



## Government Budget Absorption: A Study on The Reallocation and Refocus of the COVID-19 Budget

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### Abstract

Low absorption of Covid 19 budget causes problems for the government. This study examines the influence of regulation, budget execution, utilization of information technology, and leadership commitment to the absorption of the Covid 19 budget in the Provincial Government of Riau. The population in this study were all Regional Apparatus Organization (OPD) in the Riau Provincial Government. The sampling technique used is purposive sampling with OPD criteria using the Covid 19 budget. Respondents in this study are budget managers. A total of 68 people participated in this study. Data analysis with PLS shows that regulation, budget implementation, and the use of information technology affect the absorption of the Covid 19 budget. Meanwhile, the leadership's commitment does not affect the absorption of the Covid 19 budget. This research has contributed to the Riau Provincial government in formulating budget use policies.

**Keywords:** budget; regulation; utilization of information technology; leadership commitment.

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## INTRODUCTION

The Covid-19 pandemic occurred throughout the world has a significant impact on governments. President Joko Widodo officially designated Covid-19 as a national disaster through Presidential Decree (Keppres) of the Republic of Indonesia Number 12 of 2020 concerning Determination of Non-Natural Disasters for the Spread of 2019 Corona Virus Disease (Covid 19).

Quickstep took by the central government to deal with this disaster was to issue Perppu Number 1 of 2020 concerning State Financial Policy and Financial System Stability for handling the Covid 19 Pandemic. Generally, the Perppu regulates two things. Firstly, its related with state financial policy and regional finance, namely regulating income, spending, and financing policies. Secondly, it is related with the issue of financial institution policies which

include policies for financial problems that endanger the national economy and/or the state financial system. This policy is also regulated in Law number 17 of 2003 concerning State Finance Article 28 paragraph (4) which states that regional governments in an emergency are allowed to make expenditures for which the budget is not yet available.

The government had spent Rp 1.035.25 trillion, from the APBN Rp 937.42 trillion, the rest comes from the regional revenue and expenditure budget (APBD) worth Rp 86.36 trillion. The funds are allocated, among others, for health sector, social protection, support for MSMEs, business incentives, corporate financing, sectoral support, and local government. However, until August 2020, the Minister of Finance Sri Mulyani stated that the absorption of the Covid-19 handling budget was still low, which was only around 25.1% (Fauzia, 2020). From the budget ceiling set at Rp 695.2 trillion, the realization of the Covid-19 handling budget that has just been distributed has only reached Rp174.79 trillion. This shows that many obstacles occur in the implementation of the Covid-19 budget.

The Riau Provincial Government has also allocated a budget Rp 474.83 billion from the 2020 APBD, equivalent to 6 percent of regional spending. This budget is the result of 4 times budget

shifts. Besides that, the Riau Provincial Government received additional Rp 3 billion Covid-19 operational funds from the Central Government. In total, the Covid 19 budget became Rp477 billion (Anggoro, 2020)

Of the total Riau 2020 APBD reallocation budget for the acceleration of handling Covid-19, the realization of the use budget until July 2020 only reached Rp. 182.4 billion or 30% (KPK, 2020). According to the Head of the Regional Financial and Asset Management Agency, the realization or disbursement of funds sourced from the APBD reallocation is dominated by the Direct Cash Assistance (BLT) budget. Especially for the BLT budget that is included in the aid post of Rp. 153.3 billion for handling social impacts. As of July 2020, it has been distributed Rp. 8.8 billion for two regions, Meranti Islands Regency and Pekanbaru City. The Unexpected Expenditure grant is around Rp 5 billion. Direct spending at four Regional Apparatus Organizations (OPD) such as the Health Service, Arifin Achmad Hospital, Petala Bumi Hospital, and Tampan Hospital amounting to Rp. 14.4 billion (Riaupos, 2020)

Based on data from the Riau Provincial Government's Budget Realization Report as of September 9, 2020, the realization of the Unexpected Expenditure budget Rp 25,253,020,161,

realized only 21.30% of total budget Rp 118,566,426,155.27. Also, Financial assistance to villages has not been realized, and the realization of social assistance is still 20.63% (Source: BPKAD Riau Provincial Government, 2020)

The data above shows that until the third quarter, the absorption of the Covid-19 budget was still low. Whereas, the disbursement of Unexpected Expenditures (BTT) its look like relatively no problem to the government. According to Permendagri No. 20 of 2020 article 5, the head of the SKPD can submit a Shopping Needs Plan (RKB) to anticipate and handle the impact of Covid-19 transmission for a maximum of 1 day to PPKD. The Regional Financial Management Officer (PPKD), as the regional general treasurer (BUD), can disburse the BTT to the head of the regional apparatus no later than 1 day from the receipt of the RKB.

