The Influence of Budget Planning, Procurement of Good sor Services, and Budget Implementation on Budget Absorption (Case Study at the Regional Secretariat of West Java Province)

Original Article

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Abstract

Budget absorption is an important indicator in measuring the effectiveness of regional financial management. However, at the Regional Secretariat of West Java Province, budget absorption still exhibits a "slow and back-loaded" pattern, where expenditures tend to accumulate at the end of the fiscal year. The diminished absorption rate is conjectured to be shaped by several pivotal determinants within the fiscal administration continuum, namely financial schematization, acquisition of goods/services, and fiscal execution. Deficient planning manuscripts, procrastination in procurement procedures, and aberrations in budgetary enforcement are presumed to constitute principal impediments to the maximization of fiscal absorption. This paper seeks to scrutinize the ramifications of financial schematization, goods/services acquisition, and fiscal execution upon budgetary absorption, both in isolated and conjoint modalities. A quantitative paradigm was adopted, employing a survey mechanism facilitated through the dissemination of questionnaires. A cohort of 63 informants was delineated via purposive sampling, with eligibility predicated upon direct participation in the fiscal governance trajectory. The dataset was subjected to multiple linear regression analysis with the assistance of SPSS version 25. The empirical outcomes divulge that all three explanatory variables, financial schematization, goods/services acquisition, and fiscal enactment, exert a positive and statistically consequential influence on budgetary absorption, both independently and collectively. The adjusted R^2 statistic of 0.611 demonstrates that the constructed model elucidates 61.1% of the variance in fiscal absorption. These revelations corroborate Agency Theory, accentuating the salience of accountability and the execution of fiduciary mandates by agents (the governing apparatus) in service of principals (the public).

Keywords: Budget Absorption, Budget Implementation, Budget Planning, Procurement.

1. Introduction

National and regional development aims to achieve public welfare as stated in the Preamble to the 1945 Constitution. In practice, development is supported by various instruments, one of which is the State Budget (APBN) and Regional Budget (APBD) which are established annually. According to Amin (2019), the budget is a financial estimate of performance that serves as a guideline for managing state finances. In the context of public policy, the budget functions as an instrument of accountability, management, and economic policy to support growth and equity.

One of the main indicators of successful financial management is the budget absorption rate. Budget absorption reflects the government's ability to realise the programmes and

activities planned in the budget document. A high budget absorption rate indicates that the programme is being implemented effectively, while low absorption may indicate obstacles in its implementation. According to Agustinus (2024) , budget absorption plays an important role in measuring the success of programmes and creating broad economic impact.

Delays in budget absorption can lead to idle cash and hinder the implementation of development programmes. This also has an impact on low public confidence in government accountability. Financial and Development Supervisory Agency or known as 'BPKP' revealed that the ideal budget absorption target is proportional to each quarter of the fiscal year. However, in practice, there is often a phenomenon of 'slow and back-loaded' absorption, which is low absorption at the beginning of the year and high absorption towards the end of the year (Bank, 2007).

The phenomenon of "slow and back-loaded" spending is not only occurring at the national level, but is also reflected at the regional level, including within the West Java Provincial Secretariat. Over the past three years, budget absorption at the West Java Provincial Secretariat has tended to fall short of the ideal target in the first to third quarters, as measured by the proportion of each quarter or the cash budget plan target. Budget realisation is mostly concentrated at the end of the fiscal year, illustrating an uneven absorption pattern.

Low budget absorption is thought to be influenced by several key factors in the budget management process, namely budget planning, procurement of goods/services, and budget implementation. Poor planning can result in spending activities not being carried out as intended, thereby preventing optimal budget absorption. On the other hand, slow procurement processes and various obstacles also contribute to delays in spending realisation. Additionally, budget implementation, particularly in the payment process, which is often irregular in terms of timing and document completeness, is another major factor hindering budget absorption.

