan is separated. Supervision can only be carried out if there is clear planning and vice versa planning requires supervision so that the established plan can be implemented efficiently and effectively.

The purpose of the budget for the preparation of the Strategic Plan is to provide direction in the optimal use of resources owned by the West Medan District, Medan City, to be able to anticipate changes and developments that exist in order to carry out governance authority. As for the purpose for which it was composed

The Strategic Plan (RENSTRA) of West Medan District for 2019 - 2020 is:

1. As input in order to improve the implementation of tasks and improve development in the future in line with the vision and mission that has been determined;
2. Ensure linkage and consistency between planning, budgeting, implementation and supervision in each fiscal year for (5) the next five years;
3. Ensure the achievement of effective, efficient and sustainable use of resources;
4. As a guide and guideline in the preparation of the Work Plan (RENJA) every year to be more focused, focused, and in accordance with previous planning.

The findings of several studies show that many government agencies, especially in district/city governments, have not implemented a performance-based budgeting system, although the government has issued regulations on performance-based budgeting systems since 2019, but the implementation is still in government agencies within the scope of ministries and institutions. This is evidenced by the LAKIP (Government Agency Performance Accountability Report) which has not provided information about measurable performance and there are still many formalities. Even regional heads do not understand the importance of a performance-based budget system, they only understand that the success of implementing development programs and activities is measured by the ability of an SKPD to produce a budget allocated to RKA without measuring performance achievements (DelikNews, March 30, 2019).

## METHOD

The method of writing this scientific article is by qualitative method and literature review (*library research*). Examine theories and relationships or influences between variables from books and journals both off line in libraries and online sourced by Mendeley, Google Scholar, and other online media.

## RESULTS AND DISCUSSION

Performance-based budgeting will be able to improve the performance of an organization if the organization has complete financial information available to support budget planning, and the budget must be able to present a clear picture of the financing of each program and activity to be carried out. In preparing the budget has been aligned with the goals, vision and mission of the organization and describes outputs and outcomes and based on economic, efficient, and effective principles. In addition, the budgeting implemented has been based on budget principles, namely transparent and accountable, budget discipline and budget fairness, it will be able to improve organizational performance (Afriady & Rahmah, 2022). Performance-based budgeting is a system of preparing and managing regional budgets that is oriented towards achieving results or performance. In addition, this explains that there is an influence of performance-based budgeting in line with performance improvement or in other words, the higher the application of performance-based budgeting, the higher the performance of the local government apparatus Pratiwi, (2019). This research is in line with those conducted by Radiansyah et al (2022), Pratiwi, (2019), Afriady and Rahmah (2022), Darwis, Nanda Reza (2019) which concluded that the implementation of performance-based budgeting affects the quality of service in local governments.

**Tabel 1**  
**PENCAPAIAN KINERJA PELAYANAN PERANGKAT DAERAH KECAMATAN MEDAN BARAT TAHUN 2016-2020**

N O	Indikator Kinerja sesuai Tugas dan Fungsi SKPD	Tar get NS PK	Tar get IKK	Target Indikator	Target Renstra SKPD Tahun ke-					Realisasi Capaian Tahun ke-					Rasio Capaian pada Tahun ke-				
				Kinerja	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
1	Persentase meningkatnya penyerapan aspirasi masyarakat dalam perencanaan pembangunan tingkat Kecamatan			%	85	85	100	100	100	90	85	90	94,59	83,08	106%	100%	90%	95%	83%
2	Persentase peran serta masyarakat menjaga keamanan, ketertiban dan kebersihan lingkungan			%	80	80	97	97	97	100	100	97	97,91	71,88	125%	125%	100%	101%	74%
3	Peningkatan Sarana dan Prasarana			Unit	179	67	0	0	0	179	66	0	0	0	100%	99%	0%	0%	0%
4	Persentase penduduk ber-KTP			%	90	90	97	97	97	90	90	44	49,72	94,39	100%	100%	45%	51%	97%

5	Persentase peran serta masyarakat untuk berpartisipasi menjaga kebersihangotong royong Lingkungan			%	85	85	100	100	100	85	85	85	98	69,35	100%	100%	85%	98%	69%
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The quality of public services is a chart of the responsiveness of the state or government to the vital needs of the community. Therefore, the performance criteria of the organization as a whole must be accountable transparently in order to meet the criteria of responsiveness. Innovation and performance of local governments based on research results show that there is a positive influence directly or indirectly on service quality, as in line with Hasri Raka Sahri (2016) stated that the performance of local governments is determined by (1) Convenience, (2) Security, (3) Reliability, (4) Personnel attendance, (5) Problem Solving, (6) Fairness, (7) Fiscal responsibility, (8) Citizen Influence.