Although the government has provided ease of disbursing the Covid-19 budget, especially in the use of BTT, the absorption of the budget is very slow. Whereas budget absorption is one indicator that shows the success of a program or policy that has been carried out by a government (Anfujatin, 2016). The ratio of realization to budget proves that the budget has been absorbed in

various programs that have been determined.

The delay in the realization of the budget that has accumulated at the end of the year has an impact on the quality of government performance. This problem shows the slow handling of the government in dealing with Covid 19 which has an impact on the government's performance in handling Covid 19. The slow handling of the government can also have an impact on disrupting economic growth (Putra, 2017)

Theoretically, various factors influence budget absorption, such as regulation, budget execution, and the use of information technology. Regulation means the rules that are made to regulate the instructions used to organize something and the provisions that must be carried out and obeyed (Bastian, 2010: 33).

Research Suyitno (2020) shows that the Covid-19 pandemic has caused low budget absorption, but the research does not examine the factors that cause low budget absorption. Previous research has shown that regulation is a factor that affects budget absorption. This is following research Basri & Gusnardi, (2021) who found that there were doubts about OPD in the implementation of goods and services spending with the use of unexpected spending. This is because no regulation regulates the readiness of

PPTK who is responsible for the implementation of the expenditure. This unclear regulation causes budget absorption be delayed. Research Ramadhani & Setiawan (2019), the OPD in the West Sumatra Government), found that regulations affected budget absorption. Research shows that regulation affects budget absorption (Sembiring et al., 2018). But other research Rahmawati & Ishak (2020) shows that the regulation does not affect the absorption of the Cimahi City government's budget.

Budget execution is not less important in determining the absorption of the budget. Martowardojo (Sanjaya, 2018) explained that one of the main obstacles in the slow absorption of the budget is because the implementation process in the procurement of goods/services is not well coordinated. Research Ramdhani & Anisa, (2017), Salwah (2019) , Malahayati et al., (2015) and Fitriany (2015) found that the implementation of the budget has a positive effect on budget absorption. But research Sanjaya (2018) found that the implementation of the budget for the procurement of goods/services did not affect the absorption of the budget.

The utilization of information technology is also a factor that can affect budget absorption. Information technology, according to Indrajit (2000),

is the development of computer technology that can process data into information. In the absorption of the budget, the use of information technology can speed up the data processing process and minimize errors that occur. Information technology can provide information about budget execution and budget reporting so that the budget can be implemented properly. Research Tofani et al (2020) shows that the use of information technology has an effect on budget absorption in the District Courts and Religious Courts in the Legal Areas of the Riau High Court and Riau Religious High Court.

In addition to the three previous factors, leadership commitment is also an equally important factor in supporting the implementation of the budget. The role of the leader is very decisive for the realization of activities in government agencies. The Budget User authority (PA) is responsible for the budget allocation submitted to it. Budget Users carry out activities as stated in the approved budget implementation documents. Likewise, other leadership commitments will assist the implementation of budget achievement. The results of the study indicate that management commitment has an effect on budget absorption (Rerung et al., 2017) but research Tofani et al (2020) shows that leadership

commitment does not affect budget absorption.

This study aims to test whether regulation, budget execution, use of information technology, and leadership commitments affect the absorption of the Covid 19 budget. The absorption of the Covid 19 budget is interesting because it is a phenomenon that occurred during the recent Covid 19 periods. This study also specializes in examining leadership commitment in influencing the absorption of the Covid 19 budget. This study also specializes in examining the leadership commitment in influencing the absorption of the Covid 19 budget. Previous research has emphasized more on organizational commitment (Hamidah et al., 2020; Marantika et al., 2017; Alumbida et al., 2016). This research has a contribution to local governments in formulating policies.

## **LITERATURE REVIEW AND HYPOTHESES FORMULATION**

### **Stewardship Theory**

According to Donalson & H (1991) The agency relationship is a contract between the principal and the agent, by looking at the delegation of some decision-making authority to the agent. Stewardship theory states that the government as an agent has the same goal as the principal, namely the welfare of the principal's interests.

