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# Innovation Study in Improving the Quality of Planning and Budgeting Governance

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## Abstract

This study aims to determine the regional innovations implemented by the Regional Apparatus Organization (henceforth, OPD), OPDs' perceptions related to regional innovations that have been applied and formulate some strategies for increasing OPDs' innovations in Sumbawa. The sample was 18 OPDs in Sumbawa. The purposive sampling of non-probability used as the sampling technique. The data analysis used the Innovation Perception Index. The identification results showed that there were 2 OPDs that did not innovate, neither planning nor budgeting governance innovations and other public service innovations. Meanwhile, 16 OPDs have carried out innovations in improving governance and services to the community, but not overall of them have implemented innovations related to planning and budgeting governance. There were 12 OPDs (67%) implementing innovation in planning and budgeting governance, meanwhile, 6 OPDs (33%) were not implementing innovation in planning and budgeting governance. The mapping results show that there are 2 OPDs whose innovation is within the common criteria, 4 OPDs with quite innovative criteria, 8 OPDs with innovative criteria, and 2 OPDs with very innovative criteria. In terms of the productive dimension, most OPDs are in innovative criteria with details that there are 6 OPDs having quite innovative criteria, 8 OPDs with innovative criteria, and 2 OPDs with strongly innovative criteria. Based on the governance innovation index, OPDs' perceptions of OPDs' planning and budgeting in Sumbawa is 75,067 with innovative criteria.

Keywords: Innovation Study; Innovation Perception Index

# Introduction

Decentralization gives local governments full authority to manage their own regions in accordance with their potential. Regional autonomy has a better impact on regional development. The implementation of regional autonomy requires the involvement of various parties including the entire community, so that the goal of regional autonomy in order to achieve community welfare can be realized. The implementation of regional autonomy also provides flexibility for regional governments in managing

regional finance so that the role of the government as a facilitator will be realized because the government knows better the goals, directions, and objectives to be achieved.

The problem of the State Expenditure Budget (henceforth, APBN) and the Regional Expenditure Budget (henceforth, APBD) since 1966 until now is the optimization of the expenditure budget which has relatively not changed significantly towards maximum achievement. This is marked by the fact that the interests of the operational costs of the bureaucrats are allocated around 70% in the APBN and APBD and the rest (30%) for the public services and development (Kompas, 7 January 2013). Sucipto (2015) reveals that the complex problems found in the regional budget are weak in the planning of budgeting, implementation, control, supervision, and accountability programs. Zimmerman (in Pratiwi 2010) emphasizes the Principle-Agent theory, as well as those used by the local government who were directly involved in the policy-setting process, namely; upper management and department managers are agents and voters (the people). In fact, there are a number of problems relating to the principal-agent relationship, namely: first, there are differences in interests between principal and agent. The principal and the agent conflicts or differences in interests that lead to further problems. In keeping the agent behaving in accordance with the wishes/demands of the principal, a number of control mechanisms have been created. Its consequence creates costs called "agency costs". Secondly, further problems arise if the control mechanism in the agent evaluation is not functioning. As a result, the agent has the chance to do something which is not according to demands/desires (dysfunctional). The agent will manipulate the information by optimizing the draft budget. So, the conflicts occur between department managers and voters (the people). The theory is in accordance with the factual conditions in the regional budgeting process that is inseparable of the three main interests, namely the regent, executive, and DPRD in determining the Regional Budget (Maggasingang, 2010).

Meanwhile, the problems of planning and budgeting governance in Sumbawa include the large portion of employee expenditure to total regional expenditure. From 2013 to 2017, employee expenditure allocations reached an average of 48.53% of total regional expenditure. It definitely reduces the ability of the Government to finance regional development. The next goes to the implementation of the budget is not fully based on the planned budget, procurement of goods and services that are not yet on schedule (LPPD Sumbawa Regency 2017, 2018 Fiscal Year).