Prior scholarly inquiries have produced heterogeneous outcomes concerning the ramifications of fiscal schematization, acquisition of goods/services, and budgetary execution upon absorption capacity. Certain investigations have ascertained that budgetary schematization, procurement mechanisms, and fiscal enactment each exert a favorable and statistically substantive partial influence on the degree of budget absorption, as researched by Sitepu et al. (2024), Yuniati and Putri (2023), Hoque (2025), and Pradila et al. (2024). Meanwhile, other research by Christofer (2023) and Pratama and Nurani (2025).

Pratama and Nurani (2025) shows that, conversely, in certain instances these variables exhibit no consequential influence on fiscal absorption when examined in a partial manner. The divergence in such empirical revelations signifies a degree of inconsistency, thereby necessitating continued scholarly exploration to elucidate the nexus between these three determinants and budgetary absorption, particularly within the milieu of the West Java Provincial Secretariat.

Taking into account the multiplicity of factors and disparate findings that modulate budget absorption, the investigator deems this phenomenon imperative for more profound scrutiny. Accordingly, the present study endeavors to ascertain and dissect the effects of fiscal schematization, procurement of goods/services, and budgetary execution upon absorption dynamics in the administrative context of the West Java Provincial Secretariat.

2. Literature Review

2.1. Agency Theory

This study uses agency theory as its main theoretical framework (grand theory) (Jensen & Meckling, 1976). According to Purba (2023) agency theory explains the relationship between principals (owners) and agents (managers) in which agents are mandated by principals to carry out certain tasks on behalf of principals. In the context of this study, the people of West Java, represented by the Regional Representative Council (DPRD), act as principals. Meanwhile, the West Java Provincial Secretariat is an agent mandated to manage and optimally realise the budget in accordance with the regional development plan. Budget absorption is one of the responsibilities that must be achieved by the agent and accounted for to the principal. This is in line with the main principle of agency theory that agents must act in the interests of the principal and provide honest and complete information regarding the implementation of their duties (Sari, 2022).

2.2. Budget Absorption

According to Saifulloh (2020), budgetary absorption constitutes the manifestation of attaining predetermined fiscal targets within a designated temporal horizon, quantified at a particular juncture through budget realization. It serves as a critical benchmark for appraising the efficacy of programmatic and activity execution (as stipulated in Ministry of Finance Regulation No. 249/PMK.02/2011) and represents a salient component of financial accountability within the Government Agency Performance Accountability Report. Lestari and Yuliani (2022) mentioning two main indicators of budget absorption, namely: (1) the comparison between budget realisation and the established target, and (2) the suitability and timeliness of programme or activity implementation. These indicators are reflected in the Budget Implementation Performance Assessment as stipulated in Ministry of Finance Regulation No. 195/PMK.05/2018 and Directorate General of Treasury Regulation No. PER-5/PB/2024.

2.3. Budget Planning

Pursuant to Government Regulation No. 8 of 2008 on the Procedures for Planning, Controlling, and Evaluating Regional Development Implementation, planning is delineated as the process of formulating suitable prospective actions through a series of sequential selections, undertaken with due regard to the resources at hand. Meanwhile, Fakhrurraji (2023) defines budgeting as the process of systematically preparing work plans and translating them into monetary units to measure the level of operations within an organisation. Ajam (2008) emphasises that planning and budgeting are two interrelated and inseparable stages. Regional budgeting, especially the preparation of the Regional Budget (APBD), must take into account existing planning documents and comply with legal provisions. The final outcome of the planning and budgeting documents is the Budget Implementation Document (DPA). This DPA is submitted to the Regional Finance and Asset Management Agency (BPKAD) and regional government agencies as a reference for fund disbursement and regional financial management (Madany & Maryani, 2025).

Saifulloh (2020) identify four key indicators in assessing budget planning, namely: (1) suitability to needs, (2) compliance with regulations, (3) administrative errors and revisions, and (4) participation.