### Quality of Service in West Medan District

The level of achievement of West Medan District performance can be described based on the targets of the SKPD Restra.

Based on the ratio between the budget and the realization of service performance funding in West Medan District, it can be said that funding for service performance in West Medan District can run well, although there are still things that can be obstacles in managing SKPD service funding. In terms of budget, the achievement of the realization of this service funding is good, but explicitly the achievement of this funding performance still has obstacles in implementation, including:

1. The mechanism in managing service funding is quite long so that the budget absorption process requires several stages in the realization process, so that the existing mechanism is less effective and efficient in the context of funding services in the sub-district
2. The number of personnel, especially civil servants in West Medan District, is very limited, so that the distribution of work based on the ability to manage service funding cannot be optimally accommodated, thus affecting service performance.

### Challenges and Opportunities for Service Development in West Medan District.

Based on the evaluation of West Medan District service performance over the past 5 (five) years, several challenges that must be faced in the development of West Medan District services for the next 5 (five) years include:

1. Sub-district organizations are filled with officials and staff with inadequate levels of education;
2. The number of staff is inadequate, especially in terms of quality which is still quite low;
3. The unavailability of development data that is compiled systematically and accurately, which creates obstacles in sustainable development planning;
4. The diverse demands and aspirations of people with various interests sometimes cause conflict. For this reason, all these aspirations are accommodated and considered;
5. The more critical and proactive the community is towards the demands of regional development that demand quality planning.
6. The more transparent information through electronic media requires the role of West Medan District to be more responsive to the dynamics of community development.
7. The increasingly dynamic level of education and socio-economics affects the mindset and pattern of action of the community; and
8. Providing services to the community optimally / maximally without complaints as a coaching agency for the implementation of village and village government.

Meanwhile, opportunities that can be utilized over the next 5 (five) years in the context of developing West Medan District services include:

1. Good working relationship and coordination between leadership, structural officials and sub-district staff, so as to create a comfortable and conducive working and service atmosphere;
2. High level of community participation in the development planning process;

3. The implementation of Regional Autonomy and the demands for the implementation of Good Governance are opportunities to improve performance and provide opportunities for West Medan District in development planning and implementation;
4. Open opportunities to improve the quality of human resources through improving formal education and training education for each employee;
5. The existence of community organizations as government partners in development is an opportunity to improve the quality of development planning through coordination and implementation of development programs;
6. Concern of the private sector in supporting programs to be implemented in supporting development implementation activities; and
7. Access to faster, more precise information that makes it easier to improve professionalism. In line with the progress of the times, information media of all kinds are easily available in West Medan District, especially seen from the strategic position of the region. This can be used to further expand information to introduce the potential of West Medan District.
8. There are other institutions that provide education and skills training services for the people of West Medan.

### **Strategic in the Implementation of Performance-Based Budgeting on Service Quality in Local Governments**

Analysis of the results of this issue identification uses strategy planning techniques that are useful for evaluating strengths, weaknesses, *opportunities* and threats or commonly abbreviated as SWOT Analysis. This analysis is based on logic that can maximize strength (*Strength*) and opportunities (*Opportunity*) but simultaneously can minimize weakness (*Weakness*) and threats (*Threats*).

Strength Analysis is:

- a. Fulfillment of governance structure in accordance with applicable regulations
- b. Availability of adequate infrastructure and facilities High cooperation between employees in carrying out work
- c. Increased awareness of employees of their main duties and functions. ☐ Strong commitment from the Leadership in improving services.
- d. Developed experience in the preparation of various development plan documents

Analysis of Weaknesses, namely:

- a. Low employee motivation in improving performance
- b. Not optimal government administration services based on Standard Operating Procedures (SOP)
- c. Filling in the organizational structure has not been in accordance with educational background
- d. Limited human resources who have special knowledge and skills in the fields of science and technology, infrastructure in sub-districts and 6 subdistricts of West Medan sub-district

Opportunity Analysis, namely:

- a. Open opportunities to innovate in improving
- b. quality of service.
- c. Information disclosure through social media can be used as a means of communication with the public.
- d. The existence of backing government to Empowerment The village community in improving development in the kelurahan area.
- e. The availability of education/training that supports the improvement of HR performance.

Threat Analysis, namely:

- a. Increasing public demands in transparent and accountable government administration services.

- b. The diverse demands and aspirations of people with various interests sometimes cause conflict. For this reason, all these aspirations are accommodated and considered;
- c. The more critical and proactive the community is towards the demands of regional development that demand quality planning;
- d. The increasing transparency of information through electronic media requires the role of West Medan District to be more responsive to the dynamics of community development;
- e. The increasingly dynamic level of education and socio-economics affects the mindset and pattern of action of the community; and

### Performance on Service Quality in Local Government

Performance Indicators are quantitative and/or qualitative measures that describe the level of achievement of a predetermined goal or objective. More clearly, performance indicators are criteria used to assess the success of achieving organizational goals that are realized in certain measures. Performance indicators will be used as an intermediary medium to provide an overview of expected achievements in the future.

