

# AGENCY THEORY TO ANALYZE SLOW BACK LOADED EXPENDITURE OF DECONCENTRATION IMPLEMENTATION (CASE STUDY ON PROVINCE NTB)

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## Abstract

This study aims to analyze the implementation of deconcentration fund held Provincial Government of West Nusa Tenggara from the perspective of agency theory as well as in investigating the problems that the budget absorption experiencing slow back-loaded expenditure of the pattern of budget absorption is slow in the early half of the fiscal year that accumulate at the end of the fiscal year.

This type of research is qualitative research with case study approach with the kind of single-case analysis of multi-unit (embedded). Data was analyzed by using the model of Miles and Hubberman. The key informants in this study is the executive officer of deconcentration fund to the management in fiscal year 2016. Determination of informants implementing deconcentration fund subsequent to the snowball technique. Based on the data, a total of informants who were interviewed is 16 (sixteen) consists of 7 (seven) working unit scope of the Government of West Nusa Tenggara Province with a total of 12 (twelve), Regional Office of Directorate General of Treasury, with a total of two (2) people and KPPN Mataram with a total of two (2) people.

The results of the study indicate that there are factors that cause slow back-loaded expenditure in West Nusa Tenggara provincial government which vary in each business unit. But nevertheless there are factors that also have in common. An example is a factor administration, planning, high rate of mutations in the deconcentration fund enforcement officials in the provincial government of West Nusa Tenggara, satker dependence on ministries / agencies and their national policies also affect the implementation of the budget deconcentration.

Theoretical implications from the perspective of agency theory found an association delegation of authority from the ministry / institution to work units in the area. Relationships delegation lead to the asymmetrical information (information asymmetry) between the agent and the principal. Additionally dependence satker (agent) in the ministries / agencies (principal) is also a constraint that underlies the relationship between principal and agent in the engagement contract deconcentration fund performance. The balance of information between the principal and the agent must be a priority for the achievement of organizational goals effectively and efficiently in the application of the principles of good governance.

**Keywords:** Agency Theory, Slow Back Loaded Expenditure, deconcentration, Work Units

## 1. Introduction

### 1.1 Background

Absorption of funds has always been an interested topic. Implementation of the State Treasury are less absorbed in the beginning of the year, but boosted its absorption at the end of the fiscal year. This condition is a discussion among government, civil society, academia, and the media. Phenomena that exist towards the end of the budget year, government agencies trying to absorb budget of close to 100%, in order not rated low budget absorption. Budget absorption tends to accumulate at the end of the fiscal year. The World Bank said developing countries including Indonesia had problems in the absorption of the budget called "slow back-loaded". Budget absorption describes the ability of local governments to implement and account for any activities that have been planned (Mardiasmo, 2009). Absorption of the local government budget is the accumulation of excess absorption performed by SKPD. According Noviwijaya and Rohman (2013) Absorption SKPD budget is "working unit budget share has been disbursed or realized within one year of the budget".

*Slow back loaded expenditure* or slow budget absorption pattern in the early half of the current fiscal year will lead to the absorption of the budget that had accumulated in the second half of the fiscal year, it shows a lack of effectiveness in the utilization of funds, which in turn has implications for the management of cash. Furthermore Rahayu (2011), states that when the absorption of the budget failed to meet the target, there is a budget allocation inefficiencies and ineffectiveness. According Carsidiawan (2009), to be able to represent the function of the state budget process is required absorption dynamic state spending and scheduled in order to accelerate the development process and spur economic growth.

Through Presidential Decree No. 4 of 2016, President Jokowi ordered government agencies to review the postal expenditures. Austerity policies and budget cuts will only be effective if it is supported by all components of the government. In addition, there are at least four strategic steps that will or has been taken by the government in parallel. One, to boost state revenue. Second, accelerate the realization of the budget. Third, continued deregulation and de-bureaucratization. Fourth, strengthen supervision and control functions (sesunan, 2016 [www.harian.analisadaily.com](http://www.harian.analisadaily.com)). This further confirms the importance of accelerating the uptake of the budget in supporting the implementation of public finance.

The government allocated funds to finance programs and activities under the authority of the government in the area, namely deconcentration, support funds, and funds to implement the program and activities of Government agencies in the area. Implementation of deconcentration and assistance is an effort to help the region in achieving fiscal independence and distributing development in Indonesia. Based on Government Regulation No. 7 of 2008 concerning Deconcentration Fund and Co-Administration, Deconcentration is the delegation of authority from the Government to the Governor as the Representative of the Government and / or the vertical institutions in a particular region. And these funds are funds from the state budget administered by the Governor as representative of the Government, including all revenues and expenditures in implementation of deconcentration, excluding funds allocated for Central Government agencies in the area.

In the NTB provincial government, there SKPDs deconcentration fund manager whose numbers vary from year to year. One SKPD can manage two (2) or more of these funds in accordance with the delegation of authority of each ministry.

Table 1.1 Actual Data Deconcentration Fund NTB provincial government

quarterly		commentary	Year		
			2014 (66 Work Units)	2015 (66 Work Units )	2016 (62 Work Units )
I	1	Budget	248 157 450 000	268 765 239 000	309 128 717 000
	2	Realization	7.4248 billion	3233790785	14,099,761,356
	3	Realization (%)	2.99	1.20	4.56
	4	Cumulative Cash Budget Target (15%)	15,00	15,00	15,00
	5	Difference target has not been reached (5 = 4-3)	12.01	13.80	10.44
II	6	Budget	247 427 830 000	304 096 101 000	303 020 058 000
	7	Realization	66,697,358,485	45,360,803,046	86,502,277,325
	8	Realization (%)	26.96	14.92	28.55
	9	Cumulative Cash Budget Target (20%)	35.00	35.00	35.00
	10	Difference target has not been reached (10 = 9-8)	8.04	20.08	6.45
III	12	Budget	244 141 266 000	309 226 037 000	277 900 231 000
	13	Realization	160 759 873 146	110 803 352 202	147 418 509 857
	14	Realization (%)	65.85	35.83	53.05
	15	Cumulative Cash Budget Target (30%)	65.00	65.00	65.00
	16	Difference target has not been reached (16 = 15-14)	-0,85	29.17	11.95
IV	18	Budget	245 581 874 000	289 656 756 000	273 402 203 000