2.4. Procurement of Goods/Services

The procurement of goods and services constitutes a pivotal mechanism that bridges the divide between fiscal schematization and execution. As articulated in Presidential Regulation of the Republic of Indonesia No. 12 of 2021, procurement is defined as a series of activities encompassing the entire continuum from the identification of requisites to the formal handover of completed outputs, financed through either the State Budget (APBN) or the Regional Budget (APBD). Generally, the procurement process consists of three stages: planning, preparation, and implementation. The effectiveness of procurement is measured through four key indicators according to Amaliyah (2019) namely: (1) readiness and quality of procurement documents, (2) timeliness of implementation, (3) quality of providers, and (4) compliance with regulations.

2.5. Budget Implementation

According to Lestari and Yuliani (2022), budget implementation is an effort to realise a previously prepared budget plan. This activity includes various actions related to the use of allocated budgets, namely the process of payment or disbursement of budgets. Timely implementation is important to ensure the smooth running of programmes, as obstacles in implementation can delay budget realisation and hinder performance achievement. According to Lestari and Yuliani (2022), the effectiveness of budget implementation can be seen from two main indicators, namely: (1) internal issues within the work unit, and (2) the mechanism for budget payment or disbursement.

2.6. Conceptual Framework and Hypothesis

Budget absorption is a key indicator in assessing the effectiveness of government financial management. An optimal absorption rate indicates that programmes and activities can be implemented as planned, while low absorption often reflects various constraints in the budget management process, such as budget planning, procurement of goods/services, and budget implementation.

First, good and thorough budget planning plays an important role in ensuring that budget allocations are in line with the actual needs of programmes and activities. Meticulous planning serves to attenuate the likelihood of divergence between projected schemes and their empirical execution, thereby augmenting the efficacy of budgetary absorption. This contention resonates with the empirical findings of Hoque (2025), Yuniati and Putri (2023), Sitepu et al. (2024), and Pradila et al. (2024), all of which substantiate that fiscal schematization exerts a favorable influence upon the degree of budget absorption.

Furthermore, the punctual and procedurally compliant procurement of goods and services emerges as an indispensable determinant in facilitating budget realization. Conversely, procrastination in procurement processes frequently engenders delays in programmatic execution, ultimately impeding fiscal absorption within the prescribed temporal horizon. Such assertions are corroborated by the inquiries of Sitepu et al. (2024) as well as Lestari and Yuliani (2022), which collectively affirm that the procurement of goods and services exerts a positive and significant effect upon the extent of budget absorption. Ferdinan et al. (2020) also emphasises that the effectiveness of budget implementation is directly proportional to the level of absorption. These results are reinforced by a number of other studies conducted by Yuniati and Putri (2023), Sitepu et al. (2024), Anggita and Budi (2023) which concludes that budget implementation has a positive effect on government budget absorption

The triad of variables, budgetary schematization, procurement of goods/services, and fiscal execution, are postulated to exert both partial and conjoint influences upon budget

absorption. Accordingly, the present inquiry articulates four hypotheses to empirically examine these relationships, delineated as follows:

H1: Budgetary schematization exerts a positive and statistically significant influence upon budget absorption.

H2: The procurement of goods and services exerts a positive and statistically significant influence upon budget absorption.

H3: Fiscal execution exerts a positive and statistically significant influence upon budget absorption.