Hierarchically, the innovation is supported by Law No. 23 of 2014 Article 386, 387, and 388 which explains the need for initiatives to innovate by all components of the regional government (regional head, OPD, DPRD) and the community. Innovation is the priority program of the sovereign Government through Nawacita. It aims to improve the quality of service and bureaucratic reform. Furthermore, Government Regulation No. 38 of 2017 concerning Regional Innovation article 19 states that Regional Innovation is simple, does not have a negative impact on the community and does not change the mechanism for the implementation of Regional Government based on legislation directly applied without going through a Regional Innovation trial.

The regional innovations forms include regional governance innovations, public service innovations and / or other regional innovations in accordance with government affairs which are the regional authority. Meanwhile, regional innovation criteria contain a renewal of all or part of the elements of innovation, provide benefits to the region/community, and do not result in a burden on the community that is not in accordance with the provisions of the legislation is a government affair that is the authority of the region and can be replicated.

The implementation of Regional Innovation requires a series of stages that are systematic, measurable, and sustainable with the support of all components (government, private, and community) to achieve effectiveness in its application. Regional innovations, especially those related to regional financial management, must be immediately implemented in Sumbawa Regency because those are related

to budget management. Budget management innovations have integrated planning, governance, and evaluation using information technology that can be widely accessed (Suur, 2009).

Based on the descriptions above, the regional government should implement a regional innovation system to improve the performance of regional government administrators. For this deniable reason, an innovation study in improving the quality of planning and budgeting governance is needed. RESEARCH METHODS

The current study is a descriptive study. It seeks to describe the research object comprehensively so that the condition of the object becomes clear. Descriptive research aims to describe or elucidate precisely the phenomena that are occurring and taking place during the research.

The sample in this study was 18 OPDs in Sumbawa Regency. The sampling technique used the nonprobability sampling technique with the type of Purposive Sampling.

Two types of data are presented in this study, namely primary data and secondary data. The data include the employees' perceptions of the regional office & agencies in the Sumbawa regional government regarding the dimensions of novelty, productivity, impact, and ongoing innovation applied.

# Data Analysis

**Innovation Perception Index** 

In measuring the index of perception of innovation, this study uses a 1-10 Likert scale. It aims that respondents have discretion in perceiving the quality and benefits of innovation. On a Likert scale, the respondents were asked to determine their level of agreement with a statement by selecting one of the available ranges. Suprihartini et al (2017) argue that measurement instruments for the perception of innovation index are built on a framework that elaborates on concepts of innovation, policy, and performance measurement models. The results of the elaboration resulted in an instrument construction that includes some aspects that consist of outputs and outcomes. Furthermore, some aspects are elaborated in four dimensions namely novelty, productivity, impact, and sustainability. Those four dimensions are broken down into 23 indicators. The aspect is the emergence or interpretation of ideas, problems, situations, and so on as a consideration that is seen from a particular point of view. In index measurement, aspect includes two things, namely output and outcome. The output is the result of activities of innovation that can be directly felt, seen and proven by the service users. The outcome is the impact, benefits, and expectations of change from an innovation activity that is received by the service users. Calculation of innovation perception index is done by calculating the innovation perception index value in accordance with the instrument construction with the following formula:

$$i = (50\%(S_X1) + 50\%(S_X2)) \times 100)/10$$
 or  $i = 10 1/2 S_X1 + 1/2 S_X2$ 

 $i = Index \ value \ of \ innovation \ perception; \ SXI = Value \ of \ Output \ Aspect; \ SX2 = Outcome \ Aspect \ Value$ 

The output aspect consists of two dimensions, namely the new and productive dimension, so the calculation formula is as follows:

$$SX1 = ((60(S(X1.1))+40(S(X1.2)))/100$$

SXI.I = Dimension of Novelty; SXI.2 = Productive Dimensions

Each dimension has its own indicator. In this case, the new dimension has 8 indicators and the productive dimension has 5 indicators, so the calculation of each dimension is as follows:

$$SX1.1.n = ( [Sind] _1+\cdots+ [Sind] _y)/y$$

SXI.I.n = Value of each indicator in the output aspect; Sindy = Indicator; y = Number of indicators