The agency relationship in the public sector can be seen in the Preparation of Regional Revenue and Expenditure Budgets where the government gives authority to local governments to prepare their budgets, but later there will be an accountability process for the implementation of the budget that has been prepared. For this reason, local governments must be carefully in implementing the budget to create a prosperous society. The existence of regulations, implementation of the budget, the use of information technology, and the commitment of the leadership are things that support the realization of the budget used for the benefit of the community.

### **The Effect of Regulation on Budget Absorption**

Public regulations are provisions that must be implemented and complied within the process of managing public organizations, both in central government organizations and regional governments. This regulatory problem is related to central government regulations and regional regulations, where the problem occurs regarding regulatory changes so that regulatory changes occur causing budget absorption to be disturbed. According to the stewardship theory, the government, as an agent, will act in the interests of the community.

Therefore, the government must realize the activities contained in the budget. Clear regulations will support the realization of the budget. Research Basri & Gusnardi (2021) explained that unclear regulations will cause delays in budget realization. Research Ramadhani & Setiawan (2019), the Regional Apparatus Organization (OPD) in the West Sumatra Government, found that regulations affected budget absorption. Based on the explanation described above, the following hypothesis is put forward:

H<sub>1</sub>: Regulations affect the absorption of the Covid-19 budget

### **The Effect of Budget Execution on Budget Absorption**

Implementation is an activity carried out to realize all the plans and policies that have been formulated and determined (Muchsin & Noor, 2011). The budget implementation process consists of internal work unit issues, as well as the payment mechanism process (budget disbursement).

Based on law no. 1 of 2014, the budget year for the implementation of state/regional revenues and expenditures is a fiscal year, covering a period of one year starting from January 1 to December 31. Budget users carry out activities as listed in the approved budget implementation document.

Delays in budget absorption can result in economic losses to state finances and budget absorption that is not following the fund withdrawal plan will cause idle cash (Zaenudinsyah, 2016). The ability to absorb the budget is considered good and successful if the realization of the absorption by the actual physical performance of the work can be completed, with the assumption that the actual physical achievement of the work is relatively the same as its achievement. This has been supported by research Ramdhani & Anisa (2017) and Salwah (2019) and Malahayati et al., (2015). Based on the explanation described above, the following hypothesis is put forward:

H<sub>2</sub>: Budget implementation affects the absorption of the Covid-19 budget

### **The Effect of Utilization of Information Technology on the Absorption of the Covid-19 Budget**

According to Indrajit (2000) Information technology is a means and infrastructure (hardware, software, user) systems and methods for obtaining, transmitting, processing, interpreting, storing, organizing, and using data meaningfully. Information technology is very much needed in providing information and getting information during the Covid-19 pandemic. Research Basri & Gusnardi (2021) shows that the

distribution of Covid-19 funds for MSMEs affected by Covid 19 is experiencing difficulties due to the unavailability of data regarding MSMEs in Riau Province. This has hampered the absorption of the Covid 19 budget. Previous research has examined the role of information technology in budget absorption. Research Tofani et al., (2020) shows that the use of information technology has an effect on budget absorption in the District Courts and Religious Courts in the Legal Areas of the Riau High Court and Riau Religious High Court.

Based on the explanation described above, the following hypothesis is put forward:

H<sub>3</sub>: Information Technology affects the absorption of the Covid-19 budget

### **The Effect of Leadership Commitment on the Absorption of the Covid-19 Budget**

Leaders have an important role in an organization because it is the leader who will direct and be a role model for his subordinates in carrying out the duties and functions of the organization so that organizational goals can be achieved. Leadership commitment is the steady determination of a leader to be serious in expressing his readiness and ability to carry out his responsibilities as a leader in the organization to behave and behave

properly to be an example, role model, and motivator for his subordinates to jointly achieve goals. Organizational goals that have been set to obtain maximum results as expected (Muliaanra, 2015)

Every leader must be committed to realizing what he has planned and budgeted for. Good quality of budget absorption will only be achieved if the leadership is committed to implementing the budget on time (Muliaanra, 2015). Following the theory of stewardship, the government as an agent must carry out activities for the benefit of the community. Therefore, leadership commitment is needed so that each activity is realized by its objectives.

Research conducted by Rerung et al. (2017) shows that leadership commitment has a positive effect on budget absorption. Based on the explanation described above, the following hypothesis is put forward:

H<sub>4</sub>: Leadership commitment affects the absorption of the Covid-19 budget.