H4: Budgetary schematization, procurement of goods/services, and fiscal execution, when considered simultaneously, exert a positive and statistically significant influence upon budget absorption.
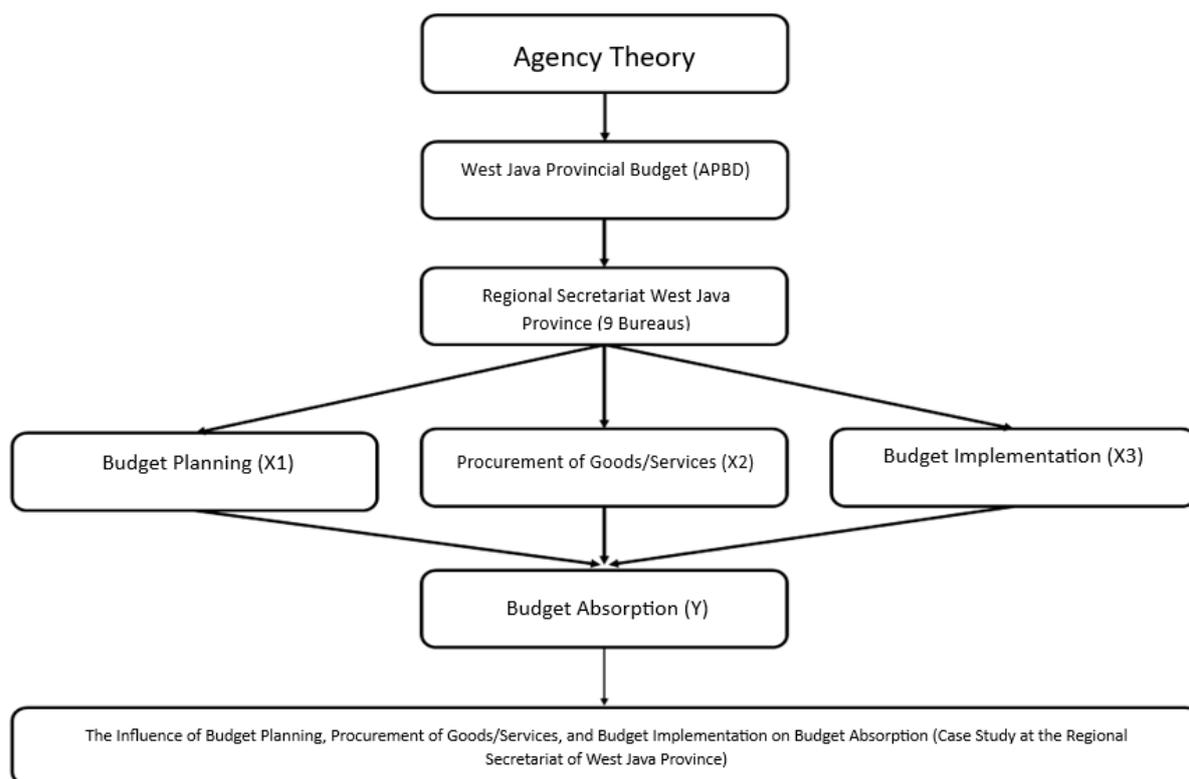

Figure 1. Conceptual Framework

3. Research Method

This investigation employs a quantitative methodology with an associative orientation to empirically interrogate the interrelationships among the specified variables. The population under consideration encompasses the entirety of civil servants (PNS) within the West Java Provincial Secretariat, amounting to 616 individuals. The sample selection was conducted using non-probability sampling through purposive sampling, considering that the population is heterogeneous in terms of duties and functions. Respondents were selected based on criteria of direct involvement in the budget planning process, procurement of goods/services, financial management, or implementation of activities. Based on these criteria, 63 respondents from 9 bureaus were obtained as the research sample.

Primary data collection was undertaken through the administration of a closed-ended questionnaire disseminated online via Google Forms. The instrument encompassed items pertaining to the variables of budgetary schematization, procurement of goods/services, fiscal

execution, and budget absorption, each operationalized through a seven-point Likert scale ranging from Strongly Disagree (SD) to Strongly Agree (SA). Complementing the primary data, this study also utilized secondary sources in the form of planning documents and budget realization reports from each bureau, serving as corroborative evidence.

The data elicited from the questionnaires were subsequently codified, tabulated, and subjected to statistical processing with the aid of SPSS version 25 and Microsoft Excel 2019. Analytical procedures comprised a sequence of statistical examinations, including validity and reliability testing, classical assumption diagnostics, multiple linear regression, t-tests, F-tests, and coefficient of determination (R^2) assessments, all of which were employed to evaluate and elucidate the effects of the independent variables upon the dependent construct, both individually and collectively.