Outcome aspect consists of two dimensions namely impact dimension and innovation evidence, so the formula for calculating Outcome is as follows:

$$SX2 = ((50(S_X2.1) + 50(S_X2.2)))/100$$

SX2.1 = Dimensions impact; SX2.2 = Dimensions there is evidence of innovation

Each dimension has its own indicator. In this case, the impact dimension has four indicators and the evidence dimension has six indicators, so the calculation of each dimension is as follows:

$$SX2.n = ( [Sind] _1 + \cdots + [Sind] _y)/y$$

SX2.n = Value of each indicator in the aspect of outcome; Sindy = Indicator; y = Number of indicators

Table 1 Innovation Index Scale

No.	Description	Value Range
1	Excellent innovation	91,01 - 100.00
2	Strongly innovative	82,01 - 91.00
3	Innovative	73,01 - 82.00
4	Quite Innovative	64,01 - 73.00
5	Ordinary	55,01 - 64.00
6	Less Innovative	46,01 - 55.00
7	Not innovative	37,01 - 46.00
8	Strongly not innovative	28,01 - 37.00
9	Bad Innovations	19,01 - 28.00
10	Strongly Bad Innovations	10,00 - 19.00

Source: Suprihartini, et al. (2017)

#### Results

Identification of Innovations of OPDs in Sumbawa Regency

The identification results showed that there were 2 OPDs that did not innovate, neither planning nor budgeting governance innovations and other public service innovations. Meanwhile, 16 OPDs have carried out innovations in improving governance and services to the community, but not all of them have implemented innovations related to planning and budgeting governance. There were 12 OPDs (67%) implementing innovation in planning and budgeting governance, while 6 other OPDs (33%) have not implemented them yet.

Furthermore, the results of the identification of innovations carried out in each OPD based on the existing dimensions are as follows: judging from the new dimension, the mapping results show that there are 2 OPDs whose innovations are within the usual criteria. The dimension of novelty with the usual criteria is due to the lack of optimal improvement of innovation, the low uniqueness of innovation, the absence of new innovation, innovation officers who are not always standby, the lack of information related to innovations that can be obtained easily, clearly, precisely and can be justified, the complicated requirements needed to applied the innovation, and the process of implementing the innovation is not simple, easy, and concise. Meanwhile, in terms of the productive dimension, most of the OPDs are innovative criteria with the details that there are 6 OPDs have quite innovative criteria, 8 OPDs with innovative criteria, and 2 OPDs with strongly innovative criteria.

In case of the impact dimension, the mapping results showed that there was 1 OPD whose innovation was within the usual criteria. This is due to the unavailability of innovative infrastructure and facilities that are inclusive or meet all the needs of community groups (age, gender, education, special needs, economic conditions, etc.), as well as the lack of integrated and/or centralized innovation. Meanwhile, in terms of the sustainable dimension, most of the OPDs in the criteria are quite innovative with the details that there is 1 OPD with the usual criteria because the private sector's role in improving the process and quality of innovation has not been maximized, and the provider of innovation has not provided a proper complaint resolution.

For OPD whose innovation is still included in the usual criteria, the OPD must be able to raise its innovation criteria. Many things can be done by OPD in increasing its innovation, for example, OPD goes directly to the community or uses technology in its innovations, OPD must be able to attend and provide services to the community. The Innovations right now must be correlated with digital technology.

Referring to the foregoing, the Sumbawa Library and Archive Service as one of the OPDs whose innovation is still in the usual criteria can adopt innovations that have been carried out in other regions that have the same characteristics. For instance, adopting innovations carried out by the Indramayu Regency Library and Archives Service. Reference related to services that go directly to the community is the existence of a floating library. The existence of a floating library is strongly helpful for fishermen's children in the area to come to the library and read. In addition, the floating library is also widely used by visitors to the tourist attraction to carry out reading activities in the midst of their tourist visits (disarpus.indramayukab.go.id). This floating library applies a thematic concept so that visitors don't feel bored. Its thematic concept is arranged weekly with different themes such as storytelling, painting, dolanan, and inviting speakers who are competent. The ultimate goal of the era of regional autonomy as outlined in Law 32 of 2014 is to improve society's welfare. The goal is strongly dependent on improving public services. By referring to this reference, it is expected to be able to answer the causes of innovation that have not been optimal in the Sumbawa District Library and Archives Service.

