
The Effect of Regulations, Budget Politics, Organizational Commitment, Human Resources Competency, and Procurement of Goods and Services on Budget Absorption (Study on Siak Regency OPD)

Nikita Aurelia Putri T*, Azwir Nasir, & Rofika

Faculty of Economics and Business, University of Riau, Pekanbaru, Indonesia

*nikitaureliaptr@gmail.com

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Key words: regulations; budget politics; organizational commitment; human resources competency; procurement of goods and services; budget absorption	<p>This study's objectives are to prove and test the factors that influence budget absorption, namely regulations, budget politics, organizational commitment, human resources competency and procurement of goods and services. This research is a quantitative study where the primary data is collected directly using a questionnaire which is measured using Likert scale. The population of this study were 5 financial management employees of all Regional Apparatus Organizations (OPD) of Siak Regency, with 30 OPDs in total. The total sample of this study was 90 respondents with the sampling technique, namely purposive sampling, who were in accordance with the position of the head of the service, financial technical implementation officials and treasurer of OPD spending. Data analysis was performed using multiple linear regression which was processed with the help of the SPSS version 23 program. The results of this study indicate that regulations, budget politics, organizational commitment, human resources competency and procurement of goods and services have a significant effect on budget absorption.</p>

INTRODUCTION

All forms of regional revenue and expenditure are budgeted in the Regional Revenue and Expenditure Budget (APBD). According to [Government Regulation Number 12 of 2019](#) concerning Regional Financial Management, APBD is an annual financial plan that is jointly approved by the Regional Government and Regional People's Representative Council (DPRD) stipulated by regional regulations which is an important fiscal policy instrument because it directs the social economic development, ensures sustainability and improves the people's quality of life. Budget absorption shows the success of programs and policies that have been implemented by the government ([Anfujatin, 2016](#)).

The problem that often occurs regarding budget absorption is the uneven pattern of budget realization. World Bank (2015) mentioned this problem as "slow back-loaded", where budget absorption is low at the beginning to the middle of the fiscal year, but increases dramatically towards the end of the fiscal year. Then in the of the year of 2019, COVID-19 pandemic struck the world, including Indonesia. The pandemic prompted the Indonesian government to refocus activities, reallocate the budget, as well as the acceleration of the process of procurement of goods and services in favor of Acceleration of Handling COVID-19 Outbreak through the release of Presidential Instruction Republic of Indonesia Number 4 of 2022.

The phenomenon of disproportionate and sub-optimal absorption of the budget itself happened in Siak Regency, Riau Province. As quoted from "HarianTimes" (2020), At the Physical and Financial Realization (RFK) virtual meeting and SOPD performance achievements, it was said that until August 2020, the average physical realization of Siak Regency only reached 61,70% and financial realization was 44,01%. From the reports of several heads of Regional Apparatus Organizations (OPD), it can be seen that the COVID-19 pandemic affected the implementation of OPD's activities to the extent that it influenced budget

absorption. The realization of Siak Regency's APBD in 2020 also decreased from the previous year, based on the Statement of Budget Realization (LRA) of Siak Regency presented as follows.

Table 1. Statement of Revenue and Expenditure Realization of Siak Regency

Year	Income			Expenditure		
	Budget	Realization	%	Budget	Realization	%
2019	Rp 2.112.662.	Rp 2.225.933.	105,36	Rp 1.981.746.	Rp 1.820.273.	91,85
	838.215,94	683.983,85		838.807,00	992.815,75	
2020	Rp 2.006.952.	Rp 1.993.247.	96,33	Rp 2.062.435.	Rp 1.827.740.	88,62
	228.828,19	955.890,25		046.358,95	588.423,40	

Source: Regional Government Financial Office of Siak Regency

According to table 1 above, the realization of Siak Regency's APBD in 2020 decreased from the year of 2019 with a total of 105,36% for realized revenue and 91,85% for realized expenditure, to 96,33% for realized income and 88,62% for realized expenditure. The nature of the industry, financial stability, ineffective monitoring, and changes in company directors on indications of fraudulent financial statements ([Musfi & Roebiandini, 2024](#)).

