

GOVERNMENT BUDGETARY SLACK (CASE STUDY AT THE DIRECTORATE GENERAL OF HIGHWAYS MINISTRY OF PUBLIC WORKS AND HOUSING)

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ABSTRACT

The purpose of this study is to get an in-depth picture of how the practice of revenue budget gaps in the public sector can occur and the factors that drive it. This research uses qualitative research methods with a case study approach. Data collection was conducted through interviews and supported by documentation and direct observation, the informants involved in this study were managers responsible for the revenue budgeting process at each level. The practice of budget gaps is more aimed at avoiding the risk of not achieving the target, this is also because there is no reward and punishment system for achieving revenue targets. The results showed that pseudo-budget participation and information asymmetrization triggered budget gaps. Factors The lack of strict supervision in the budgeting process and access to stagnant information make the budget gap continue to occur. The risk of this gap practice is that the organization does not know the true optimal potential and the loss of potential income from asset utilization.

KEYWORDS budget gap; pseudoparticipation; information asymmetry; budget monitoring



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INTRODUCTION

Development and renewal in various countries are triggered by New Public Management (NPM) ideas and contemporary practices that use private sector and business approaches in the public sector This further raises the demand to realize good government governance through public sector management reform (Denhardt, 2007). According to Bovaird (2003) New Public Management is a movement to streamline the public sector to be more comparative and responsive to the needs of

How to cite: Putra, A. B. H., Nurkholis, & Iqbal, S. (2023). Government Budgetary Slack (Case Study at The Directorate General of Highways Ministry of Public Works and Housing). *Journal Eduvest*. 3 (9), 1636-1649
E-ISSN: 2775-3727
Published by: <https://greenpublisher.id/>

citizens by offering economic measurement, efficiency and effectiveness (value for money), flexibility of choice, and transparency.

In Indonesia, the government has issued regulations in budgeting through Government Regulation Number 21 of 2004 which was updated with Government Regulation Number 90 of 2010 concerning the Preparation of Work Plans and Budgets of State Ministries/ Institutions. The regulation stipulates that budgeting needs to be done with a medium-term expenditure framework, the application of a unified budget and a performance-based budgeting approach.

Currently, the concept of budgeting is not emphasized on the consideration of existing resources or inputs, but rather on the performance targets to be achieved. This shows that the preparation of financial budgets has shifted focus to performance as expressed by Harun (2009) that the focus of performance-based budgeting is the achievement of performance targets using existing means, namely budgets. Budgets are processed through the stages of budget preparation, budget preparation is the process of making work plan decisions for a period of one year, which is expressed in monetary units and other quantitative units.

The budget preparation process in the central and local governments is carried out a year in advance for the fiscal year in the following year (Basri, 2013). In the public perspective, the budget is defined as a quantitative statement of the planning of government agencies expressed in the physical form of finance, or in the form of both (Aaron, 2009). The reported budget planning objectives should be the same as the expected performance. Through good budgeting, it is expected that the process of absorbing state spending will be more dynamic and scheduled so that it can accelerate the development process and can spur the economic growth rate (Carsidiawan, 2009).

Problems in budgeting arise especially during budget preparation, according to Lukka (1988), the variable that is considered to limit budget effectiveness is budget gaps, while according to Abdullah (2011), the phenomenon of budget gap practices is still very common both in the private sector and in the public sector. This budget gap results in the organization not being able to have optimal budgeting.

According to Moven (2006), budget gaps arise when managers deliberately set too low revenues or set too large costs. This behavior is considered beneficial to the manager because on the one hand it will result in a high possibility of the manager meeting the budget made and on the other hand reduce the risk he will face so that the manager's achievement will increase because the budgeted target is achieved (Savitri & Sawitri, 2014).

Budget sentiment is also related to the system of remuneration of subordinate managers with the level of achievement of budget realization. Participatory budgeting systems are often misused by managers at lower levels to influence the budgeting process by creating budgets that contain gaps so that easily achievable budgets are produced (Dunk, 1993).

One condition that can also cause budget gaps is the presence of information asymmetry. According to Savitri (2014), information asymmetry can occur because subordinates' information is better than superiors, so subordinates take advantage of budgeting participation by providing biased information which further makes

budgets easily achievable so that budget gaps occur, namely by reporting budgets below their proper performance.