## **METHOD**

### **Population and Sample**

The population in this study is the Riau Province Regional Apparatus Organization (OPD). The sampling technique used is purposive sampling with OPD criteria using the Covid 19 budget, namely, there are 10 OPD.

**Table.1 List of Regional Apparatus Organizations of Riau Province**

No.	Regional Apparatus Organization
1.	Public health Office
2.	Department of Communication, Informatics, and Statistics
3.	Liaison Agency
4.	Regional Secretariat Leadership Administration Bureau
5.	The Regional Secretariat
6.	Civil service police Unit
7.	Inspectorate
8.	Arifin Achmad Hospital
9.	Petala Bumi Hospital
10.	Psychiatric hospital

Respondents in this study are Head of Department, Head of Planning Sub Division, Head of the Finance sub-section, Commitment Making Officer (*Pejabat Pembuat Komitmen—PPK*), Technical Implementation Officer (*Pejabat Pelaksana Teknis Kegiatan—PPTK*), Receipt Treasurer, Expenditure Treasurer, and Information Technology Coordinator.

From the respondent's data above, the researcher will distribute 8 questionnaires to each OPD of Riau Province. So that the total questionnaires that will be distributed are 80 questionnaires.

### **Data Collection Technique**

Data collection techniques in this study were carried out using field surveys by distributing questionnaires to each device organization by direct delivery and via a google form.

### **Variable Operational Definition**

#### *Budget Absorption*

According to Halim & Kusufi (2014), budget absorption is the achievement of an estimate to be achieved during the period. In public sector organizations or government entities, budget absorption is defined as the disbursement or realization of the budget as stated in the budget realization report (LRA) at a certain time. This variable is measured using three indicators adopted from the research (Tofani et al., 2020). The indicators are, the proportion of budget absorption, Accumulation of Activities, Percentage of budget absorption

#### *Regulation*

Regulation means the rules that are made to regulate, the instructions used to organize something, and the provisions that must be carried out and fulfilled (Bastian, 2016). This variable is



measured using three indicators adopted from Alimuddin (2018), namely overlapping regulations, regulation socialization, and standard operating procedures.

#### *Budget Execution*

Salwah (2019) stated that the implementation of the budget is a stage of financial management that must be carried out after the budget planning process is complete. Implementation is an activity or effort carried out to realize all plans and policies that have been formulated and determined. The budget implementation process includes arrangements for the use of the necessary tools, who implement them, how to implement them, when they are implemented and where they are implemented. The process of implementing the budget is identical to the process of dispensing/paying at the expense of the APBD so that orderly administration is an important thing in budget execution. The definition of budget implementation, based on Permendagri Number 13 of 2006 (2006:8), is a document that generates income, expenditure, and financing that is used as the basis for budget implementation by budget users.

This variable is measured using three indicators which are described in three questions and measured using a

Likert scale of 1-5. The research instrument used in the form of a questionnaire adopted from the research Harahap et al (2020). These indicators are problems that occur in the internal working unit, procurement of goods and services, and payment mechanisms.

#### *Utilization of Information Technology*

According to Indrajit (2000) Information technology is a means and infrastructure (hardware, software, user) systems and methods for obtaining, transmitting, processing, interpreting, storing, organizing, and using data meaningfully. Based on Government Regulation of the Republic of Indonesia No. 65 of 2010 concerning amendments to Government Regulation no. 56 of 2005 concerning the Regional Financial Information System, in the context of implementing an accurate, relevant, timely, and accountable Regional Financial Information System.

This variable is measured using three indicators which are translated into eight questions and measured by a Likert scale of 1-5. The research instrument used in the form of a questionnaire adopted from the research Tofani et al., (2020). The three indicators are Application Benefit, Ease of Use, and Network Connectivity.

### *Leadership Commitment*

Thoha (2013) said that leadership is a behavioral norm that a person uses when that person tries to influence the behavior of others or his subordinates. So aligning perceptions between people who will influence behavior with those whose behavior will be influenced is very important.

This variable is measured using three indicators which are described in three questions and measured using a Likert scale of 1-5. The research instrument used in the form of a questionnaire adopted from the research Thoha (2013). The three indicators are Instruction, Consultation, Participation and Delegation.