One of the factors that affect budget absorption examined in this study is regulation. Regulations that change rapidly while not giving enough time to adapt with it influences the process of regulations implementation in budget realization. The next factor that affects budget absorption is budget politics. From the budget, it can be seen what decisions the government has made for the citizens as public services practitioners. The next factor that affects budget absorption is organizational commitment. Employees with high commitment will work hard to make the programs that have been budgeted by the organization can be implemented properly which will help achieve the government's goal. The next factor that affects budget absorption is human resources competency. Human resources with high quality can support the government in servicing the citizens and execute the programs that have been budgeted, thus helping with achieving the government's goal. The last factor that affects budget absorption examined in this study is procurement of goods and services. Poor performance of procurement of goods and services of the work unit in its implementation has a tendency to delay the work unit's budget absorption ([Priatno, 2013](#)).

This study intends to re-examine the influence of regulations, budget politics, organizational commitment, human resources competency, and procurement of goods and services on budget absorption. This research is a development of research by [Ramadhani & Setiawan \(2019\)](#). In this research there is a change of one independent variable, namely organizational commitment replacing budget planning variable from the previous research, with samples and respondents at the Siak Regency OPD. The object of research used is focused on OPD with the reason that OPD is a government work tool that manages state finances and budget funds that have been made by the government in a certain period.

LITERATURE REVIEW

Theory of Stakeholder

Stakeholder theory states that a company is not an entity that operates for its own interests only, but it should create value for all stakeholders. ([Ghozali & Chariri, 2007](#) as cited in [Ramadhani & Setiawan, 2019](#)). Those who act as stakeholder include shareholders, suppliers, customers, communities who play an important role in the organization, and the government. The existence of stakeholder theory can actualize the goal of improving the community welfare through

government operational activities which have an important function in advancing its region so the government can offer maximum development efforts and performance.

Theory of Budgeting

According to [Law of Republic Indonesia Number 17 of 2003](#) concerning State Finance, the budget is a tool for accountability, management, and economic policy. As an economic policy instrument, the budget functions to actualize economic growth and stability as well as income distribution in order to achieve the goals of the state. Regional Revenue and Expenditure Budget (APBD) is an embodiment of regional financial management that can fully be done in order to carry out and perform the functions of the government wheel properly and optimally.

Budget Absorption

Budget absorption is the achievement of an estimate to accomplish during a certain period of time viewed at a certain time (realization of the budget) (Halim, 2014 as cited in [Ramadhani & Setiawan, 2019](#)). Budget absorption is an indicator that shows the success of a program or policy performed by a government. The realization ratio to budget reflects the absorption of the budget in carrying out various predetermined programs.

Regulations

Public regulation is provisions that must be carried out and obeyed in the process of managing public organizations, both in central government, regional governments, political parties, foundations, NGOs, religious organizations, and other social organizations ([Bastian, 2015](#)). Public organizations use public regulations as a tool to expedite all stages of the organization, starting from planning, budgeting, budget realization, procurement of goods and services, audit financial reporting, and public accountability, thereby helping organizations in achieving their goals.

Budget Politics

Regional budget politics is a regional policy (political choices that was taken) to allocate and distribute the budget ([Riyanto, 2012](#)). Budget politics is one of the factors that affect budget absorption, where the political process is the process of determining budget policies that are influenced by political elements (Abdullah & Nazri, 2010, as cited in [Sanjaya, 2018](#)).

Organizational Commitment

Organizational commitment is an individual's ability and willingness to align their behavior with the needs, priorities, and goals of the organization and perform for organizational goals ([Sudarmanto, 2019](#)). Budget is the embodiment of commitment from the budget holder (the executive) to the authority (the legislative). The performance of public managers is assessed based on how much they have achieved related to the budget that has been set ([Mardiasmo, 2018](#)).

Human Resources Competency

Human resources competency is the ability of an individual in an organization (institution) or a system to carry out their functions and authority to achieve their goals in an effective and efficient way ([Ihsanti, 2014](#)). Human resources capacity is the ability of the members of executive and legislative to execute their respective functions and roles in the policy making process in the financial management of government agencies (Amiruddin, 2009 as cited in [Alimuddin, 2018](#)).

Procurement of Goods and Services

The government procurement of goods and services and constructions are the essence of public organizations duty ([Bastian, \(2015\)](#)). Procurement of goods and services is the activity of procuring goods and services by ministries/institutions/regional apparatuses financed by APBN/APBD whose process starts from identification of needs until the handover of the final work ([Presidential Regulation No. 21 of 2021](#)).