Departing from the conditions that occur, the public sector has begun to implement a budgeting system that can overcome the problem of budget gaps, namely through budgetary participation. Participatory budgeting involves various parties in budgeting with the aim of reducing the chances of budget gaps due to the interest of one party in facilitating the achievement of budget realization. Participatory budgeting involves the process of reviewing budgets, ratifying budgets, and also following the results of budget implementation to create realistic budgets.

Previous studies have found inconsistent findings regarding the relationship between participatory budgeting and budget gaps. Baerdemaeker (2015) concluded that increased participation in the planning stage would lead to lower budget gaps. This result is supported by Puspitasari (2017) conducted on the Regional Government of Makang Regency found that participatory budgeting has a negative influence on budget gaps.

Conversely, based on the studies conducted also produce contrary results. Huseno (2017) also concluded that budget participation had a significantly positive effect on the gap. This means that higher budget participation, the more likely budget gaps are to occur. Research conducted by Ghazi (2020) on State-Owned Enterprises (SOEs) concluded that a participatory approach in the budgeting process can encourage the practice of budget gaps. Furthermore, research conducted by Novarima (2018) stated that the budget gap in the operational funds of the Mandate Fund Management Agency occurred due to high budget participation in the preparation of the operational funds of the Mandate Fund Management Agency.

Previous studies mostly used quantitative methods. This is in accordance with research conducted by Nisa (2022) which concluded that as many as 161 articles have been published in 35 (thirty-five) accredited journals Sinta 1, 2, and 3 from 1999-2021, then of these as many as 157 (one hundred and fifty seven) articles using quantitative research methods. According to Chua (1986), quantitative methods emphasize deductive-hypotheses that have limitations in reaching the problems studied. Therefore, due to the limitations and inconsistencies of previous research, research can be carried out using other approaches to see how and why budget gaps occur using qualitative methods and with the object of research on Central Government entities that have not previously been carried out, by directorate general of highways ministry of public works and housing (PUPR) which is one of the ministries that manages the largest budget.

This research was conducted with qualitative methods with a case study approach to answer questions about "what (what)", "how (how)", or "why (why)" of a phenomenon (McCusker & Gunaydin, 2015). The use of the case study research method is an appropriate strategy used in research that uses the subject matter of how or why research questions, little time the researcher has to control the events studied, and the focus of the research is contemporary phenomena (Yin, 2018).

This study aims to determine how budget gaps occur and factors that encourage budget gaps in government entities with the object of research at the Directorate General of Highways of the Ministry of PUPR which is one of the first echelon level organizational units in the Ministry of PUPR. This study focuses on income deviation with income realization. The phenomenon that occurred based on the audited Financial Statements of the Ministry of PUPR for Fiscal Years 2019, 2020 and 2021 at the Directorate General of Highways had a targeted revenue of IDR. 707,741,644,471,-, IDR. 646,368,594,774,-, IDR. 216,086,855,065,- when compared to the target will reach a significant percentage of 169%, 3876% and 3428% of its estimated revenue. Based on these data, it is interesting to examine how the budget gap occurs and the factors that cause it. Based on the description above, the formulation of the problem to be examined in this study is What is the process of budget gap practice at the Directorate General of Highways of the Ministry of PUPR?. Based on the background and formulation of the problem that has been formulated, the purpose of this study is to determine the process of budget gap practice and the factors that encourage the budget gap practice to occur at the Directorate General of Highways of the Ministry of PUPR.

RESEARCH METHOD

The research method to be used is qualitative descriptive with a case study approach aims to determine the process of budget gap practice and the factors that encourage the budget gap practice to occur. Observation data collection techniques, interviews, questionnaires, documentation and a combination of the four. This research was conducted at the Directorate General of Highways of the Ministry of Public Works and Public Housing by adjusting the flow of proposing tiered income estimates, so that it will use one of the work units within the Directorate General of Highways that proposes Non-Tax State Revenue (PNBP), namely the Center for the Implementation of the East Java National Road Bali and the Secretariat of the Directorate General of Highways as echelon one level organizational units that coordinate the proposal of acceptance as well as in the Finance Bureau of the General Secretariat as the working unit tasked with compiling proposals at the ministerial level.