### **Data Analysis Technique**

The data analysis technique in this study used Partial Least Square (PLS). PLS is a Structural Equation Modeling (SEM) equation model with a variance-based approach or component-based structural equation modeling. According to Ghozali & Latan (2015), the purpose of PLS-SEM is to develop a theory or build theory (prediction orientation). PLS is used to explain whether there is a relationship between latent variables (prediction). PLS is a strong analytical method because it does not assume

current data with a certain measurement scale, the number of samples is small (Ghozali, 2011). This study has a limited number of samples, so data analysis using SmartPLS software. SmartPLS uses the bootstrap method or random multiplication. Therefore, the assumption of normality will not be a problem. In addition, with bootstrap, PLS-SEM analysis consists of two submodels, namely the measurement model or the outer model and the structural model or the inner model.

## **RESULTS AND DISCUSSION**

The data collection stage is carried out for approximately 3 months with a period for distributing and collecting questionnaires from March 3 to May 28, 2021. Of the 80 questionnaires distributed, 68 questionnaires were returned with a response rate of 85%. The characteristics of the respondents are presented in Table 2.

### **Descriptive Statistical Analysis**

Descriptive statistical analysis was used to describe the research data. Descriptive statistics consist of minimum, maximum, mean, and standard deviation values. The Table 3 presents descriptive statistics.

**Table 2. Characteristics of Respondents**

	Total	Percentage
<b>Age</b>		
<25	7	10.3%
26-35	21	30.8%
36-50	34	50%
>50	6	8.9%
Total	68	100%
<b>Sex</b>		
Male	26	38.3%
Female	42	61.7%
Total	68	100%
<b>Education</b>		
High school	0	0
Diploma	0	0
Bachelor	49	72.1%
Master	19	27.9%
Total	68	100%
<b>Experience</b>		
<10 years	12	17.6%
11-20 years	27	39.7%
21-30 years	16	23.5%
>30 years	13	19.2%
Total	68	100%

**Table 3: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Y	68	12.00	23.00	19.4412	2.10460
X1	68	9.00	15.00	12.9853	1.45061
X2	68	8.00	15.00	11.8382	1.55122
X3	68	19.00	37.00	30.5294	4.30019
X4	68	8.00	15.00	12.0441	1.62475
Valid N (listwise)	68				

The results of descriptive statistics show that the standard deviation value is

smaller than the mean which indicates a small data distribution and there is no

large enough data gap, so it can be said that the data is good. Furthermore, analysis is carried out using Smart PLS

### **Outer Model Test Results**

Measurement of the PLS-SEM model on the outer model is a reflective measurement. The measurement model was assessed using validity and reliability tests. Validity testing consists of testing convergent validity and discriminant validity. Convergent validity testing is by looking at the Loading Factor. The loading factor shows the correlation between the indicator and the construct. An indicator with a low loading value indicates that the indicator does not work on the measurement model. Expected loading value  $> 0.5$  (Hair, 2006). Discriminant validity using Cross Loading. Discriminant validity is met if each indicator has a higher loading for the measured construct compared to the loading value for the other constructs. Table 4 shows the results of validity testing.

The results of the convergent validity test show that all indicators of the variable budget of budget absorption, regulation, budget implementation, utilization of information technology, and leadership commitment have a factor loading value of  $> 0.5$  which means the

indicator is valid. Likewise, the cross-loading value of each indicator block shows a higher value than the other blocks. This shows that discriminant validity is also met. Furthermore, reliability testing can be seen in table 5.

The results of the reliability test show the Cronbach alpha value  $> 0.6$  and composite reliability  $> 0.7$  which means the variable is valid (Ghozali, 2011). The next step is testing the inner model.

### **Inner Model Test Results**

The Inner Model test was conducted to examine the relationship between exogenous and endogenous constructs that had been hypothesized previously. to generate test values for the inner model. The steps are to test the R square and estimate the path coefficient.

### **R Square**

R Square is used to explain the variation in the endogenous construct. The results of the R square test can be seen in Table 6. The results of the R square test show the value of 0.471 is moderate because  $> 0.33$  (Ghozali & Latan, 2015) which shows that the variation of the budget absorption variable is caused by regulation, budget implementation, information technology, and leadership commitment of 0.471 or