4. Results and Discussion

4.1. Research Results

4.1.1. Descriptive Data

Each variable in this study was measured using a number of indicators and statements. Budget Planning (X_1) and Procurement of Goods/Services (X_2) were each measured using four indicators with 12 statements. Budget Implementation (X_3) and Budget Absorption (Y) were measured using two indicators with 10 statements. The entire instrument was designed to represent the actual conditions at the West Java Provincial Secretariat. The following are the results of the respondents' answers to the questionnaire that was distributed:

Table 1. Questionnaire Results

Variables	% Average Achievement	Criteria
Budget Planning (X_1)	78,57%	Good
Procurement of Goods/Services (X_2)	81,88%	Very good
Budget Implementation (X_3)	79,59%	Good
Budget Absorption (Y)	77,55%	Good

The questionnaire results show that the Budget Planning variable (X_1) achieved an average score of 78.57%, which is categorized as good. The Goods/Services Procurement variable (X_2) recorded the highest score of 81.88%, which is categorized as very good. Furthermore, the Budget Implementation (X_3) variable achieved 79.59% and was categorised as good, while the Budget Absorption (Y) variable achieved 77.55% and was categorised as good. These findings reflect that budget management at the West Java Provincial Secretariat has reached a positive level based on respondents' perceptions.

4.1.2. Validity Test

Within the present inquiry, construct validity was examined through the application of the Pearson Product Moment correlation technique. An item was adjudged valid when the computed correlation coefficient r-value exceeded the r-table at the designated significance threshold. The empirical results of the validity assessment revealed that all item statements pertaining to Budget Planning (X_1), Procurement of Goods/Services (X_2), Budget Implementation (X_3), and Budget Absorption (Y) exhibited r-value surpassing the r-table benchmark of 0.248. Specifically, the range of obtained correlation coefficients was X_1 (0.425–0.803), X_2 (0.459–0.651), X_3 (0.329–0.840), and Y (0.444–0.806). Accordingly, each item can be affirmed as valid, thereby substantiating that the questionnaire instrument

is appropriate for operationalizing the constructs under investigation and fit for subsequent data collection.

4.1.3. Reliability Test

Subsequent to the affirmation of construct validity, a reliability assessment was undertaken to evaluate the internal consistency of each variable through Cronbach's Alpha coefficient. The analytical results demonstrated that all variables exhibited Cronbach's Alpha values surpassing the minimum acceptability threshold of 0.600, thereby affirming the overall reliability of the instrument. Moreover, each construct reflected commendable reliability with coefficients exceeding 0.70, namely Budget Planning (X_1) at 0.867, Procurement of Goods/Services (X_2) at 0.773, Budget Implementation (X_3) at 0.805, and Budget Absorption (Y) at 0.829. These outcomes signify that the questionnaire possesses robust internal consistency and is capable of yielding stable and dependable measurements of the research constructs.

4.1.4. Method of Successive Interval (MSI)

Before performing parametric statistical analysis, the ordinal-scale questionnaire data in this study was first transformed into an interval scale using the Method of Successive Intervals (MSI). This technique was used to meet the assumptions in parametric statistical-based quantitative analysis. The transformation process was carried out using Microsoft Excel software equipped with the Successive 97 add-in.

4.1.5. Normality Test

The assessment of data normality was executed employing the One-Sample Kolmogorov-Smirnov Test with the objective of ascertaining whether the residuals of the regression model conformed to a normal distribution. The results of statistical processing via SPSS version 25 yielded a significance value of 0.200, which exceeded the conventional threshold of 0.05. Consequently, it may be inferred that the residual data adhere to the normality assumption, thereby fulfilling one of the fundamental prerequisites of regression analysis.

4.1.6. Multicollinearity Test

Multicollinearity diagnostics were undertaken to ascertain the presence of excessive intercorrelations among the independent variables within the regression model. The evaluation employed Variance Inflation Factor (VIF) statistics in conjunction with tolerance values. The analytical outcomes indicated that all independent variables demonstrated VIF scores well below the critical threshold of 10 and tolerance levels exceeding 0.10. Specifically, Budget Planning exhibited a VIF of 2.577 with a tolerance of 0.388; Procurement of Goods/Services reflected a VIF of 2.115 with a tolerance of 0.473; and Budget Implementation recorded a VIF of 2.423 with a tolerance of 0.413. These findings substantiate that the regression specification utilized in this study is devoid of multicollinearity and thus satisfies this classical assumption.