RESULT AND DISCUSSION

The research was carried out by collecting documentation data in the form of financial statements of the Ministry of PUPR and financial statements of the Directorate General of Highways for the 2019-2021 fiscal year. The interview as primary data was conducted alternately at the office of the Secretariat of the Directorate General of Highways and the Finance Bureau of the Secretariat General in Jakarta, on May 3-5, 2023 and at BBPJK East Java Bali on May 16, 2023.

Informants and Research Implementation

The informants in this study are employees in the three work units, the informants were chosen because they have duties and functions according to their positions to carry out Non-Tax State Revenue (PNBP) management activities. The

implementation of primary data collection in the form of interviews and secondary data will be carried out from February to May 2023 at the offices of each organizational unit that is the object of research. The following is an explanation of the number of informants from each work unit.

Table 1. Number of Informers

No	Work Unit	Part	Number of Informants (People)
1	Finance Bureau	Treasury Section	1 (One)
2	Setditjen Bina Marga	Finance Department, BMN and BPB	2 (two)
3	BBPJJ East Java Bali	General Affairs and Administration	2 (two)

Source: Data processed

Information related to informants involved in this study can be known through demographic data filled in the interview protocol sheet used. The following is a summary of the demographic data of informants in this study:

Table 2. Informant Demographics

No	Information	Total	Percentage
1	Gender		
	a. Man	1 Org	20 %
	b. Woman	4 Org	80 %
	Total	5 Org	100 %
2	Age		
	a. 20-30 Years	-	-
	b. 31-40 Years	4 Org	80 %
	c. 41- 50 Years	-	-
	d. 51-60 Years	1 Org	20 %
3	Recent Education		
	a. S1	-	-
	b. S2	5 Org	100 %
	c. S3	-	-
4	Length of Work		
	a. < 5 Years	-	-
	b. 5 - 10 Years	-	-
	c. > 10 Years	5 Org	100 %

Source : Data processed

Based on table 2, it can be known that all informants in this study are women, the age of informants in the range of 31 years – 40 years is 4 (four) people and 1 (One) person in the age range of 51 years-60 years, then all informants have a Strata 2 educational background with a period of working at the Ministry of PUPR above 10 (ten) years.

Budget Jolt Practice

In this section, it will be presented about indications of budget gap practices that occur in income and expenditure as seen in the financial statements and the flow of revenue proposals. The practice of new budget gaps can be evaluated from

budget implementation, when revenue realization tends to exceed the target set in the budget and expenditure realization is below the target set in the budget.

Budget Jolt Indication

Indications of budget gaps that occur can be seen from the revenue obtained by the Ministry of PUPR. According to the Audited Financial Statements for Fiscal Year 2019, revenue realization for the period ended December 31, 2019 Audited amounted to IDR. 1,612,535,918,700,- or reached 244% of the estimated revenue set at IDR. 661,055,199,000,-. Furthermore, in the Audited Financial Statements for Fiscal Year 2020, revenue realization for the period ended December 31, 2020 Audited amounted to IDR. 1,499,614,596,629,- or reached 458% of the estimated revenue set at IDR. 327,538,323,000,-. And it can also be seen that in the 2021 fiscal year ending on December 31, 2021, revenue realization was IDR 744,793,522,- or reached 233% of the estimated revenue set at IDR 334,103,032,-. From the revenue received by the Ministry of PUPR in 2019, 2020 and 2021, the Directorate General of Highways contributed considerable income.

Based on the 2019-2021 Audited Financial Statements of the Ministry of PUPR at the Directorate General of Highways, it is known that there is a deviation between the estimated revenue and its realization. The deviation that occurs can be said to be quite large, but if you look at the trend between the set target times continues to decline from year to year. But the realization always goes far beyond the estimated target. An overview of the estimation with the realization of revenue of the Directorate General of Highways can be seen as follows:

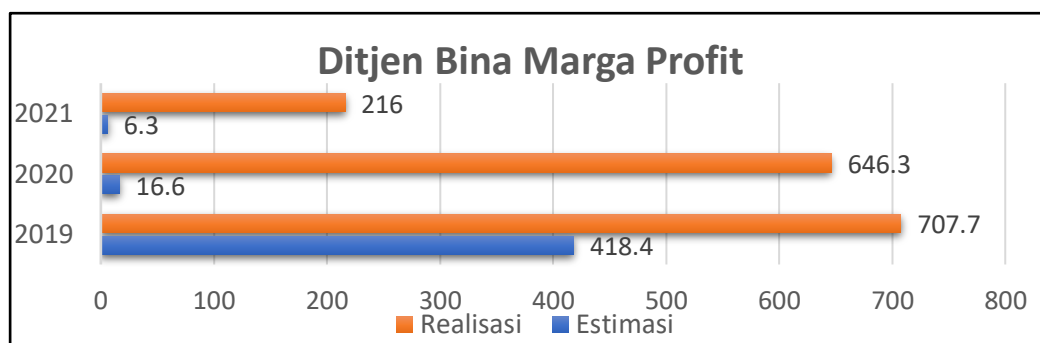


Figure 11. Deviation of Estimated Revenue with Realization

Source: PUPR Financial Report 2019-2021

We can see from the figure above that there is a fairly high deviation between the estimated income and its realization, although from 2019-2021 there is a decrease in estimates with the realization. The striking deviation occurred in 2020 and 2021, if a percentage is used it will be seen as follows:

Table 3. DJBM Revenue Realization Percentage 2019-2021

No	Year	Estimated (Rp)	Realization (Rp)	Percentage (%)
1	2019	418.487.911.000	707.741.644.471	169,12
2	2020	16.675.022.000	646.368.594.774	3876,27
3	2021	6.304.414.000	216.086.855.065	3427,55

Source: Financial Report of Directorate General of Highways

Although based on the financial statements, it is stated that the value of the income is not necessarily the result of income derived from asset utilization but also comes from income from sectoral revolving fund programs. Sectoral revolving funds are funds lent to be managed and rolled over to the community by the Public Service Agency aimed at improving the people's economy and other purposes. This understanding is also stated in Bultek SAP (Technical Bulletin of Government Accounting System) Number 07 published by KSAP (Government Accounting Standards Committee).

One of the points classified in the revolving fund is in the Funding Field of the BPJT Secretariat (Toll Road Management Agency). The financing is a receivable to BUJT (Toll Road Business Entity) arising from the use of revolving funds for toll road land acquisition whose Toll Road Procurement Agreement has been signed between BPJT and BUJT. Receivables to BUJT will mature and be paid back by BUJT to BPJT after the land acquisition is completed and/or toll roads have been operated, whichever comes first, the revenue obtained also comes from the re-receipt of Capital Expenditure for the Last Fiscal Year (TAYL) which is a re-receipt of the overpayment of capital expenditure that has been realized.

Another indication of the occurrence of budget gaps can be seen in the realized spending. The budget according to the Audited Financial Statements for Fiscal Years 2019, 2020 and 2021 successively achieved high realization. Realization of expenditures for the period ended December 31, 2019 amounted to Rp. 39,569,405,368,330 from the budget of IDR. 46,008,441,102,000,- or reached 86%. In the fiscal year ending December 31, 2020, expenditure realization reached Rp. 48,450,468,470,000 from the budget of IDR. 47,255,031,689,994 or 97.53%. The realization of expenditures for the fiscal year ended December 31, 2021, the realization of expenditures reached IDR. 66,371,724,468,000,- from the budget of IDR. 63,631,404,283,018, - or 95.87%. The following is the spending table at the Directorate General of Highways in the 2019-2021 fiscal year.

Table 4. Realization of Expenditure of the Directorate General of Highways

No	Year	Budget (Rp)	Realization (Rp)	Percentage (%)
1	2019	46.008.441.102.000	39.569.405.368.330	86,00
2	2020	48.450.468.470.000	47.255.031.689.994	97,53
3	2021	66.371.724.468.000	63.631.404.283.018	95,87

Source: Financial Report of Directorate General of Highways

Proposing Revenue Estimates

Based on Minister of Finance Regulation number 155 of 2021 concerning Procedures for Managing Non-Tax State Revenues having set up the flow of proposing acceptance targets. The revenue target is carried out by the PNBP Management Agency and is compiled and delivered in stages. The tiered PNBP plan consists of a work unit level acceptance plan, an echelon one level acceptance plan and a management agency level acceptance plan, the tiered proposal flow can be seen in the picture as follows:

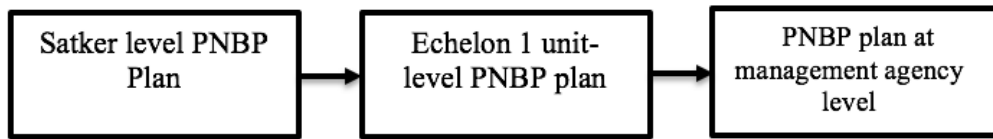


Figure 2. Revenue Estimation Proposal Flow

Source: Data processed from PMK 155 of 2021

Proposing targets from the proposing unit level must be realistically prepared, optimally, and in accordance with statutory provisions. The realization in question is to consider historical data, potential, assumptions, and information that can be accounted for.