19	Realization	223 849 195 575	246 569 423 391	225 521 698 750
20	Realization (%)	91.15	85.12	82.49
21	Cumulative Cash Budget Target (30%)	95.00	95.00	95.00
22	Difference target has not been reached (22 = 21-20)	3.85	9.88	12.51

Source: Bappeda province, Bureau of Public Administration and Regional Office of the Provincial Secretariat DJPB NTB NTB (The data was processed)

In table 1, these funds NTB provincial government has always experienced the same budget absorption problems. No or never even reached the set target. Likewise for the next quarter. In the perspective of agency theory, there are two parties to the agreement or contract, that party which authorizes the so-called principal and the parties accept the authority of the so-called agent. Deconcentration, the working unit as a grass root in the budget implementation act as an agent of the ministry / agency (principal). Work Units/satker at the entity level responsibility for management of large budgets ranging from planning, implementation, reporting up to liability. Successful implementation of the budget must be backed by actions implementing the appropriate agent or not deviate with the principal wishes in this respect is the main goal of the organization.

Based on the background and the phenomena mentioned above, as well as motivated by implication in the study Arif (2011) with the title identifying the factors causing the lack of budget absorption regencies / cities in Riau Province which states that the various theories that have been discovered and of the existing theory of course is a good first step to test it back in other areas, also one of the literature in this study. Peneliti interested in doing more in-depth studies related namu budget absorption in the implementation of these funds with the title **Agency Theory To Analyze Slow Back Loaded Expenditure of Deconcentration Implementation (Case Study on NTB Province)**.

### *1.2 Research Focus*

To limit the space in this study, researchers tried to establish a research focus that focus phenomenon and problems in the budget absorption that has a pattern of slow absorption in the beginning that accumulate at the end of the fiscal year (slow back-loaded expenditure) in Government of West Nusa Tenggara province in the perspective of agency theory.

### *1.3 Research Question*

Referring to the focused research, in order to avoid bias and ambiguity, the authors formulate a research question as a guideline to determine the picture in the process of collecting data and information in the field. The research question which is also the formulation of the problem in this research are:

- a. How is the implementation of deconcentration funds to the Government of West Nusa Tenggara province viewed from the perspective of agency theory?
- b. Why in the deconcentration implementation, it happen slow back loaded expenditure?

### *1.4 Research Objectives*

This study aimed to analyze the implementation of the Government's deconcentration West Nusa Tenggara Province from the perspective of agency theory as well as to examine more deeply the problems experienced slow uptake budget expenditure that is slow back loaded budget absorption pattern in the early half of the fiscal year so as to accumulate at the end of fiscal year,

## **2. Theoretical Framework**

### *2.1 Agency Theory (Theory Of Agency)*

In agency theory, there are two parties to the agreement or contract, that party which authorizes the so-called principal and the parties accept the authority of the so-called agent. Agency problem appear when the principal delegate decision-making authority to the agent (Zimmerman., Et al 1978). This agency relationship raises problems, namely the existence of asymmetric information (information asymmetry) between the agent and the principal, where one party has more information than the other party.

Agency theory told by Jensen and Meckling (1976) also stated that the agency relationship is an agreement (contract) between the two parties, namely the principal and agent, in which the principal authorizes the agent to make decisions on behalf of the principal. Scott (2000) in Bangun (2009) explains that the agency theory is a branch of game theory which studies a contractual model that encourages agents to act for the principal but the interest of an agent may be contrary to the interest of the principal. Principal delegate responsibility for decision-making to the agent, which the authority and responsibility of the agent and the principal stipulated in the employment contract by mutual consent. The existence of an agency relationship has resulted in two problems: 1) the occurrence of asymmetric information (information asymmetry), in this case the agent has more information about the actual financial position of principal. Asymmetry of information concerning the effectiveness of the flow of information and interaction between the principal and the agent in performing certain tasks, 2) conflicts of interest (conflict of interest) resulting from the lack of unanimity of interest between agents and principals, where the agent does not always act in accordance with the wishes of the principal (Ahmad et al., 2012).

In modern democracies, there are at least four traits of delegation (Lupia and McCubbins, 2000) in Halim Abdullah (2006), namely: (1) the principal and agent, (2) possible conflicts of interest, (3) the existence of information asymmetry, and (4) the principal possibility to reduce the agency problem. Principals themselves must pay (costs) to obtain the information needed to monitor the performance of agents and to determine the structure of incentives and monitoring the efficient (Petrie, 2002).

In the case of deconcentration fund management, work units at the provincial level is the agent of the ministry / agency (principal), in this case in which the authority was delegated to the principal work units have responsibilities (Ministry / Agency). Each of the delegation of some business or duty of the owner to the agent or representative of the always potentially the emergence of problems (Amir, 2014 in <http://kangamir.blogspot.co.id>).

In this study the relation of agency theory can be seen from the relationship between the ministries / agencies (the principal) with the working unit (agent). According Gunantara (2013) sometimes in fact behave opportunistic local governments in making decisions relating to the public. This is consistent with agency theory, namely between the principal and the agent does not always have the same interests (conflict of interest) and agents tend to perform an action that maximizes his utility (opportunistic behavior). Damayanti (2011) suggested that the differences in goals and interests due to their personal interests and bring opportunistic behavior. Delegation of authority through deconcentration funds giving rise to a form of problem.

## *2.2 Work Unit (Skpd)*

According to Law No. 32 of 2004 on Regional Government, the regional work units is a device commonly abbreviated SKPD Local Government (Provincenor district/City) in Indonesia. SKPD is implementing executive functions that must be coordinated in order to run with good governance.

Governorand his deputy,regentand his deputy, orMayorand his deputy are not included in this unit, due to status as Regional Head. Which includes SKPD is the Regional Secretary, Staff-staff expert, Secretariat DPRD, Agencies, bodies, Regional Inspectorate, other local institutions that are directly responsible to the Head of Region,districts-kecamatan (or other equivalent units), and Urban Village/Village(Or other equivalent units).

## *2.3 State Budget*

Budget (APBN) is a list containing the details of the state revenue and expenditure or state expenditures for one year established by the Act for a period of one year. Budget consists of budget revenues, expenditures and financing (Mahsun et al, 2011; 80). Simply put, the structure of the state budget can be shown as Domestic Revenue.