4.1.7. Heteroscedasticity Test

A heteroscedasticity test was conducted to ensure that the residual variance between observations was constant. The test was performed through scatterplot analysis using SPSS 25. The graph results showed that the points were scattered randomly above and below zero without forming a specific pattern. This indicated that there were no signs of heteroscedasticity in the research model.

4.1.8. Multiple Linear Regression Analysis

Table 2. Multiple Linear Regression Test Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.662	3.725		.983	.330
	Budget Planning (X1)	.353	.092	.444	3.843	.000
	Procurement of Goods/Services (X2)	.228	.098	.243	2.326	.023
	Budget Implementation (X3)	.235	.110	.239	2.131	.037

a. Dependent Variable: Budget Absorption (Y)

Based on the table 2 above, the results of multiple linear regression analysis were obtained, forming the following regression equation:

$$Y = 3,662 + 0,353X_1 + 0,228X_2 + 0,235X_3$$

The interpretation of the regression equation may be delineated as follows:
a. The constant value of 3.662 signifies that, when all independent variables are assumed to be zero, the predicted value of the dependent construct, Budget Absorption (Y), is 3.662.
b. The regression coefficient for Budget Planning (X1), amounting to 0.353, implies that a one-unit augmentation in this variable is projected to elevate Budget Absorption (Y) by 0.353 units, ceteris paribus.
c. The regression coefficient for Procurement of Goods/Services (X2), measured at 0.228, indicates that each one-unit increment in this determinant is estimated to enhance Budget Absorption (Y) by 0.228 units, while holding other variables constant.
d. The regression coefficient for Budget Implementation (X3), valued at 0.235, denotes that a one-unit rise in this factor is expected to increase Budget Absorption (Y) by 0.235 units, assuming the constancy of the remaining variables.

4.1.9. Correlation Coefficient Analysis

In this investigation, Pearson's correlation coefficient analysis was employed to assess the degree of association between each independent determinant and the dependent construct. The strength of correlation was classified according to the established coefficient intervals: very low (0.00–0.199), low (0.20–0.399), moderate (0.40–0.599), strong (0.60–0.799), and very strong (0.80–1.000). The empirical findings revealed that all three independent variables demonstrated strong associations with the dependent variable, with correlation coefficients of 0.787 for Budget Planning (X1), 0.707 for Procurement of Goods/Services (X2), and 0.726 for Budget Implementation (X3). These outcomes corroborate that the more effectively each independent variable is operationalized, the greater the level of budget absorption attainable by the West Java Provincial Secretariat.

4.1.10. Determination Coefficient Analysis

The coefficient of determination (R^2) serves as an indicator for gauging the extent to which the independent variables account for the variance observed in the dependent construct within a regression specification. The analytical results revealed an Adjusted R Square value of 0.679, signifying that 67.9% of the variation in Budget Absorption (Y) is attributable to Budget Planning (X_1), Procurement of Goods/Services (X_2), and Budget Implementation (X_3). This finding reflects that the regression model demonstrates commendable predictive capacity and is sufficiently representative in explicating the nexus between the independent and dependent variables. The residual 32.1% of variance is presumably influenced by extraneous determinants not incorporated into the model, such as organizational commitment, human resource competence, and internal control mechanisms.

Table 3. Coefficient of Determination Test (R^2) Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833[a]	.695	.679	3,45432

4.1.11. T-test

The outcomes of partial hypothesis testing, conducted via the t-test within the multiple linear regression framework, demonstrated that the Budget Planning variable (X_1) yielded a t-statistic of 3.843 with a significance level of 0.000. The Procurement of Goods/Services variable (X_2) produced a t-statistic of 2.326 with a significance level of 0.023, while the Budget Implementation variable (X_3) registered a t-statistic of 2.131 with a significance level of 0.037. Each of these t-values surpasses the t-table threshold of 2.001 and exhibits a significance level below 0.05. Accordingly, it can be inferred that all three independent variables exert a positive and statistically significant influence upon the dependent construct, namely Budget Absorption (Y).