The work unit at the first echelon level as a consolidator has the task of conducting research, confirming and consolidating the preparation of PNB plans at the organizational unit/ echelon one-unit level and submitting PNB plans to the consolidator work unit at the Ministry management level or returning to the proposing unit below in the event that there are improvements or adjustments based on research.

The work unit at the management agency level is tasked with conducting research, confirming and consolidating the preparation of PNB plans at the ministerial level or can return to the first echelon level work unit in the event that there are improvements or adjustments based on research. The management level work unit at the Ministry then submits the Ministry-level PNB plan to the Minister of Finance c.q the Director General of Budget.

DISCUSSION

Agency Theory Approaches to Understanding Budget Gaps

With the agency's theoretical approach, the executive as an agent prepares a budget plan and is authorized by the principal, namely the legislature, but the agent's performance is based on budget targets that will encourage the agency to make budget gaps (Suartana, 2010). Such situations and conditions can make a person to achieve his performance by doing budget gaps.

According to Govindarajan (2007), the approach that is widely used in knowing why budget gaps occur is the use of an agency model that explains agents who are motivated to meet the interests of agents, because they are driven by rationalization and personal interests. When related to the budgeting process, agents/ subordinates tend to act in their own interests first by making budgets that are easily achievable so that their performance looks good from the top and avoids risks in the future.

Under agency theory, the parties will act in their own interests. The agent will have the motivation to increase the potential of his performance to be assessed as good, while the principal has the motivation to increase profitability or optimal value of the organization. Principals do not have access to monitor agent behavior on a daily basis whereas agents have access to critical information on optimal capacity from revenue sources. This is what creates an information imbalance

between agents and principals. This information asymmetry that occurs in the budgeting process can cause budget gaps.

Participatory Budgeting Triggers Budget Sensing Practices

This study found that budget gaps occur because budgeting occurs in stages from the proposing unit at the bottom level to the management unit at the top level which is a form of application of participatory cultivation (figure 2). Participatory budgeting involves various parties in budget preparation and involves the process of reviewing the budget, ratifying the budget, and also following the results of budget implementation to create a realistic budget. However, subordinates tend to make budgets that are easy to achieve to meet personal interests in terms of risk aversion.

Budget participation is the active participation of organizational units in the implementation of budget objectives designed from the lowest level to the top. When agents are involved in budgeting and arrangement, they are expected to make decisions that are realistic and consistent with organizational goals. However, there can be budget gaps because agents have access to determine the content of the budget and are moved to do so as their performance is evaluated from the budget.

According to the informant, the estimation proposal has gone well, in accordance with regulations that require the proposal process to run in stages from the smallest management unit to the Ministry level. This tiered proposal process is expected by the work unit in stages to also clarify and recheck the accuracy of proposing the proposed revenue estimate. However, these efforts are constrained by limited information from the above units to check the correctness of the information submitted by the proposing unit.

The observations in this study support previous studies conducted by Dewi (2021) and Ghazi (2020) which resulted in that the participatory approach applied in the budgeting process is a trigger for budget gap practices. The culture in the public sector is different from the culture of the private sector which exercises strict budget control. Strict budget control can be a determinant of whether there is a gap or not (Busch, 2002).

Information Asymmetry That Occurs

This study revealed that the budget gap occurs because there are differences in access to information from the units above to check the truth in the budget proposals from the units below even though the budget has a function as control. This event creates information asymmetry because one party has more information knowledge than the other party. If subordinates have better information than superiors, subordinates can declare budgets that are easier to achieve, the situation of differences in knowledge of this information makes the proposal of revenue estimates depend on the truth derived from the data of the goods management unit in the proposer work unit.

According to Savitri (2014), information asymmetry can occur because subordinates' information is better than superiors, so subordinates take advantage of budgeting participation by providing biased information which further makes budgets easily achievable. Both misused budget participation and information

asymmetry arise due to lack of budget oversight, so to minimize budget gaps more stringent supervision is needed.