Budget can also be defined as the annual plan of financial governance approved by the House of Representatives (DPR), which lists a systematic and detailed on planned receipts and expenditures during the fiscal year (January 1 to December 31) and defined by Law and implemented openly and is responsible for the greatest prosperity of the people (Herriyanto, 2012).

Budget and economic growth are the two things that can not be separated. Allocation of funds contained in the budget are used for development. With the economic development will create economic growth. Budget and economic growth are two important indicators in determining the level of prosperity of the people.

#### *2.4 Deconcentration Funds In The Implementation*

Policy of regional autonomy and fiscal decentralization that have been implemented since 2001 is to support the achievement of national development goals. The main instrument of fiscal decentralization policy by policy Transfer to Regions, consisting of Balance Funds and Special Autonomy Fund. The Equalization Fund consists of DBH (DBH), General Allocation Fund (DAU) and Special Allocation Fund (DAK), which is the largest component of fund transfers to the regions.

In addition to the decentralized funds, the Government also allocates funds to finance programs and activities under the authority of the central government in the regions, that these funds, support funds, and funds to implement the program and activities of Government agencies in the area. Although these funds are not included in the Regional Budget (APBD), but significantly the funds are spent in the area, either in the form of physical and non-physical shopping.

The main focus of this research is Deconcentration (DK). The legal basis Deconcentration Fund and Co-Administration is the Government Regulation No. 7 of 2008 concerning Deconcentration Fund and Co-Administration. In the regulation has been described on the planning, budgeting, accountability, reporting, coaching, supervision and sanctions in the implementation of these funds. Deconcentration is the delegation of authority from central government to the level I (governor). To support the implementation of the deconcentration, it takes these funds are funds from the state budget administered by the Governor, including all revenues and expenditures in implementation of deconcentration, excluding funds allocated for Central Government agencies in the area.

Deconcentration Fund is part of the budget of the state ministries / institutions allocated based on the work plan of the state ministries / agencies and allocated through the Work Plan and Budget Ministry / Agency (RKA-K / L) and implemented by the regional work units (SKPD) established by the Governor. Funding Deconsentration / Tasks performed after the delegation of authority / assignment of the Central Government through the Ministry / Agency to the Governor / Regent / Mayor. Deconcentration and Co-Administration funding by the central government adapted to the load and large / small authority delegated / assigned.

Deconcentration and assistance is a policy in helping regions to achieve self-reliance in order to improve the welfare of the community, so that its implementation plays an important role in achieving that goal. Deconcentration and co-administration task is part of the state budget with implementation delegated to the regions. The problems that arise are a reaction to the policy of deconcentration and co- which in practice is still need socialization and improvement in accordance with the applicable legislation.

#### *2.5 A Concept And Implementation Slow Back Loaded Expenditure*

Within the framework of performance-based budgeting, the actual absorption of the budget not be the target of budget allocation. Performance Based Budget is more focused on performance than the absorption itself.

Public budget is an activity that is represented in the form of revenue and expenditure plans in monetary units. The main function of the budget is as a tool for planning and control, fiscal policy, politics, coordination and communication, performance assessment, motivation, and creates a public space.

Fairest assessment regarding the use of the budget is to assess the outputs or outcomes generated by an activity or using indicators that have been included in the Budget Implementation List (DIPA). By looking at these aspects, an activity will be assessed the effectiveness and efficiency of the activities carried out.

Aspects of budget spending should be seen also on outputs and outcomes on these activities. Absorption of high budget, but when coupled with a low output and outcome, suggesting ineffective implementation.

Conditions budget absorption in central and local government in Indonesia is almost the same, termed according to the World Bank (World Bank) that is slow in the early years but accumulate at the end of the year (slow and back-loaded).

Low budget absorption mainly occurs in capital expenditure. Whereas programs / activities including capital expenditures have a direct relationship with the real sector driving the economy, including efforts to reduce poverty and unemployment.

Absorption of low budget, of course, would lead to a potential loss for the economy, including the lack of multiple effects in the national economy and the budget issued by the government to be in vain. The failure of the budget absorption target entail the loss of the benefits of shopping for the allocated funds were not all of them can be used, which means there idle money. When the absorption of the budget failed to meet the target, there is a budget allocation inefficiencies and ineffectiveness.

The amount of funds allocated by the government to the central government itself or allocated to the area, show these funds are very large and must be absorbed for the development and improvement of people's welfare. Absorption maximum budget is expected to bring prosperity optimal for society. In fact, the absorption of these funds have not shown the maximum performance in terms of use and in terms of utilization.

Targeted budget absorption maximum should be followed by a good budget planning. Budget planning will be started from the initial filing of the Ministry / Agency which then empties into the RKA-KL. Discussion and budgeting is done it can be said is a process of continuous repetitive stages.

Low budget absorption indicates the Ministry / Agency is not successfully carry out the whole program properly. Arif (2011) mentioned that until now the central and local governments have not had the standard definition of the standards of what percentage of an area into the categorization of experience lack absorption of budget revenues and expenditures.

### **3. Research Method**

#### *3.1 Approach And Strategy Research Methods*

In accordance with the main objective of this research is to understand more deeply and thoroughly the phenomenon of delay in budget spending in this study is the approach taken through a qualitative approach. Consideration researchers use qualitative approach is that qualitative research is research that attempts to understand phenomena in their natural setting and context (not in the laboratory) where researchers are not trying to manipulate the observed phenomena, (Patton, 2002). Cresswell (2010) states that a qualitative research methods to explore and understand the meaning by individuals or group of people is ascribed to social problems.

Qualitative research method in this study is a case study approach. Cresswell (2010) defines case study as a research strategy where researchers investigated carefully inside a program, event, activity, process or group of individuals. According to Stake (1995) in a case study approach, the case is limited by time and activity as well as researchers gather complete information using a variety of data collection procedures based on a predetermined time.

In this study, the researchers refer to the type Single case study with multiple units of analysis (embedded), In the single case study, Yin (2003a, 2009) suggests using logic replication as an approach in the analysis process. In this process, each case must be experiencing the same research procedures, to produce research results respectively. Furthermore, the results of each study on the comparison, to determine similarities and differences. The results are used to explain the research question in general and in particular the achievement of the intent and purpose of the study.