The next OPD that received the usual criteria was the Sumbawa Satpol PP Office. This OPD is a regional government apparatus in maintaining public order and enforcing regional regulations. In this

regard, Satpol PP has a very large job related to the paradigm-changing that has been inherent in the community since the presence of a stereotype of Satpol PP as an evictor. It really needs an extra effort of Satpol PP to change and improve its innovation criteria. Satpol PP is demanded to be more creative in innovating, especially in realizing public order. Satpol PP is mainly present regarding to realize peace and public order (Tramtibum), either in the school or residential environment. Karwo (2015) states that Law 33 of 2014 aims to improve public services, which are oriented towards empowerment and community participation.

Based on the foregoing, Satpol PP of Central Java Province can be a reference related to service innovation. It has Satpol PP Goes To School program. This program is an innovation initiated by the Satpol PP of Central Java Province in responding to challenges and social development in the community of vulnerability, peace and public order among high school/vocational high school students. Satpol PP went to schools to conduct interesting activities and encouraging and educating activities, give guidance on the dangers of radicalism, terrorism, intolerance, drugs, fighting and other dishonorable actions. This is a persuasive and preventive effort in counteracting various understandings that endanger the integrity of the nation. In realizing the PP Satpol goes to school program, it is expected that the Satpol PP should be charming and impressed humble and friendly. So, the students feel happy with the presence of the Satpol in their school. By referring to the Satpol PP of Central Java, it is expected that the Satpol PP in Sumbawa may add insight so as to be able to achieve its innovation criteria.

Furthermore, OPDs with sufficiently innovative, innovative, and strongly innovative criteria can raise their criteria to the excellent innovation by increasing the dimensions consisting of several indicators through several activities. It can be carried out to stimulate the ideas of each OPD in innovating by doing a comparative study to regions or agencies that have implemented innovation planning and budgeting governance. There are several areas that can be used as references by OPDs in Sumbawa Regency, namely: Bandung, Banyuwangi, and Gorontalo which have received national awards for innovation.

Another effort that can be conducted in order to improve the innovation is the provision of rewards for OPDs who have innovated and punishment for the vice versa. Thus, policies that support and strengthen regional innovation should be carried out continuously. It means that the term of ongoing improvement should be a solid foundation for all stakeholders in all of the organizations. Oktaviana (2014) believes that one of the concrete examples in strengthening regional innovation is to reward or respect intellectual property rights. This is in line with Sutikno, et al (2011) who found that every OPD that has implemented a successful Innovation will be rewarded and those who have problems will get punishment. Furthermore, each DPO must have a target in implementing innovations related to planning and budgeting governance by means of the OPD as a government laboratory. Each OPD is required to innovate by giving absolute authority to each of the OPD to develop their creativity in serving the community.

# **Discussion**

The identification results show that the main cause of the existence of OPDs that have not innovated yet is the OPDs do not know and understand the importance of innovation as stipulated in national policies in the context of strengthening SIDa, especially the joint regulation of the Ministry of Research and Technology and Home Affairs number 03 of 2012 and number 36 of 2012. This is in line with the results of the BPP of the Ministry of Domestic Affairs (2012) which states that not all SKPDs know and understand national policies in the context of strengthening SIDa, especially the joint regulation of the Ministry of Research Technology and Domestic Affairs.

The results of the OPDs planning and budgeting governance innovation index in the Sumbawa Regency by 75,067 with innovative criteria. However, there are still indicators that are classified as quite innovative, namely the availability of innovative innovation facilities and infrastructure and the role of the private sector in improving the process and quality of innovation. The indicators are not yet optimal due to several factors, such as, there is no specific formulation on the application of planning and budgeting innovations, there are no regional regulations that regulate the involvement of the private or public sector in planning and budgeting governance, and budget limitations in meeting facilities and innovation infrastructure.

The fact above is in line with Narutomo (2014) who found that value-added can be obtained in strengthening regional innovations that empower communities and the private sector, academics and government bureaucracy, to work together to realize the regional innovation. The value-added will eventually increase regional competitiveness and nationally become the national competitiveness. The development of regional shows that locality factors (geographical dispersion, social diversity, and local learning culture) are increasingly important as the determinant factors of the excellence of regional competitiveness. Therefore, in strengthening the innovation system, the dimension of locality is strongly important especially the attention to the local wisdom of each region.