Organizational performance can basically be described through the level of achievement of organizational goals and the level of efficiency and effectiveness of achieving these goals. Thus, performance indicators that are expected to describe the level of achievement of organizational performance, must be determined carefully so that they can truly describe the state of organizational performance in real terms.

**Table 2 IKU West Medan District**

NO	INDICATORS	Performance Conditions at the Beginning of the RPJMD Period	ANNUAL ACHIEVEMENT TARGET						Kinerj Target at the End of Period e RPJMD
			2021	2022	2023	2024	2025	2026	
1	Service performance achievements Public		70%	80%	85%	90%	95%	100%	100%
2	Percentage of Community Empowerment Achievement		70%	80%	85%	90%	95%	100%	100%
3	Decrease in the Number of Peacefulness of Order		10 Case	8 Kasus	6 Case	4 Case	2 Case	0 Case	0 Case
4	Percentage of social problems/ complaints/ conflicts handled		70%	80%	85%	90%	95%	100%	100%

**Table 3**  
**Medium-term goals and objectives of West Medan District**

NO	PURPOSE	GOAL	INDICATORS						
			GOALS/OBJECTIVES	GOAL/GOAL PERFORMANCE TARGET					
				IN THE TH YEAR-					
				2021	2022	2023	2024	2025	2026
1	Creating a sub-district and kelurahan bureaucracy that serves	Improving the Performance of Sub-District and Village Services	Public Service performance achievements	70%	80%	85%	90%	95%	100%
			Percentage of Empowerment Achievement Community	70%	80%	85%	90%	95%	100%
		Increase performance and support in Management Emen Perkan toran	The level of employee satisfaction with office administration services	70%	80%	85%	90%	95%	100%
2	Improving Public Peace and Order in the District	Improving the organization of peace and public order and government common	Decrease in the Number of Peace Disorders Order	10 Case	8 Case	6 Case	4 Case	2 Case	0 Case
			Percentage of social problems/ complaints/ conflicts handled	70%	80%	85%	90%	95%	100%

**Table 4**  
**Goals, Objectives, Strategies, and policies**

<b>Vision : THE REALIZATION OF A BLESSING, DEVELOPED AND CONDUCTIVE MEDAN CITY COMMUNITY</b>			
<b>Mission III : CLEAN TERRAIN</b> Creating Social Justice through Clean, Professional, and Accountable Bureaucratic Reform Based on the Spirit of Serving the Community and the creation of excellent, fair and equitable public services			
<b>Purpose</b>	<b>Goal</b>	<b>Strategy</b>	<b>Policy Direction</b>
1. Creating a sub-district and kelurahan bureaucracy that serves	1. Improve Service Performance District and Kelurahan	1. Improve coordination and preparation of Service SOPs Office Sub-districts in order Increased service to the community;  2. Increase awareness community deep possession document Population 3. Increase sum fleet and access garbage transport	1. Improved administration support  2. Increased access as well as ease of management document Population  3. Increased Performance Waste handling
	2. Increasing Performance and backing Management Office	1. Increase quality TBSP Civil servants and apparatus government District Villages and Villages;	1. Increased capacity Resources apparatus district appropriate development science knowledge and Technologist



<b>Mission V : CONDUCTIVE TERRAIN</b> Providing a Sense of Security and Comfort for All Medan City People through Increasing the Rule of Law based on Community Participation			
Increasing Peace and Public Order in the District	Increased maintenance of public peace and order and government	1. Streamline communication with the Regional Leaders 2. Increase tolerance and a harmonious atmosphere among religious people	1. Improved coordination between the community and muspika of West Medan District 2. Implementation program
	common	3. Encouraging the growth of pioneer youth in urban development 4. Increase the participation of community institutions in sub-district development	Religious activities and holidays 3. Coaching and Youth institutional empowerment 4. Improved Coordination with Community Institutions in the sub-district

## CONCLUSION

Based on the results of research and discussions conducted, it can be concluded that the application of performance-based budgeting on the quality of service in the local government of West Medan District.

Based on the conclusions above, the suggestion in this article is that there are many other factors affecting the performance of local governments, apart from the implementation of performance-based budgeting, and service quality. Therefore, further links are still needed to find what other factors can affect the performance of local government in addition to the variables examined in this article. Other factors include internal supervisors, awards, sanctions, quality of financial statements and clarity of budget targets.

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