#### *3.2 Setting Location (Site Research)*

This research was conducted in the province of West Nusa Tenggara Regional Work Units (SKPD) implementing deconcentration funds for Fiscal Year 2016. As well as vertical agencies related disbursement and reporting process in the implementation of deconcentration fund budget.

### *3.3 Type And Source Of Data*

Qualitative research will not be separated from the existence of the research instruments used to obtain data on current research has entered the stage of data collection in the field. There are two types of data used in this study are primary data and secondary data. Primary data in this study is data obtained from interviews (face to face) and observation directly conducted by researchers of the slow back-loaded expenditure in the implementation of these funds at the working unit at the Provincial Government of West Nusa Tenggara and also institution involved in the implementation decentralization funds. While the secondary data is data obtained from the review of research on the related documents, either in the form of softcopy and hardcopy consisting of Budget Realization Report, Quarterly Reports, Notes to the Financial Statements (CaLK) Data Data related to the implementation of decentralization.

### *3.4 Informants Attendance And Researchers*

The involvement of researchers in qualitative research is very important in the collection and analysis of data (Sarosa, 2012). The researchers in this study is a research instrument while simultaneously acting as data collectors (key instrument). Researchers will be positioning itself as a full participant to reveal the role of an observer who is conducting a qualitative observation. The key informants in this study is the executive officer of decentralization fund in fiscal year 2016. Determination of informants implementing further decentralization with snowball technique. Based on the data, a total of informants who have been interviewed are 16 (sixteen) consists of 7 (seven) working unit scope of the Provincial Government of West Nusa Tenggara with a total of 12 (twelve), Regional Office of Directorate General of Treasury, with a total of 2 (two) and KPPN Mataram with a total of two (2) persons.

### *3.5 Technical Analysis Data*

Qualitative research tends to produce very large amount of data and less structured than quantitative research, Sarosa (2012). The amount of data that requires a lot of planning and the right strategy to process and analyze the data. The data analysis will be carried out with the model of Miles and Huberman. Miles and Huberman (2014) states that qualitative data analysis consists of three grooves activities carried out simultaneously: data reduction, data presentation and conclusion.

## 4. Data Analysis And Results

### 4.1 Implementation Of Deconcentration Funds Viewed From The Perspective Agency Theory

In the implementation of these funds are transferred authority between the Ministries / Institutions as a principal which authorizes the Work Units (SKPD) as the agent who received the authority in the Provincial Government. In the perspective of agency theory, the agency relationship between the parties to the agreement or contract by mutual consent can lead to problems, which is the first presence of asymmetric information (information asymmetry) between the agent and the principal, where one party has more information than the other party. Both conflicts of interest resulting from the lack of unanimity of interest between agents and principals, where the agent does not always act in accordance with the wishes of the principal (Ahmad et al., 2012). It is as expressed by the head as the organizer of government treasury, which distribute funds of the central government in NTB where federal funds to cover expenditures ministries / agencies both to the needs of the ministry / agency itself and in the context of financing the deconcentration, of common concern, the central office and regional offices of the following (in bahasa):

*“...Jadi kalau saya lihat sementara ini tadi kan disebut asimetris information antara kedua lembaga dengan SKPD nah..asimetris itu penyebab utamanya adalah karena di Indonesia ini memang tidak ada atau belum dilakukan pelembagaan tentang hubungan antara pemegang fungsi ditingkat pusat dan daerah yang langsung. Jadi bagaimana hubungan langsung antara SKPD yang menangani bidang pertanian dengan dinas pertanian, ada nggak komunikasinya, nggak ada. Kalau dia menurunkan dana dekonsentrasi atau SKPD cuma menurunkan dana selesai itu proses managementnya itu urusan anda dia nggak pernah mau tahu jadi kalau anda memberikan masukan kesulitan-kesulitan dan sebagainya kesana dan saya nggak yakin bahwa kemudian ada tindak lanjutnya yang bagus,jangan-jangan malah mereka berfikirnya ooh..dia tidak bisa menyelesaikan saya kasi aja orang lain ke Provinsi sebelah kan gitu ya.....”*

Read the quote above, it can not be denied that the communication between SKPD with Ministries / Institutions are often not smooth which could result in failure to achieve the purpose of the contract has been made between the agent and the principal. In line with this, the head satker D explained that the communication is also important in order not to appear agency problems in the implementation of these funds, in addition to the work units in province better understand the conditions in the area compared with other ministries / agencies, the following explanation (in bahasa):

*“Menurut saya pasti itu ada peluang ada kendala disitu karena justru dari sana, saya sering sampaikan ketika ada pertemuan itu bahwa kondisi daerah juga perlu diperhatikan, menurut*

*saya pasti ada lah itu sangat berpengaruh kondisi setempat ini malah justru 80 ini mungkin terlalu lebay saya katakan 80%, 60% atau 65% itu sangat menjadi penentu ketika kita melaksanakan sebuah kegiatan nah kalau pusat tentu mereka secara normatif global menyusun, sedangkan apa sesungguhnya yang menjadi kebutuhan, menjadi peluang tantangan segala macam itu yang lebih pahami daerah, disitulah sebenarnya kunci kenapa harus kita banyak berkomunikasi”.*

Issues *agency theory* primarily related to the information asymmetry in the implementation of these funds is also felt by satker E which has the highest budget ceiling in fiscal year 2016. The E work units explained as follows (in bahasa):

*“.....Jadi memang kendalanya seperti ini, saya melihatnya temen-temen itu...ini sharing aja sih ya..... dari sisi perencanaan kadang-kadang APBN itu, kita sudah dicekoki. Begitu implementasi di daerah banyak unsur-unsur kegiatan yang belum diakomodir disitu.....yang lebih tau kan daerah. Sehingga terjadilah revisi RKA-KL/POK itu. Nah revisi POK itu kan sangat sederhana, sangat simpel beda dengan APBD....cukup KPA....Sehingga temen-temen pengelola dibawah dia lebih banyak improvisasi. Ini sisa dirubah.....buang kesini...sini...yang penting tidak merubah pagu..... Dalam satu tahun anggaran bisa dibawah 10 dan diatas 5 kali untuk revisi....hahaha...”*

Satker implementing deconcentration in the area to better understand the conditions, in terms of both implementation and planning. Even when the ceiling of the remainder which can not be implemented, satker do revisions are indicated only for the sake of implementing work unit until the funds can be absorbed optimally. It is very possible to do because of the revision process fairly easy to do and without the need for ratification or approval process of the ministries / agencies as the principal funder of deconcentration.