**Table 4. Validity Test Results**

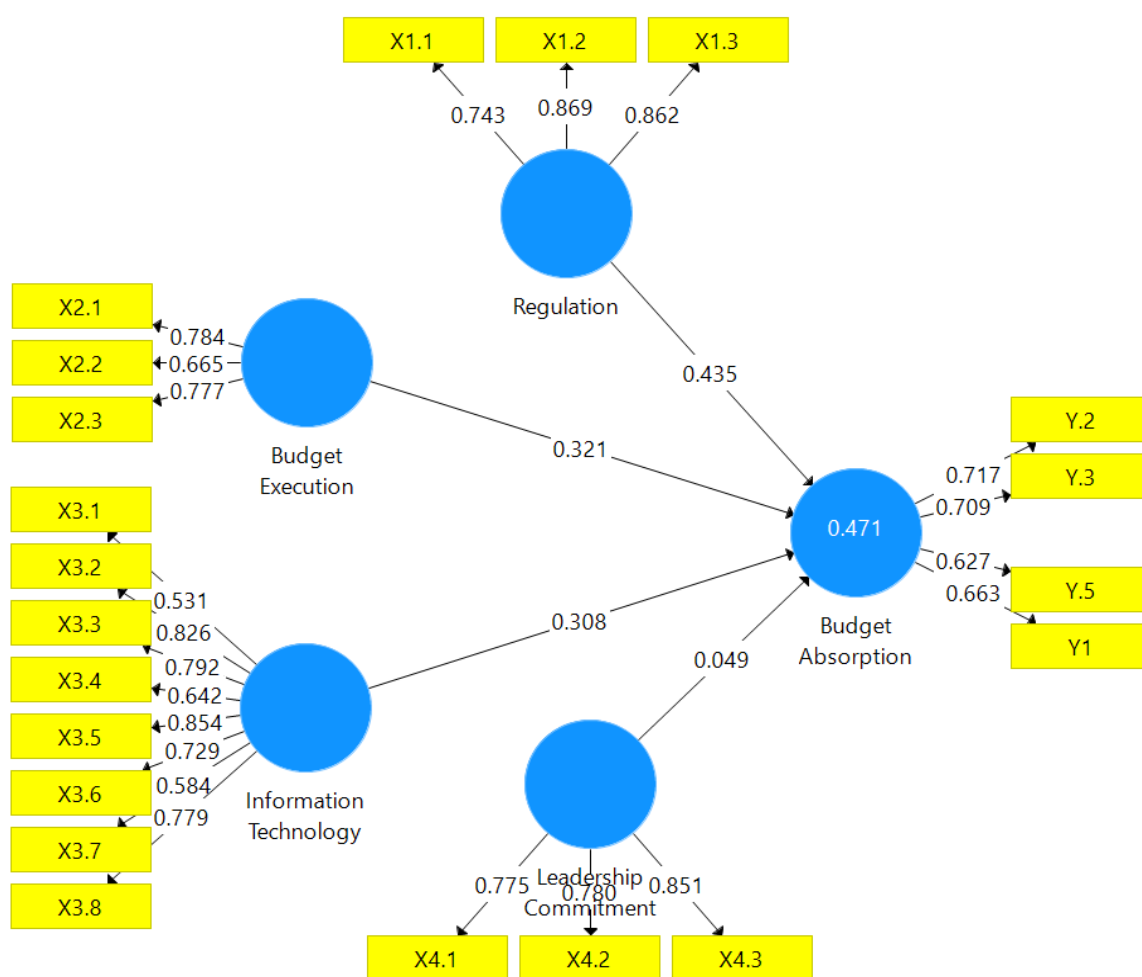
	Budget Absorption	Regulation	Budget Execution	Information Technology	Leadership Commitment
X1.1	0.419	0.743	0.068	-0.029	0.158
X1.2	0.398	0.869	0.390	-0.260	-0.074
X1.3	0.466	0.862	0.401	0.018	0.118
X2.1	0.428	0.326	0.784	0.040	0.008
X2.2	0.176	0.235	0.665	-0.155	-0.149
X2.3	0.329	0.203	0.777	-0.097	0.043
X3.1	0.059	-0.281	0.164	0.531	0.212
X3.2	0.206	-0.057	-0.043	0.826	0.524
X3.3	0.115	-0.123	-0.197	0.792	0.556
X3.4	0.091	-0.148	-0.059	0.642	0.409
X3.5	0.336	0.029	0.069	0.854	0.531
X3.6	0.074	-0.223	-0.132	0.729	0.441
X3.7	0.199	-0.173	-0.019	0.584	0.381
X3.8	0.197	-0.002	-0.199	0.779	0.490
X4.1	0.213	-0.018	-0.044	0.531	0.775
X4.2	0.035	-0.083	-0.073	0.608	0.780
X4.3	0.260	0.163	0.027	0.484	0.851
Y.2	0.717	0.283	0.205	0.269	0.141
Y.3	0.709	0.476	0.387	0.076	0.167
Y.5	0.627	0.183	0.216	0.212	0.070
Y1	0.663	0.393	0.370	0.222	0.313