Hypothesis Development

The Effects of Regulations on Budget Absorption

Public organizations use regulations to actualize organizational policies in dealing with existing problems. Fast-changing regulations in a short period of time causes uncertainties among the people who are responsible for the implementation of budget execution, resulting in difficulties during the process. So in practice, budget execution often faces problems in implementing the budget activities that causes slow absorption of the budget. (Ramadhani & Setiawan, 2019). Therefore, the budget executors need time to study and understand those regulations.

Previous research conducted by Alimuddin (2018) explained that regulatory clarity from the planning stage to Standard Operating Procedures (SOPs) was strongly related to budget absorption. In line with this, the research conducted by Salamah (2018), Ramadhani & Setiawan (2019), Oktaliza et al (2020), Rahmawati & Ishak (2020) and Lannai & Amin (2020) viewed regulations as one of the causes of uneven budget absorption. Based on the previous theoretical basis and empirical evidence, the first hypothesis can be formulated as follows:

H₁ : Regulations has an effect on budget absorption

The Effects of Budget Politics on Budget Absorption

According to Irene S. Rubin (2000) as cited in Sanjaya (2018), there are invariably political interests accommodated by the government itself in determining the amount and allocation of funds to its people. Budget politics causes conflicts between the interests of the government and the legislature. As a result, OPD cannot directly implement their work program if it is not in agreement with the priorities of needs and justice as acknowledged by the legislature.

Additionally, Sanjaya's research (2018) revealed that budget politics affects the level of budget absorption. Based on the previous theoretical basis and empirical evidence, the second hypothesis can be formulated as follows:

H₂ : Budget Politics has an effect on budget absorption

The Effects of Organizational Commitment on Budget Absorption

Organizational commitment is indicated by the willingness of organizational members to increase their efforts in achieving organizational goals and in remaining as part of the organization (Miller & Lee, 2001 as cited in Darmawan, 2019). The right level of organizational commitment of the budget managers will help them to communicate, reveal, and provide more accurate information regarding local conditions to their superiors who provide supervision during the budgeting process.

The results of Lannai & Amin's (2020) research revealed that if the financial management apparatus has high commitment to complete budget activities by the predetermined time, then the accumulation of budget absorption will not occur at the end of the budget period. In addition, previous research conducted by Gagola et al (2017), Kadek et al (2017), Alimuddin (2018), Oktaliza et al (2020) and Suyono (2020) provided the same results. Based on the previous theoretical basis and empirical evidence, the third hypothesis can be formulated as follows:

H₃ : Organizational commitment has an effect on budget absorption

The Effects of Human Resources Competency on Budget Absorption

Amirudin (2009) as cited in [Alimuddin \(2018\)](#) argued that human resources competency refers to the ability of executive and legislative members in carrying out their respective functions and roles in formulating policies regarding governmental financial management. One of the main factors in assessing the performance of a government is from its human resources. If unsuitable people are placed in any available positions, it will have a negative influence on the development of the organization.

The results of research conducted by [Mutmainna & Iqbal \(2017\)](#) found that the higher the level of human resources capability in a Local Government Work Unit (SKPD) is, the higher the absorption of that SKPD's budget will be. This result is in line with the research conducted by [Suyono \(2020\)](#), [Oktaliza et al \(2020\)](#), [Rahmawati & Ishak \(2020\)](#) and [Koriatmaja et al \(2020\)](#). Based on the previous empirical evidence, the fourth hypothesis can be formulated as follows:

H₄ : Human Resources Competency has an effect on budget absorption

The Effects of Procurement of Goods and Services on Budget Absorption

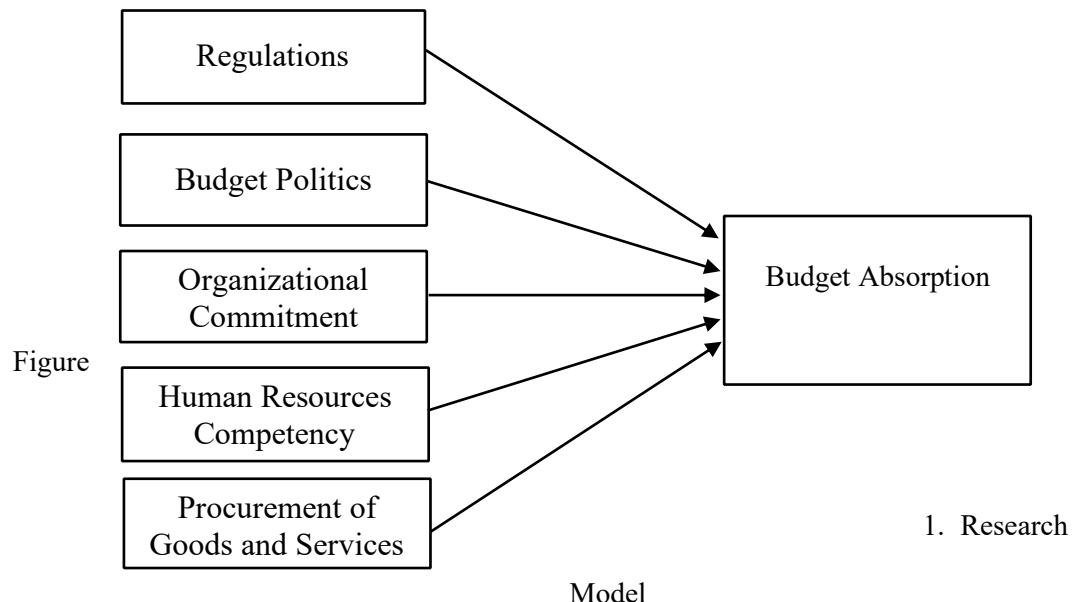
Procurement of goods and services significantly encourages economic growth on both micro and macro scale ([Fitriany et al, 2015](#)). Slow budget absorption mostly occurs due to the tender process which takes several months. This is caused by several technical and non-technical processes that must be carried out and must go through the procedures that have been established by the Law of Indonesia (UU) ([Handayani, 2017](#)).

Research conducted by [Ramadhani & Setiawan \(2019\)](#) found that the procurement of goods and services has an effect on budget absorption. This result is in agreement with research carried out by [Gagola et al \(2017\)](#), [Alimuddin \(2018\)](#) and [Rahmawati & Ishak \(2020\)](#). Based on the previous theoretical basis and empirical evidence, the fifth hypothesis can be formulated as follows:

H₅ : Procurement of goods and services has an effect on budget absorption

Mind Map

Based on the previous hypothesis development, a research model can be illustrated as follows:



METHODS

Research Location and Time

This study area is located in Siak Regency of Riau Province, with an area of 8,275 km² and Siak Sri Indrapura as the capital city. The object of this study is budget absorption of Siak regency regional government. This study is carried out in the year 2022 until completion.

Research Population and Sample

The population in this study are the financial managers who served in the OPD of Siak Regency, with a total of 30 OPD. The sampling method used is purposive sampling. From every OPD, 3 respondents will be chosen who meet the predetermined criteria, that are: the Head of OPD, The Technical Implementation Officer (PPTK), and the Expenditure Treasurer in each OPD.

Research Type and Data Collection Method

The type of this study is quantitative research. The source of data used is primary data with questionnaire methods (questionnaires) as the data collection method. All questionnaires with a total of 90 are distributed to every OPD. The measurement scale used to answer the questions on the questionnaire in this study is likert scale.

Operational Definition and Variable Measurement

The independent variables of this study are regulations, budget politics, organizational commitment, human resources competency, and procurement of goods and services. While the dependent variable in this study is budget absorption in Regional Apparatus Organizations (OPD)

Table 2. The Operational Definition and Variable Measurement

Variable	Indicators	Scale Measurement
Budget Absorption (Y)	1. Proportionality of budget absorption 2. Stacking of activities 3. Percentage of budget absorption	Likert Scale (1-5)
Alimuddin (2018)		
Regulations (X1)	1. Overlapping regulations 2. Socialization of regulations 3. The absence of regulation that regulates (SOP)	Likert Scale (1-5)
Bastian (2015)		
Budget Politics (X2)	1. Budget allocation 2. The principle of need 3. The principle of justice	Likert Scale (1-5)
Rifka Ramadhani (2019)		
Organizational Commitment (X3)	1. Affective Commitment 2. Continuation Commitment 3. Normative Commitment	Likert Scale (1-5)
Alimuddin (2018)		

Human Resources Competency (X4)	1. Attitude 2. Skill 3. Knowledge	Likert Scale (1-5)
Iqbal Muhammad (2018)		
Procurement of Goods and Services (X5)	1. Procurement efficiency and effectiveness 2. Procurement accountability 3. Understanding of regulations for procurement of goods and services	Likert Scale (1-5)
Alimuddin (2018)		

RESULT

Descriptive Test Result

There were 90 questionnaires distributed to respondents with a return rate of 100%, but only 72 questionnaires were eligible to be processed. A total of 9 questionnaires were not returned and 9 questionnaires were returned empty (not filled at all).