#### *4.2 Factors Causes Of Slow Back Loaded Expenditure Deconcentration Funds*

The phenomenon of deconcentration budget absorption less optimally absorbed in the beginning of the year and accelerated at the end of the year (slow back-loaded expenditure) is not a secret anymore, it's like a habit that goes from year to year in the implementation. This is also confirmed by the head of the Office of A (in bahasa):

*“jadi kami dalam langkah supervisi dan kordinasi itu juga melakukan proses pembinaan serta memonitoring atau mengevaluasi, melihat bagaimana realisasi yg di buat oleh skpd ini. jadi Kantor A bisa tau juga apa fungsi nya. ada toolsnya untuk mengetahui seberapa baik pencapaian nya. dari situ juga Kantor A kemudian bisa memberikan atau membuat kebijakan. apakah akan melakukan sosialisasi bimbingan pendampingan, bimbingan tehnik dsb kepada satker-satker itu, kegiatan pembinaan ini juga bisa di lakukan dengan cara lain, yaitu melalui contoh adalah surat. Itu adalah cara kami melakukan komunikasi dengan skpd2 menyampaikan perkembangan realisasi anggarannya / penyerapannya. Kantor A berkepetingan supaya tidak*

*terjadi slow back loaded itu. Kantor A melihat dan mengevaluasi pelaksanaan anggaran tahun 2015 ternyata memang kondisi seperti itu, slow back loaded. bahkan esktrim sekali, membuat secara keseluruhan penyerapan anggaran di NTB baru mencapai angka 10% di bulan oktober dari bulan2 sebelumnya. tapi apa yg terjadi saat desember itu mencapai kurang lebih 26% persen, membuat Kantor A kehilangan multiplier effects karna tidak di terapkan dari januari. kalo di lihat dari data yg disampaikan tadi, tahun 2015 hanya 1 koma sekian bahkan setelah itu Kantor A melihat flashback 5 tahun sebelumnya penyerapan anggaran bln jan - feb itu sama berhimpit dari tahun ke tahun dan angka nya hanya sekitar 3,6%. serapan awal tahun memang minim”.*

In line with this, the Subsection work units D explained (in bahasa):

*“Ini memang sudah menjadi apa ya...??saya bilang menjadi kebiasaan juga bukan bahwa pada umumnya pelaksanaan dekon itu dinomerduakan. Artinya mendahulukan APBD dulu baru dekon”.*

From the description above, it is clear that the phenomenon of slow back-loaded expenditure implementation of these funds going from year to year. Analysis performed on the research process, shows that there are factors that contribute to that. The following factors cause of slow back-loaded expenditure:

### **Factors Administration**

Administrative factor in this case is the completeness in the preparation of the Decree (SK) treasury officials at the level of work units, operational guidelines / Juknis used in the implementation of these funds. Factor this administration became one of the causes of slow back-loaded expenditure. It is as expressed by the head of A as follows (in bahasa):

*“.....juga soal penetapan para pejabat perbendaharaan ya perbendaharaan itu disitu ada kuasa pengguna anggaran ada bendahara ada PPK ada PPSPM semua ini kadang-kadang terlalu banyak deal ya kan....terlalu banyak nego-nego khusus....jadi lama lagi....?”*

A further head office revealed (in bahasa):

*“.....itu sering kali juknis katanya. juknis, dari kementrian tekhnisnya itu yg terlambat menurut mereka ya yg terlambat datang sehingga belum berani untuk mengeksekusi....”*

In line with this, the Head Office A to explain (in bahasa):

*“.....Ya karena untuk dekon itu ada beberapa kendala, pertama penunjukan pejabat perbendaharaan terlambat dan kedua yang pasti itu Petunjuk tekhnisnya , itu yang jadi kendala diawal-awal itu....jadinya menumpuk di akhir.....”*

Head of work units C as the organizer of these funds also confirmed this (in bahasa):

*“.....jadi kendalanya terkadang kita masalahnya juklak juknisnya karena tidak bersamaan begitu kita menerima DIPA tidak bersamaan sama juklak/juknisnya dan ada beberapa SK juga yang harus dituntaskan, sehingga paling cepat itu bisa dilaksanakan kegiatan dekon itu juga paling maretlah....”*

In a different interview with the secretary of the Work Unit C, also expressed the same opinion

(in bahasa):

*“SK-SK ini kan memang nyawanya dari pelaksanaan dana dekon, kalo kita sesuai prosedur melalui Bappeda, nanti Bappeda secara kolektif akan menyampaikan ke Biro Hukum. Dari dulu seperti itu dan memang ini juga menjadi membutuhkan proses lebih lama lagi untuk urusan administrasi, birokrasinya panjang”.*

Not much different from the work unitsC, the Head of work units explains (in bahasa):

*“....kita biasanya keterlambatan penyusunan atau keterlambatan terbitnya juklak atau petunjuk pelaksanaan dari kegiatan APBN ini khususnya dekon ini, itu yang pertama yang kedua untuk juklak ini kan dia tidak sama setiap tahun itu sehingga kadang ada kan kegiatan yang signifikan yang membuat kita tidak bisa langsung aliran khas itu bisa proporsional begitu, sehingga karena memang tidak bisa diawal tahun rata-rata teman-temen ini membuka ruang dibelakang supaya jelas juklaknya kemudian kegiatan2 apa yang memang bisa dilakukan itu kan nampak biasanya diakhir kan dipertengahan keakhir ditiga dan empat”.*

Reading some of the above quote, it is unavoidable that the administration factor is preparation of the Decree (SK) treasury officials at the level of work units and operational guidelines / technical guidelines that are used in the implementation of these funds can cause low budget absorption at the beginning of the fiscal year. The impact of the administrative factors, leads to reduced time in the implementation and execution of the work program agreed at the beginning of the fiscal year the implementation of deconcentration.