**Table 5. Reliability Test Results**

	Cronbach's Alpha	Composite Reliability
Budget Absorption	0.625	0.774
Budget Execution	0.634	0.787
Information Technology	0.874	0.897
Leadership Commitment	0.762	0.844
Regulation	0.765	0.866

**Table 6. R Square**

	R Square	R Square Adjusted
Budget Absorption	0.471	0.437



**Figure 1. Structural Equation Model with PLS**

**Table 7. Path Coefficient**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Regulation -> Budget Absorption	0.435	0.388	0.163	2.677	0.008
Budget Execution -> Budget Absorption	0.321	0.306	0.135	2.384	0.017
Information Technology -> Budget Absorption	0.308	0.297	0.113	2.721	0.007
Leadership Commitment -> Budget Absorption	0.049	0.083	0.126	0.385	0.701

47.1% and the remaining 53.9% is caused by other variables not examined. The next test is to see the correlation between the variables or to test the hypothesis.

### **Hypothesis Testing Results**

The results of hypothesis testing can be seen in the path coefficient value and p-value. Figure 1 presents a structural equation model that shows the path coefficient values of each variable. The significance of the influence between variables can be seen in table 7.

### **Discussion**

#### *The Effect of Regulation on Budget Absorption*

The results of testing hypothesis 1 show that the p-value of the influence of regulation on the absorption of the Covid 19 budget is  $0.008 < 0.005$  with the original sample value of 0.435, which means that the regulation affects the absorption of the Covid 19 budget in the Riau Provincial Government. Clear regulations lead to higher budget absorption, but unclear regulations cause lower budget absorption. Unclear regulations cause officials in Regional Apparatus Organizations to hesitate in using the budget that has been provided.

Public regulations are provisions that must be implemented and obeyed in the process of managing public

organizations, both in central government organizations, regional governments, political parties, foundations, NGOs, religious organizations, and other social organizations. Regulatory clarity makes it easier for organizations to carry out their activities. However, the unclear regulation in the use of the budget causes the organization to be reluctant to realize the budget. This is due to concerns about the impact of using an unregulated budget.

Research Basri & Gusnardi (2021) found that some OPDs in the Riau Province government was still reluctant to use the Covid budget, especially in goods spending. This is due to the unclear regulation on who PPTK and implementers of the budget are, especially for the Unexpected Expenditure budget, which is mostly allocated to the Covid-19 handling budget.

Supports stewardship theory, there is a regulation in the use of the budget, including one form of government responsibility as a mandate holder from the people to carry out programs and activities for the benefit of the community. Regulation assists the government is using the budget to comply with applicable regulations.

The results of this study support research Ramadhani & Setiawan (2019)

and Sembiring et al (2018) who found the regulation had a positive effect on the absorption of the budget in the OPD of West Sumatra Province.

#### *The Effect of Budget Execution on Budget Absorption*

The test results in table 7 show the effect of budget execution on budget absorption has a p-value of  $0.0017 < 0.05$  with an original sample estimate of 0.321. These results indicate that the implementation of the budget affects the absorption of the Covid 19 budget in the Riau Provincial Government. The implementation of a large budget will increase the absorption of the budget.

Budget execution is the stage where resources are used to implement budget policies. There is a possibility that the prepared budget is not implemented properly. Good budget preparation is a start both logically and chronologically. Appropriate budget execution depends on many factors including the ability to cope with changes in the policy environment and the ability of work units to implement them (Rustam, 2016)

The budget implementation system must ensure compliance with budgetary authority and have the ability to carry out monitoring and reporting that can immediately identify budget implementation problems. Good budget execution is timely, effective, and efficient

implementation. Therefore, the implementation of a good budget certainly has an impact on the absorption of the budget.

Following the Stewardship theory that the implementation of the budget is a form of government responsibility as an agent mandated by the people as the principal. Budget implementation is an activity to realize the activities that have been planned and made in the budget (Muchsin & Noor, 2011). Timely, effective, and efficient budget execution can improve the quality of budget absorption.