Table 3. Descriptive Test Result

	N	Minimum	Maximum	Mean	Std. Deviation
Budget Absorption	72	13,00	25,00	21,2917	2,90913
Regulations	72	8,00	15,00	12,6667	1,78412
Budget Politics	72	10,00	20,00	15,9722	2,72687
Organizational Commitment	72	16,00	30,00	24,4583	2,72152
Human Resources Competency	72	23,00	45,00	38,3333	4,19255
Procurement of Goods/Services	72	21,00	40,00	31,5972	4,61675
Valid N (listwise)	72				

Source: The Result of Data Processing Using SPSS 23, 2022

Based on the output of SPSS in the table above, it can be seen that the amount of data (Valid N) used in this study were 72 samples derived from the results of questionnaires distributed to OPD in Siak Regency. All variables used in this study showed average results greater than the standard deviation, indicating a good result because the standard deviation is a reflection of very high discrepancy, so the spread of data presented that the results are normal and unbiased.

Reliability Test Result

Table 4. Reliability Test Result

Item	Cronbach's Alpha	Coefficient Alpha Standardized	Description
Budget Absorption	0.844	0,60	Reliable
Regulations	0.783	0,60	Reliable
Budget Politics	0.747	0,60	Reliable
Organizational Commitment	0.744	0,60	Reliable
Human Resources Competency	0.883	0,60	Reliable
Procurement of Goods/Services	0.855	0,60	Reliable

Source: The Result of Data Processing Using SPSS 23, 2022

Based on the SPSS output in the table above, it can be seen that all variables used as instruments in this study are reliable or trustworthy and can be used as a data collection tool,

proven by the alpha coefficient value $> 0,60$, so it can be concluded that the measurement results that will be obtained can be trusted.

Normality Test Result

Table 5. Normality Test Result

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		72
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	1,65584388
Most Extreme Differences	Absolute	0,091
	Positive	0,063
	Negative	-0,091
Test Statistic		0,091
Asymp. Sig. (2-tailed)		,200 ^{c,d}

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Source: The Result of Data Processing Using SPSS 23, 2022

In accordance with the Kolmogorov-Smirnov test shown in the table above, the result indicates that the data analyzed in this study follows a normal distribution, with $D(72) = 0,091$ and $p = 0,200 > 0,05$. The results of this study were declared acceptable because the data analyzed have met the normality test criteria.

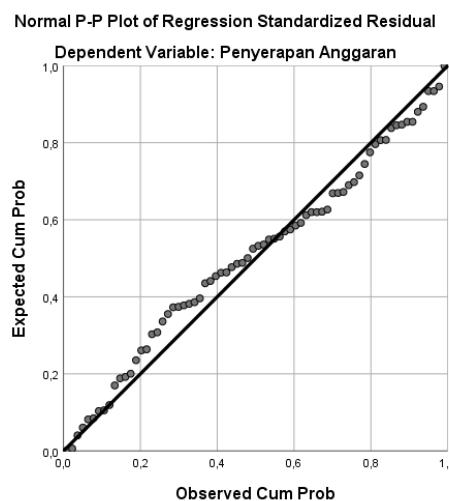


Figure 2: Normal PP Plot Graph

Source: The Result of Data Processing Using SPSS 23, 2022

From the Normal PP Plot graph shown above, it can be seen that the dots are spread around and follow the diagonal line. This shows that the data is distributed normally.

Multicollinearity Test Result

Table 6. Multicollinearity Test Result

Model	Collinearity Statistics		Description
	Tolerance	VIF	
1			
(Constant)			
Regulations	0,774	1,292	No Multicollinearity
Budget Politics	0,565	1,769	No Multicollinearity
Organizational Commitment	0,557	1,796	No Multicollinearity
Human Resources Competency	0,631	1,585	No Multicollinearity
Procurement of Goods/Services	0,800	1,250	No Multicollinearity

a. Dependent Variable: Budget Absorption

Source: The Result of Data Processing Using SPSS 23, 2022

Based on the SPSS output in the table above, it can be seen that VIF value < 10 , whilst tolerance value $> 0,1$. It can be concluded that the regression model is free from multicollinearity.