### **Planning factors**

Shah, 2007; Robinson, 2007; Drake & Fabozzi 2010 in Arif 2011 stated that the success of the budget relating to the objectives of the organization, the allocation of responsibility for achieving objectives and responsibilities of implementation. Therefore, failure to plan budget will impact on the ineffectiveness of the government's work program, which indirectly will certainly adversely affect the performance of the government. Planning factor also affected the implementation of these funds, it can be seen from several excerpts of interviews with the head office of A as follows (in bahasa):

*“Pertama,SKPD itu sebenarnya tadi dia punya perencanaan sampe 15% misalnya itu jangan asal membuat, didasari oleh pemahaman tentang apa dan sifatnya apa pengeluaran itu harusnya itu..kalau harus 20% ya 20%jangan 15% kalau harus 10% ya 10% gitu nyatakan itu jadi jangan asal pasang target. Pemahaman tentang sifat dari belanjanya, kalau belanjanya itu untuk kegiatan2 misalnya seminar, sosialisasi dan sebagainya kan bisa dilakukan kapan saja”.*

A further head office explains (in bahasa):

*“.....jadi pemahaman yg benar2 sehingga pada waktu membuat perencanaan itu realistis,pemahaman yg kemudian selalu melaksanakan lalu dilaksanakan dengan sebaik2nya sesuai ketentuan gitu ya,pehamanan yg menyebabkan kemudian semua perencanaan dapat dilakukan dengan disiplin itu aja yg penting. Jangan sampe ada ketidak pahaman dan ketidak pedulian kepada objeknya gitu ya.....”*

In line with this, the head office of B explained (in bahasa):

*“....Kelihatannya iya.....perencanaan.... Pernah suatu saat, ada tempat tidak layak untuk membuat pabrik garam dan tempat untuk ikan. Nah datang ketempat saya “Pak, saya batalkan, saya tidak mau mencairkan ini. Eselon I (satu) saya meminta pernyataan dari Kepala Kantor B untuk bertanda tangan”. Saya kaget kenapa tidak mencairkan. “saya kepala dinas yang baru dan saya meneliti bahwa tempat itu tidak cocok untuk pabrik garam, kalau saya paksakan nanti rumah saya pindah pak”. Jadi harus ada surat pernyataan bahwa saya tidak bersedia untuk mencairkan itu. Nah ini kan perencanaannya lagi bagaimana....”*

Kasi as Committing Officer (CO) in satker E also explains that (in bahasa):

*“.....Kadang memang dari pola perencanaan, ini kan ditumpuk begitu aja uangnya”*

As the Secretary Committing Officer (CO) at satker C also describes a similar case as follows

(in bahasa):

*“....Memang kita sudah menjadwalkan pada triwulan II, namun terbentur juga dengan jadwal narasumber dari pusat. Jadi perencanaan dengan realisasi kenyataannya memang berbeda. Melesetlah dari jadwal karena provinsi lain juga meminta narasumber dari pusat padahal disitu sudah ditentukan provinsi ini triwulan ini, provinsi ini triwulan ini dan seterusnya. Akhirnya kita berkoordinasi dengan pusat untuk menjadwalkan ulang kegiatan....”*

Budget Authority (KPA) at work units D explained (in bahasa):

*“.....Dan saya melihat secara kebijakan yang perlu kita tutup lagi disitu celah itu adalah perencanaan yang sesungguhnya bisa untuk menutupi adanya perdebatan2 pada saat adanya penyelenggaraan kegiatan itu ini yang masih sering terjadi artinya lemah diperencanaan. Diperencanaan lemah ini misalnya okelah didalam petunjuk pelaksanaan ada katanya itu enam kali kegiatan ini kemudian untuk narasumber siapa2 tapi kenapa ini masih menjadi perdebatan kan begitu masih menjadi perdebatan masih menjadi ini debat terus dari teman2 ini karena memang perencanaan itu diawal itu yang tidak”.*

From a few quotes above shows that inadequate planning aspect in determining the budget that will be presented, will not have an impact on the work program goes well, this is because of the

disjointed between planning the budget and work program that will be implemented. Public sector budgeting associated with the process of determining the number of votes the allocation of funds for each program and activity of monetary units (Arniati et.al, 2010). From a different viewpoint, one of which led to lack of budget absorption is less maturation of aspects of postal votes the budget. Pos budget ditetapkan with the impression "first fills origin, the origin of their budgets go down first", in the end this will have an impact on the budget execution process that allows the inhibition of the activities because of the need for adjustment through the revision process. And the worst possibility is that the budget is returned to the state treasury because the budget can not be implemented, jikapun implemented will be problems in the future in the examination. In Arif (2011) experts say that there are many factors that could cause why some programs work can not be realized, but already planned and budgeted, for example due to the preparation and budgeting program that is not fair, resulting in individuals reluctant to reach budget targets and implement the program (Cropanzano and Folger 1991). However, when planning and programming is done in a fair, information on the process of determination is not important in motivating achievement of targets (Folger 1986).

### **The high rate of mutation factors**

Mutations or transfer by Wahyudi (1995) is the movement of one's work in an organization that has the same level of job position before moving work experience. Salary compensation, duties and responsibilities of a new one is generally the same as usual. Mutations or job rotation is done to avoid saturation employee or an employee of the sometimes tedious work routine and have a function other purposes so that one can master and explore another job in a different field in a company. Essentially mutation is a form of attention led to subordinates. Besides internal concern, efforts to improve service to the public is the most important part in all the movements that occur within the scope of the government. In the structure of the provincial government, the mutation is not a new thing. However, mutations ranking officials in the Provincial Government is also a thing holding in the implementation of these funds mainly terms of budget absorption. In personnel transfers, there are elements of

uncertainty which lead to a reluctance to implement the budget. It is as stated by the head of the Office of A as follows (in bahasa):

*“....Ya begitu KPANYa diganti, padahal gak ada kepentingannya harusnya ya siapa yg KPANYa kalau emang kompetensinya itu adalah misalnya bidang atau bidang ini seksinya lawan saja itu yg sering menghambat ....mutasi ini ya....”*

Further explained that (in bahasa):