Delays in budget absorption can result in economic losses to state finances and budget absorption that is not following the planned use of funds causing idle cash (Setyawan, 2016). The ability to absorb budget is considered good and successful if the realization of the absorption is by the actual physical performance of the work that can be completed with the assumption that the actual physical achievement of the work is relatively the same as its achievement. target completion of the planned work. It has been supported by Research Ramdhani & Anisa (2017), Salwah (2019) and Malahayati et al (2015) who found the implementation of the budget on the absorption of the budget within the local government.



### *The Effect of Utilization of Information Technology on the Absorption of the Covid-19 Budget*

The test results in table 7 show the effect of the use of information technology on budget absorption has a p-value of  $0.0017 < 0.05$  with an original sample estimate of 0.308. These results indicate that the use of information technology affects the absorption of the Covid-19 budget in the Riau Provincial Government. The better information technology and optimally utilized it will increase the absorption of the budget.

According to Kadir (2014), Information technologies are a means and infrastructure (hardware, software, user) systems and methods for obtaining, transmitting, processing, interpreting, storing, organizing, and using data meaningfully. The existence of information technology that provides data can affect budget absorption.

Research Basri & Gusnardi (2021) found that information technology is very important in providing data on the distribution of Covid 19 assistance to MSMEs affected by Covid 19. The availability of data for MSMEs throughout the Riau province can help the government in distributing Covid 19 assistance. absorption of the Covid 19 budget, especially in spending to overcome the economic impact. The results of this study are also supported

by research Tofani et al., (2020) that information technology affects the absorption of the budget.

### *The Effect of Leadership Commitment on the Absorption of the Covid-19 Budget*

The test results in table 7 show that the effect of leadership commitment on budget absorption has a p-value of  $0.701 > 0.05$  with an original sample estimate of 0.049. These results indicate that the leadership's commitment does not affect the absorption of the Covid-19 budget for the Riau Provincial Government.

Leadership commitment in the implementing budget is indeed one of the factors that can affect the implementation of the budget. However, the implementation of the budget is not necessarily caused by a commitment. If the leadership finds obstacles that cannot be overcome, for example, the existence of unclear regulations causes activity managers to be reluctant to realize activities.

In terms of budget absorption, the leadership's commitment has no impact on budget absorption. This is possible because of psychological factors that prevent them from carrying out the budgeted activities. Tejomurti (2017) stated that on the one hand, budget managers are required to optimally absorb the budget to make programs and activities successful, but these

government officials also experience a dilemma because of the "euphoria" of law enforcement in examining and concluding that a government official is involved in a corruption crime detrimental to state finances. This of course has an impact on decreasing commitment if it will endanger the budget manager due to regulations that are still unclear. The psychological capital theory states that there are positive things that individuals have which are characterized by: self-efficacy, optimism, hope, and resilience. Psychological capital is very important for an employee in carrying out his role (Luthans et al., 2010). Therefore, the confidence of the leadership in carrying out activities is very necessary. Meilia & Setyowati (2006) shows that psychology can affect one's commitment. If someone has a low psychological, it can reduce commitment so that it can affect their performance. This research is in line with research Tofani et al., (2020) which shows that leadership commitment does not affect budget absorption.

### **CONCLUSION, IMPLICATION, AND LIMITATION**

From the previous discussion, it can be concluded several things, namely regulations that affect the absorption of the Covid-19 budget in the Riau Provincial government. Unclear

regulations cause OPD to hesitate in using the budget that has been provided. The implementation of the budget affects the absorption of the Covid-19 budget in the Riau Provincial Government. Timely and effective budget execution will increase budget absorption. The use of information technology affects the absorption of the Covid-19 budget for the Riau Provincial Government. The better information technology and optimally utilized it will increase the absorption of the budget. The results also show that the leadership's commitment does not affect the absorption of the Covid 19 budget.

This research has contributed not only to theory but also to the theory of stewardship which shows the importance of the relationship between agents and principals shown by the government and society. The government as an agent tries to realize the interests of the community as the principal with the implementation of activities indicated by the absorption of the budget. For the government, this research has a contribution to make budgeting policies. The existence of regulatory clarity, timely budget execution, and the use of information technology can assist in increasing budget absorption.

This research has several limitations, namely, it is only carried out on the Riau Provincial Government.

Whereas similar cases occur in most local governments, therefore further research can expand the object of research. This study also only uses several independent variables to see the effect of budget absorption. From the results of the study, there may be a moderation variable in this relationship. Therefore, further research can also develop a research model using moderating or mediating variables.

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