According to Suartana (2010), the budget gap will become larger in the condition of information asymmetry because it encourages subordinates as budget implementers to make gaps. So that the information provided by subordinates tends to benefit them, this can be seen from the achievement of revenue realization targets at the Directorate General of Highways which always exceed targets so that subordinates can avoid the risk of not achieving targets. This situation is also caused by the absence of the ability to trace and monitor to the smallest unit by superiors or units above.

This study found that information asymmetry also occurs to a smaller extent in the internal task force of the proposer itself. In the process of collecting revenue estimation data at BBPJK East Java Bali, value data comes from data from fields that manage revenue sources such as laboratories and heavy equipment but the value of the proposal is believed not to come from the actual optimal value.

Reward and Punishment

Based on observations during this study, there was no privilege for the proposer's work unit that could achieve the target, both in the form of performance appraisals and other things. According to information from informants, there is not even any impact, either in the form of rewards or punishments to the proposer's work unit if the target of acceptance is achieved or not. This behavior is more about risk aversion to future uncertainty that is potentially detrimental to the target maker.

The motivation of the work unit or unit that manages the source of revenue is not due to the pursuit of rewards or avoidance of punishment if the target is not achieved. However, it is more to avoid risks in the future, although indirectly by not being affected by the risks that may occur to make the performance of the proposing unit good in its performance appraisal. The informant's view of the deviation between estimated revenue and its realization can be felt and known from the financial statements which clearly shows the large distance between the two, but this is also due to the view that the Ministry of PUPR as a ministry that has the task of carrying out infrastructure development using budget resources so that it does not focus on achieving revenue targets.

Implementation of Information System Use

Another thing about the budget gap occurs at the Directorate General of Highways because the calculation of the revenue of the Directorate General of Highways is calculated from the realization of all work units within the Directorate General of Highways while the estimated revenue target of the Directorate General of Highways is obtained from 16 work units. Efforts to deal with this have been made by optimizing the satkers who have a source of acceptance will be sought to propose their revenue targets. From this incident, we cannot yet that there is no monitoring system to monitor which satkers have the potential to become new sources of revenue and objects that can be utilized.

The information system used in proposing PNBK targets has used a system from the Ministry of Finance called TPNBK. TPNBK application is an application

to record Non-Tax State Revenue Target data at each Ministry/Institution. The use of this application is used in stages ranging from work units or proposer work units to work units at the first echelon level and work units at the Ministry level.

The Ministry of PUPR has enormous potential in utilizing its assets. In the field of roads and bridges in the field of the Directorate General of Highways itself, based on the findings of this study there is still an opportunity to utilize Rumija that can be rented without disturbing the main function of the road, but until now there is no database of which sections can be utilized, this information is important for the management unit at the top level to be able to set its revenue targets so as to reduce information asymmetry and the occurrence of budget gaps.

It is necessary to simplify the process of applying for asset utilization that has been described earlier. Efforts have been made to facilitate the work unit that will apply for the utilization of these assets, but a legal umbrella is needed that is the basis for the process to be faster. The informant hopes that there will be delegation to the local KPKNL so that the process of applying for asset utilization/ BMN is faster for certain values, so that in the end the satkers can estimate their receipts more precisely.

The Influence of Policy and Bureaucracy

The driving factor for the budget gap comes from internal, namely the internal policy in the Ministry of PUPR that eliminates the reuse of PNBP-sourced revenues. Based on informants, this policy is based on the duties and functions of the Ministry of PUPR which focuses on budget implementation in the infrastructure sector and with the increasing number of budgets that must be managed. This policy also has an impact on PNBP management, which means a reduced budget for equipment maintenance that previously could come from PNBP reuse sources but currently only depends on the equipment maintenance budget in the work unit budget.

The use of budget for equipment maintenance is very limited in use and there are standards regulated in the Input Cost Standard (SBM). There are doubts about the goods management unit when asked to make targets in utilization, these doubts if the tools are widely used to serve service needs outside the agency, it is feared that these tools cannot meet internal needs later and also doubts can meet the promised service requirements if rented or used. In accordance with the statements of the first and fourth informants who stated that with this policy, the proposer work unit will prioritize the use of tools to meet internal needs first, which results in a small estimated revenue.