Lebih lanjut dijelaskan bahwa:

*“....umumnya sebab2nya adalah karena mereka ini terlalu banyak kepentingan dalam menentukan KPA masih ada yang seperti itu kan yaa kalau boleh dikatakan jaman dahulu kalau orang jadi pimpro itu kan rebutan. Sekarang kabarnya jadi KPA itu pada nolak,kabarnya saya gak tau yaa..secara persisnya atau mungkin juga KPA tertentu rebutan juga gt,sehingga kemudian pimpinannya harus menentukan siapa ya KPANYa?? yg paling ini seterusnya,tidak langsung ya sudah anda ada disitu exofficio oleh KPA selesai gitukan kemudian anda setelah exoficio adalah PPK misalnya anda setelah exofficio nggak ke PPSPM,kan jelas itu kan...”*

Similarly, the Head Office B give examples of cases as follows (in bahasa):

*“.....Ada yang tanya, minta pendapat saya ini para pejabatnya karena dari data mau dimutasi jadinya tidak berani tanda tangan.....saya bilang,itu kata siapa??.... nggak berani nanti dipindah. Meskipun mau dipindah. Seperti saya, saya sudah tahu SK saya sudah dikeluarkan tapi saya belum dilantik ya saya tetap harus tanda tangan....”*

It also happens to work unit D, as described by the PPSPM as follows (in bahasa):

*“....Nah itu juga betul sekali, intensitas mutasi itu sangat berpengaruh. Jadi pertama mulai dari KPA, kalo KPA mendapat pergeseran mutasi maka untuk pelaksanaan kegiatannya kita harus menunggu dulu. Menunggu ada pengusulan KPA yang baru. Kemudian pengelola dibawahnya misalnya PPK, PPSPM, bendahara itu juga mengalami kendala meskipun tidak selama KPA tadi itu. Karena kalo pengelola ini kan SK-nya dari KPA, relatif tidak terlalu lama lah...”*

Mutations were implemented to improve the effectiveness and efficiency therefore needs to be an evaluation on each worker on an ongoing basis in objectif. In carrying out the mutation should be considered a factor that is considered objectively and rationally. (Siswanto, 2002: 221). Mutations in a company is not a punishment. In communities often understood, the mutation is a form of punishment in the field on the employment. The presumption thus mainly come from employees who feel less capable, or less successful in performing their duties as well as employees who are making a mistake. Thus the assumption of course is not always true. Regardless of the causes that actually exists, holding positions of mutations is not a punishment. Mutation is a natural thing in any organization or institution, whether public or private. However, the implementation of the mutations frequently and in a fast tempo

can also be a barrier to the implementation of the objectives of the organization, especially in the implementation of the budget.

### **Factor Addition Work Units At the Ministry**

Definition of deconcentration in accordance with Regulation No. 7 in 2008 is the delegation of authority from the Government to the Governor in a particular region. Implementation of the delegation of authority and the assignment is based on the principle of the implementation of deconcentration. The principle of the implementation of these funds, the Government held a part of affairs under its authority in the region based on deconcentration. Implementation of deconcentration done through partial delegation of the authority of government affairs ministry / agency. Delegation of authority relations between ministries / agencies (principal) as funders deconcentration and working units in the area (agent) as the executor of the budget, should go hand in hand for the implementation of the budget in accordance with the targets set. Agent and principal relationship is often also a barrier in order to accelerate the implementation of the budget, due to dependence satker in line ministries in the implementation of the budget. In such case was described by the head of A the following (in bahasa):

*“.....Konteks dana dekonsentrasi itu punya keterkaitan dengan kementerian/lembaga teknis terkait misalnya, dekonsentrasi untuk pertanian maka kementeriannya adalah kementerian pertanian seringkali komunikasi antara unsur di Provinsi, KPA dengan kementriannya ini tidak ada hotline atau tidak lancar seringkali terjadi bahkan kadang-kadang kepastian dari kementerian/lembaganya juga kadang-kadang rendah. Misalnya ada dana yg dialokasikan tiba-tiba ditarik lagi.Diminta dihold atau apa membuat mereka gamang ini sering terjadi,komunikasi antara kementerian negara lembaga dengan SKPD ini....”*

The same thing that was expressed by the Committing Officer at H satker following (in bahasa):

*“....apapun itu....Kementerian langsung tetep. Nah kita lihat berapa targetnya penetapan dari kementriannya. Sudah ditetapkan dari kementrian keuangan sih sebenarnya....satker tinggal melaksanakan saja....”.*

Committing Officer Satker C also felt the same way, the following explanation (in bahasa):

*“.....Iya, sering terjadi seperti itu terutama di beberapa kementrian, masih sangat kental terjadi hal-hal seperti itu. Sehingga apa yang kami usulkan sering kali jarang terakomodir oleh temen2x Pusat. Jadi, tiang sendiri sering berangkat untuk mensinkronkan itu.....”*

Committing Officer at work unit D explains (in bahasa):

*“...khususnya yang dikegiatan2 tekhnis ya pada saat kita melakukan sesungguhnya ini diawal perencanaan harus diatur sebenarnya tapi ketika mau dilaksanakan terbentur lagi untuk yang jadi narasumber dari pusat segala macam.....koordinasi lagi...lama lagi...”*

From the opinions of the above, clearly shows that the ministries / agencies have a strong influence in the implementation of this deconcentration. Certainly have built an effective and efficient communication for the implementation of these funds can be run in accordance with the set.

### **Factors Execution Policy**

Public Administration Institute (1997) in Sahya Anggara (2014: 41) defines the scope of policy implementation in the region / area there are three (3) types. First, the implementation policies in the framework of decentralization is the realization of local regulations. Second, the policy implementation in the framework of deconcentration is the realization of national policy in the area. And third, the implementation of the policy in order to co-administration is the implementation of central government functions in the regions held by the local government. National policy is defined as a state policy is fundamental and strategic in the achievement of national / state as stated in the Preamble to the Constitution of 1945.