4.1.12. F-test

Based on the F test, a F value of 44.721 with a significance of 0.000 was obtained, which is greater than the table F value of 2.761 and significant below 0.05. This indicates that Budget Planning (X_1), Procurement of Goods/Services (X_2), and Budget Implementation (X_3) simultaneously have a significant effect on Budget Absorption (Y), so the regression model is valid and has a meaningful contribution.

4.2. Discussion

4.2.1. The Effect of Budget Planning on Budget Absorption

The results of the t-test analysis reveal that the Budget Planning variable (X_1) exerts a positive and statistically significant influence on Budget Absorption (Y). This is evidenced by the t-value of 4.399, which exceeds the t-table value of 2.001, alongside a significance probability of 0.000 < 0.05. These findings substantiate that improvements in budgetary schematization correspond to higher levels of budget absorption.

Budget planning is a crucial initial stage in the local financial cycle as it serves as a guideline for budget use and implementation. A well-developed plan can help ensure that activities are carried out efficiently, structurally, and on target, thereby supporting the optimisation of budget absorption. Conversely, weak planning can lead to inconsistencies and delays in programme and activity implementation, wasteful spending, and low budget realisation.

The results of this study are in line with Agency Theory, which highlights the potential for conflicts of interest and information asymmetry between principals and agents. In the context of regional financial management, good budget planning serves as a control mechanism to minimise the risk of moral hazard and information gaps. Budget documents that are systematically, realistically, and needs-based provide clarity regarding performance targets and budget usage limits, thereby encouraging efficient and targeted programme implementation. Conversely, weak planning opens up opportunities for irregularities, delays, and spending inefficiencies. Empirically, these results are consistent with several previous studies by Hoque (2025), Yuniati and Putri (2023), dan Sitepu et al. (2024) which also found a positive and significant influence between budget planning and budget absorption. However, the results of this study are not in line with the findings of a study conducted by Pratama and Nurani (2025) and Lestari and Yuliani (2022).

4.2.2. The Effect of Goods/Services Procurement on Budget Absorption

Based on the t-test results, the Procurement of Goods/Services variable (X_2) demonstrates a positive and statistically significant effect on Budget Absorption (Y). This is reflected in the t-value of 2.315, which surpasses the t-table value of 2.001, with a significance probability of $0.024 < 0.05$. These findings affirm that the more effective and timely the procurement process, the greater the level of budget absorption that can be realized.

Procurement of goods/services that is carried out on time and in accordance with procedures enables budget implementation to proceed as planned. Conversely, delays in the procurement process can create obstacles in the implementation of activities and result in low budget absorption, potentially leading to a Budget Surplus (SiLPA). Procurement quality is also influenced by factors such as regulatory compliance, efficiency, supplier competence, and document completeness, which, if optimised, will enhance the effectiveness of programme implementation and local financial accountability.

This finding can be explained through Agency Theory, which states that goods/services procurement is a critical point vulnerable to conflicts of interest and moral hazard because technical information and control are in the hands of agents. Procurement that is not transparent or efficient can hinder budget absorption and harm the public interest. Therefore, accountable and timely procurement serves as a control instrument that can reduce agency costs and increase the principal's (the public's) trust in the agent (the local government).

The findings of this study are congruent with the empirical evidence reported by Sitepu et al. (2024) as well as Lestari and Yuliani (2022), both of which substantiate that the procurement of goods and services exerts a positive and statistically significant influence upon budget absorption. However, the results of this study are not in line with the research conducted by Christofer (2023) and Anggita and Budi (2023).

4.2.3. The Effect of Budget Implementation on Budget Absorption

The t-test results further substantiate that the Budget Implementation variable (X_3) exerts a positive and statistically significant effect on Budget Absorption (Y). This is evidenced by the t-value of 3.268, which exceeds the t-table threshold of 2.001, accompanied by a significance probability of $0.002 < 0.05$. These results imply that more effective and disciplined budget execution fosters higher levels of budget absorption within the West Java Provincial Secretariat.