Heteroscedasticity Test Result

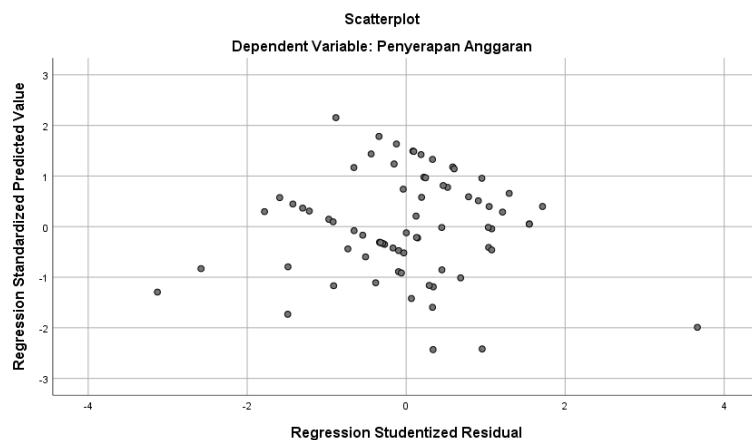


Figure 3: Heteroscedasticity Test Result

Source: The Result of Data Processing Using SPSS 23, 2022

From the figure shown above, it can be seen on the scatter plot from the dependent variable that is budget absorption shows dots that are spread out above and below the y axis. It can be concluded that the model of this study is free from heteroscedasticity.

Double Linear Regression Test Result

Table 7. Double Linear Regression Test Result

Variable	Coefficient	t Count	t Sig.	Description
(Constant)	-4,106	-1,787	0,078	Positive Effect
Regulations	0,329	2,535	0,014	Positive Effect
Budget Politics	0,250	2,515	0,014	Positive Effect

Organizational	0,217	2,163	0,034	Positive Effect
Human Resources Competency	0,181	2,950	0,004	Positive Effect
Procurement of Goods/ Services	0,158	3,210	0,002	Positive Effect
Dependent Variable: Budget Absorption				
R Square	= 0,676	Adjusted R Square = 0,651	F Count = 27,544	F Sig = 0,000

Source: The Result of Data Processing Using SPSS 23, 2022

Based on the output of SPSS on the table above, the obtained final regression model equation as follows:

$$Y = -4,061 + 0,329X + 0,250X + 0,217X + 0,181X + 0,158X + e$$

The table above shows that the value of Adjusted R Square is 0,651 thus it can be concluded that the dependent variable can be explained by the independent variables in total of 65,1 % while the remaining 34,9 % is explained by other variables that are not observed in this study.

The t table value at significant level of 5% = 0,05 can be seen as follows: The t table value with the number of samples (n) = 72, the number of independent variables (k) = 5, the significance level is 5% or 0,05. The t table obtained is 1,9960. Based on the result in the table above, The effect of independent variables on the dependent variable can be described along these lines.

DISCUSSION

The Effect of Regulations (X1) on Budget Absorption

The result of this study shows that with the existence of regional financial regulations that are clear can help public organizations to implement the budget activities smoothly, so that the budget can be absorbed efficiently. This result is in line with the stakeholder theory, where the government as a stakeholder controls the activities carried out within the organizations through the regional regulations, including the budget management process to realize the interests of the local citizen. The result of this study supported the studies conducted by [Alimuddin \(2018\)](#), [Salamah \(2018\)](#), [Ramadhani & Setiawan \(2019\)](#), [Oktaliza et al \(2020\)](#), [Rahmawati & Ishak \(2020\)](#) and [Lannai & Amin \(2020\)](#) who concluded that regulations have positive and significant effect on budget absorption. However, the result of this study is in contrast to the study conducted by [Rifai et al \(2016\)](#) who concluded that regulations have no positive effect on the delay of budget absorption in NTB Provincial Government SKPD.