Deconcentration, often policy implementation in the framework of deconcentration of the central government have an impact on the budget absorption itself. It is in "amini" by implementing these funds in the area. Here are some of his presentation (in bahasa):

*“.....Itu begitu kita terima kita mau mulai eksekusi, kita menerima pemberitahuan dari pusat atau mendagri bahwa itu untuk sementara jangan dieksekusi dulu karena ada rasionalisasi.....setelah beberapa waktu....mana yang bisa kita eksekusi setelah semua SK selesai sebelum kita melaksanakan kegiatan yang sudah dialokasikan itu kita terima surat lagi untuk tidak melaksanakan kegiatan karena kemandagri waktu itu ada rasionalisasi besar sekali rasionalisasinya kemandagri termasuklah yang dialokasikan ke Satker C tidak bisa kita laksanakan semua..... sayang juga kadang info rasionalisasi itu datangnya terlambat pada saat sudah dilaksanakan. Ya karena memang pusat tidak menentukan mana sih yang dikurangi kemarin itu kan tidak jelas gitu cuman kita diinfokan jangan melaksanakan kegiatan itu, itu aja jadi yang mana item2 yang dirasionalisasi kan tidak jelas gitu....”*

*“Kalau tahun kemarin Satker D, ini kalau merujuk tahun kemarin ya terealisasi malah sangat rendah kalau menurut penilaian saya tapi itu memang kendalanya karena itu rasionalisasi dari pemerintah pusat nah jadi untuk mengantisipasi seperti itu terulang lagi makanya diminta kepada kita betul2 dimaksimalkan pada triwulan kedua dan ketiga sebelum terjadi kebijakan ternyata tiba2 ditengah jalan ada upaya rasionalisasi”*

*“Satker G itu baru sekitar 25% kan kita kegiatan kita triwulan I itu hanya ini ya evaluasi dan itu kita bulan juni itu sebenarnya kita sudah merencanakan untuk mulai monitoring tapi karena ada rasionalisasi itu tadi ya betul tidak jalan semuanya....”*

Kasubbid monitoring control evaluation of the regional development plan on Satker H justify that in fiscal year 2016 there were problems in the implementation of the policy of deconcentration. Here's his explanation (in bahasa):

*“Oh itu di 2016 ya, karena itu ada rasionalisasi. Yang kepotong itu, akhirnya mungkin satker-satker itu pada apa ya namanya? Bukan malas ya. Keegiatannya mestinya dilaksanakan, akhirnya kepotong. Padahal ada linknya dengan kegiatan yang lain sehingga tidak dilaksanakan. Ada sambungannya, ada keterkaitannya dengan kegiatan lainnya. Nah itu kadang yang bikin “gak usah deh dilaksanakan”. Malah kadang ada yang mau dilaksanakan, tapi item dari kegiatan itu kepotong”*

Subsection Deconcentration and Co-Administration on Work Unit D said the same thing (in bahasa):

*“....karena ditahun 2016 itu ada kebijakan pemerintah terkait dengan penghematan anggaran. Nah itu permasalahannya. Contohnya saja di Satker D, pada bulan Mei ada informasi melalui surat untuk menghentikan sementara semua kegiatan sampai ada pemberitahuan lebih lanjut dan bukan disini saja, ada beberapa skpd dari KL lain juga. Kemudian dipertengahan tahun muncul lagi rasionalisasi. Sampai dengan akhir tahun hanya sebatas yang sudah dilaksanakan saja...sisanya ditarik semua oleh pusat”.*

Based on some interview excerpts above shows that the policy implementation in the framework of deconcentration which is the realization of national policy in the area carrying a significant impact on the implementation of the budget. Essentially policy is a policy that declared, incurred, taken or were not carried out by the government which includes programs and activities run course will bring changes to the implementation of the budget cycle. Where the effects on the uptake is slow back-loaded budget expenditure.

## **5. Conclusion, Limitation, Suggestion And Implication**

### *5.1 Conclusion*

The conclusion of this study are as follows:

1. In the perspective of Agency Theory, delegation of authority relations between Ministry (principal) with NTB provincial government work units (agent) to bring up Reviews their engagement employment contract information asymmetry in the implementation of deconcentration
2. The results showed that work units at the NTB provincial government has the same factors that cause a slow back-loaded expenditure in the implementation of these funds. While there are a small part of different factors but have characteristics similar factor.
3. Factors administration, planning factors, factors enforcement officials to high mutation rates, dependence factor working unit in the Ministry / Agency and national policy factor is still the factors that most dominating occurrence of slow back-loaded expenditure execution of these funds to the Provincial Government of West Nusa Tenggara.

### *5.2 Limitation*

Limitations in this study include: first, this study only took the study from the perspective of agency theory and in particular the working unit (agent) of the Ministry / Agency (principal) in the implementation of deconcentration. Second, a qualitative research approach single case study method case with multi analysis enables the biased research. Third, the use of a small number of cases in the study of problems in these funds only, cause the results do not represent the population of the cases there is thus the result of research conducted at the NTB provincial government is not necessarily able to represent to all regions in Indonesia. Fourth, because of the time and complexity of the bureaucracy as well as other internal and external problems caused researchers were able to interview only one (1) or two (2) informants per office or work unit. Informants particularly Budget Authority (KPA) has fear in revealing the truth, so that each one is more inclined to answer very carefully and normative.

### *5.3 Suggestion*

Suggestions to increase the bargaining power of this study include: First, add the study of the different perspektif that will add more value in advanced research studies, especially with a focus on the ministry / institution (principal) as the provider of these funds to the Provincial Government of NTB. Secondly, checks and recheck over the categories, constructs, explanations and conclusions in order to avoid biased research. Third, this case study is not intended to obtain a generalization analytically so it may be possible to conduct research with other methods to produce generalizations statistically and also not just limited to one case only because there are still a lot of funds of the Central Government in bestowed on Local Government eg A fund Tasks (TP) and Joint Affairs funds (UB). Fourth, extend the time of observation and research will give more credibility data validity. This is because by extending the time of the study, the ties between researchers and informants would be closer, more open, mutual trust so that no information is hidden again.

### *5.4 Implication*

With the research question "how" and "why" has produced the data are so varied and complex that the various theories that researchers have found theories that already exists certainly a good first step to test back in the province of others in order to add a literature review in order to address issues related to the uptake of existing budgets. As well, the findings of research in the field of the slow uptake of back-loaded budget expenditure is certainly expected to be evaluated by the provincial government in order that the same event does not occur in the future.

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