Budget implementation is the realisation stage of the previously prepared budget plan, and its success depends heavily on the smoothness of the payment process, the completeness of documents, and the accuracy of administrative procedures. Orderly and timely implementation will accelerate budget absorption, while obstacles such as technical barriers,

complex administration, or incomplete documents can cause payment delays and potentially lead to a Budget Surplus (SiLPA), thereby preventing optimal budget absorption.

Within the framework of Agency Theory, budget implementation reflects the performance of agents in carrying out the principal's mandate. Potential moral hazard and information asymmetry may arise if implementation does not proceed as expected. When budget implementation is carried out efficiently, transparently, and in accordance with procedures, the principal's trust in the agent increases, and budget absorption is optimal. Conversely, if there are delays or inefficiencies, public trust declines and agency costs increase.

These results are consistent with previous research by Sitepu et al. (2024) and Anggita and Budi (2023) which shows that budget implementation has a positive and significant effect on budget absorption. However, these results are not in line with research by Christofer and Darmawati (2024) as well as Pratama and Nurani (2025).

4.2.4. The Impact of Budget Planning, Procurement of Goods/Services, and Budget Implementation on Budget Absorption

The results of the F-test reveal that the F-value of 33.439 exceeds the F-table value of 2.761, with a significance probability of $0.000 < 0.05$. Accordingly, it can be inferred that Budget Planning (X_1), Procurement of Goods/Services (X_2), and Budget Implementation (X_3) collectively exert a positive and statistically significant influence upon Budget Absorption (Y) within the West Java Provincial Secretariat. This inference is further reinforced by the Adjusted R Square coefficient of 0.611, which indicates that the three explanatory variables account for 61.1% of the variance in budget absorption, while the residual 38.9% is attributable to extraneous factors beyond the scope of the present research model.

Budget absorption can be more optimal, effective, and efficient if the three main processes in budget management—accurate planning, efficient procurement of goods/services, and timely budget implementation—are carried out synergistically and well-coordinated. Conversely, obstacles in one or more of these processes will have a direct impact on budget absorption delays.

From the perspective of Agency Theory, these findings emphasise the importance of accountability and transparency in the implementation of the functions of agents mandated by principals. When the government, as an agent, fails to design and implement the budget effectively, there is a risk of information asymmetry, moral hazard, and increased agency costs. Therefore, to maintain a balanced relationship between the principal and the agent, a strong monitoring and evaluation system is needed, either through internal monitoring, audits, or public reporting as a form of accountability of the agent to the principal.

The findings of this study are consistent with prior research conducted by Anggita and Budi (2023) as well as Lestari and Yuliani (2022), both of which demonstrate that the three independent variables collectively exert a positive influence on budget absorption. This outcome further reinforces the proposition that the effectiveness of budget absorption within the West Java Provincial Secretariat is predominantly contingent upon the synergistic interaction of the principal processes embedded in the budget management cycle, namely budgetary planning, procurement of goods and services, and fiscal execution.

5. Conclusions

Drawing upon the results of quantitative data analysis, this study concludes that budget absorption within the West Java Provincial Secretariat falls within the good category, as do budget planning and budget implementation, whereas the procurement of goods and services is classified within the very good category. Furthermore, the variables of Budget Planning (X_1), Procurement of Goods/Services (X_2), and Budget Implementation (X_3) were each found to exert a positive and statistically significant influence, both individually and collectively, on Budget Absorption (Y) at the West Java Provincial Secretariat.

In order to improve budget absorption in the coming years, the West Java Provincial Secretariat needs to focus on improving the accuracy of budget planning, ensuring procurement processes are transparent and timely, and enhancing efficiency in budget implementation. A potential area for future investigation could be examining external elements like policy alterations, human resource capabilities, or technological advancements that could impact budget absorption.

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