The Effect of Budget Politics (X2) on Budget Absorption

The result of this study shows that budget implementation in accordance with political interests or with approved priorities can accelerate the implementation of work programs. This result is in line with stakeholder theory, where decisions taken by the regional government should determine the main priorities that are mutually agreed upon and approved by the executive that will affect the budget management process of public organizations. The result of this study supported the study conducted by [Sanjaya \(2018\)](#) who concluded that budget politics have a positive effect on budget absorption in West Sumatra Province OPD. However, the result of this study is in contrast to the study conducted by [Ramadhani & Setiawan \(2019\)](#) who concluded that budget politics have no positive effect on expenditure budget absorption in West Sumatra Province OPD.

The Effect of Organizational Commitment (X3) on Budget Absorption

The result of this study shows that budget managers who are able to communicate and provide information more conveniently can help the budgeting process by having a high level of commitment. This result is in line with stakeholder theory where the government as a stakeholder has a reciprocal relationship with other parties, including members of organizations who also have an impact on the government through their performance to achieve organizational goals, that will be improved with a high level of organizational commitment. The result of this study supported the studies conducted by [Lannai & Amin \(2020\)](#), [Kadek et al \(2017\)](#), [Gagola et al \(2017\)](#), [Alimuddin \(2018\)](#), [Oktaliza et al \(2020\)](#), [Suyono \(2020\)](#) and [Hamidah et al \(2020\)](#) who concluded that organizational commitment have a positive and significant effect on budget absorption. However, the result of this study is in contrast to the study conducted by [Alumbida et al \(2016\)](#) who concluded that organizational commitment has no significant effect on budget absorption.

The Effect of Human Resources Competency (X4) on Budget Absorption

The result of this study shows that employees who are experienced and capable of performing their duties in the financial management process of government agencies are the key to the success of budget management. This result is in line with stakeholder theory where the government as a stakeholder has a role in managing human resources placed in government agencies, and their competency will have an impact on the government as well in helping to achieve organizational goals, which is the realization of regional citizen welfare through regional budget management. The result of this study supported the studies conducted by [Mutmainna & Iqbal \(2017\)](#), [Koriatmaja et al \(2020\)](#), [Oktaliza et al \(2020\)](#), [Rahmawati & Ishak \(2020\)](#), [Suyono \(2020\)](#), [Hamidah et al \(2020\)](#) and [Marsontio et al \(2022\)](#) who concluded that human resources competency has a positive effect on budget absorption. However, the result of this study is in contrast to the study conducted by [Ramadhani & Setiawan \(2019\)](#) who concluded that human resources competency has no significant effect on expenditure budget absorption in West Sumatra Province OPD.

The Effect of Procurement of Goods and Services (X5) on Budget Absorption

The failure in achieving the budget absorption target related to procurement of goods and services will result in loss of expenditure benefit due to the allocated funds cannot be fully used, creating idle money. This delay will hinder the citizen from getting the full benefit of public facilities. This result is in line with stakeholder theory, where the government as a stakeholder has a role to provide public services using budget planning and allocation through procurement of goods and services as a form of reciprocal relationship with the citizen. The result of this study supported the studies conducted by [Ramadhani & Setiawan \(2019\)](#), [Gagola et al \(2017\)](#), [Alimuddin \(2018\)](#) and [Rahmawati & Ishak \(2020\)](#) who concluded that procurement of goods and services has a positive effect on budget absorption. However, the result of this study is in contrast to the studies conducted by [Nugroho & Alfaridi \(2017\)](#) and [Sanjaya \(2018\)](#) who concluded that procurement of goods and services have no positive effect on budget absorption.

CONCLUSIONS

Conclusion

The conclusion that can be drawn from this study is that regulations, budget politics, organizational commitment, human resources competency and procurement of goods and services have positive and significant effects on budget absorption in Siak Regency OPD. This result suggests that understanding and obeying regulations, budget implementations in accordance with political interests, high level of organizational commitment, competent employees, and achieving the procurement of goods and services target help the organizations to implement budget activities better, resulting to higher budget absorption. The result of this study is expected to provide recommendations to public organizations, especially Siak Regency OPD in optimizing budget absorption by improving regulatory compliance, budget politics, organizational commitment, human resources competency and procurement of goods and services.

The limitations of this study are the research model used only examines the direct effect of the independent variables on the dependent variable, and the use of questionnaires as the analytical method only provides answers in small scope, thus the answers to the results in this study only refer to the statements in the questionnaire. For further researchers, the authors provide some suggestions to add another independent variables, also add moderating variables plus intervening variables to study their effect on budget absorption to acquire more accurate and diverse results.

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