Inestimable Sources of Revenue

Another factor that causes budget gaps at the Directorate General of Highways is revenue derived from non-operational activities, which means it comes from activities that are not PNBP resource management activities but from other sources. Revenue sources that cannot be given the target revenue are Interest Income for Banking Account Management and Financial Management, Penalty Income, and Other Income.

Receipts from these sources can only be known after the completion of work or after an audit so that the sources of receipts are not estimated. Although after the

audit it turns out that there is a lack of government work that has been determined in value and must be deposited by service providers, it is still difficult to enter the value because the certainty of when and how much will be paid depends on the service provider.

Another factor is revenue if divided into the classification of operational and non-operational activities, operational activities referred to here are activities that can be predicted in advance such as laboratory testing activities, heavy equipment rental while revenue from non-operational activities comes from the Last Fiscal Year (TAYL) Transaction account in the form of returns of goods, capital and employee expenditures and fines for late completion of Government work originating From the findings of the examiner that must be returned to the state treasury, this is what cannot be predicted in number and magnitude.

Improvement Efforts Undertaken

Various efforts to reduce the gap between estimates and their realization have been made, among others, carried out by the Finance Bureau as a consolidator at the Ministry level, including making two confirmations to the organizational unit to ensure the value of the proposal and checking again. The obstacle experienced by the Finance Bureau at the Ministry level is that there is no access to ensure in depth and detail the proposed value of the organizational unit, the proposed value is a collection of values proposed by the work unit within the first echelon organizational unit.

The Setditjen Bina Marga as an echelon I level management unit is a work unit that has services that can be counted as PNBPN, so it will be encouraged to submit its target proposal to reduce the estimated deviation with its realization. In 2022, the work units at the Directorate General of Highways that proposed the PNBPN target of 17 (seventeen) work units increased in 2023 to 19 (nineteen) and in 2024 to 24 (twenty-four) work units that proposed their revenue targets.

Risks and Solutions

The risk that occurs when budget gaps continue to occur is that the organization cannot really know the most optimal capacity of its budget. The optimal budget capacity of the organization can be measured one by the application of Value for money. Its application in the public sector will provide benefits to increase the effectiveness of public services, in the sense that the services provided by the government in accordance with their designation can improve the quality of public services.

State revenue opportunities that have not been managed properly result in the loss of potential to contribute revenue to the implementation of development itself. The potential revenue from asset utilization that is hampered due to the length of bureaucracy in its management and the lack of optimal information systems makes this risk even greater because every year the budget of the Ministry of PURP, especially the Directorate General of Highways, always gets a large budget and most of it will be capital expenditure. Tighter supervision of the budget is considered to be able to reduce budget gaps and vice versa, with current conditions. Another effort that can be done is the development of existing information systems

to be able to improve accuracy and accuracy in monitoring proposing units and for proposing units to facilitate the use of BMN assets they manage

CONCLUSION

The budget gap at the Directorate General of Highways occurred because of the tiered proposals from the satker proposing unit to the management unit at the Ministry level. This tiered proposal is an application of participatory budgeting to public agencies, but it encourages budget gaps by means of subordinates in their authority setting targets lower than their optimal values and easily achieved. Information asymmetry that occurs affects the occurrence of budget gaps. That the first echelon level proposer unit and the Ministry-level management unit have difficulty tracing the truth and accuracy of the proposal from the satker unit. This information asymmetry also occurs within the satker proposer unit itself. The proposal of the acceptance target seems to be 2 (two) years in advance for satker-level work units and echelon one level work units. This is because the Ministry-level management unit must collect to the Minister of Finance c.q. the Director General of Budget no later than January of the current fiscal year. So that before that time the proposed data must be received and reviewed first. The number of work units proposing estimated revenues at the Directorate General of Highways until the 2021 fiscal year only amounted to 16 (sixteen) satkers, while the revenue at the end of the fiscal year was calculated from all satkers at the Directorate General of Highways which reached 219 (two hundred and nineteen) satkers. Mactivation of agents / subordinates to make budget gaps more to avoid the risk of not achieving targets. This is because there is no reward and punishment system to encourage a more appropriate budget. Policy Factors eliminate the reuse of PNPB for PNPB management operations, making the task force focus on serving internal needs first. Another factor is that there are sources of revenue that cannot be given the target receipt, namely interest income for banking account management and financial management, penalty income, and other income can only be known after completion of work.

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