In the national context, the challenges of innovation currently include the low input of innovation, the output of R&D institutions that are not yet satisfied and the low role of the private sector in national innovation (Narutomo, 2014). For this reason, appropriate regulations are needed in the context of applying innovations, especially related to planning and budgeting, accelerating the required draft regulations, and adjusting existing regulations with the government's economic policy package. The increasing infrastructure support and business infrastructure innovation are needed by prioritizing the development of science and technology. Providing incentives for innovation activities that advance regional competitiveness, the applied innovation must be unique and the characteristics of the region must emerge. Fikri (2017) states that branding is a form of government innovation that can be offered to the community.

Basically, the success of regional innovation is highly dependent on OPDs as the executors of the innovation itself. Oktaviana (2014) contends that an important factor in the success and sustainability of regional innovation implementation depends on the extent to which the SKPD above is able to integrate regional innovation programs and implementation activities in their respective term of reference. In assessing the organizational performance whether it is satisfying or not, strategic organizational changes are needed. The workings of organizations that still adhere to the old method will not be able to increase their productivity and effectiveness in the future. This is in line with Yusnita et al (2015) who state that organizations that want to increase productivity and effectiveness, ultimately facing various problems that arise in the future, require innovative ways of thinking and acting. Innovation can involve the creation of new products (either in terms of goods or services), new structures, new relationships, and even new cultures (Siagian, 2007).

Therefore, the Bappeda of Sumbawa Regency as the supporting staff must continue to open effective communication with the stakeholders in order to achieve mutual understanding which can further foster commitment among all parties. This commitment is expected to reduce sectoral egos which are often encountered as a matter of coordination. The real effort is the existence of regularly scheduled meetings that discuss the actual issue or formulation of a joint strategy and evaluation of the results of achievements that have or have not yet been achieved. Oktaviana (2014) assumes that creating intensive cooperation with the work units below is to encourage institutional strengthening. So, the function of arithmetic or even the acceleration of the diffusion of innovation in the context of improving the welfare of society can be realized.

## **Conclusion**

Based on the results of the analysis and discussion, the following conclusions can be drawn:

The identification results show that there are 2 OPDs that have not innovated yet either planning and budgeting governance innovations or other public service innovations. Meanwhile, 16 OPDs have carried out innovations in the context of improving governance and services to the community, but not all of them have implemented innovations relating to planning and budgeting governance yet. There are 12 OPDs (67%) implementing innovation in planning and budgeting governance, while 6 OPDs (33%) have not yet implemented them.

Based on the output aspect of the novelty dimension, the results of the mapping show that there are 2 OPDs whose innovation is within the usual criteria, 4 OPDs with quite innovative criteria, 8 OPDs with innovative criteria, and 2 OPDs with strongly innovative criteria. Whereas in terms of the productive dimension, most OPDs are in innovative criteria with the details that there are 6 OPDs having quite innovative criteria, 8 OPDs with innovative criteria, and 2 OPDs with strongly innovative criteria.

Based on the aspect of the outcome dimension of impact, the results of the mapping show that there are 1 OPD whose innovations are within the usual criteria, 7 OPD with quite innovative criteria, 5 OPD with innovative criteria, and 3 OPD with very innovative criteria. Whereas in terms of the sustainable dimension, it is known that most of the OPD in the criteria are quite innovative with the details that there is 1 OPD with the usual criteria due to the non-maximization of the role of the private sector in improving the process and quality of innovation, and not yet at the optimum provider of innovation providing a proper complaint resolution, 8 OPD has quite innovative criteria, 4 OPD with innovative criteria, and 2 OPD with very innovative criteria.

OPDs' perception based on the innovation index of planning and budgeting governance in Sumbawa is 75,067 with innovative criteria. However, there are indicators that are still classified as quite innovative, namely the availability of inclusive innovation facilities and infrastructure and the role of the private sector in improving the process and quality of innovation. The indicators are not yet optimal due to several factors, such as there is no specific formulation on the application of planning and budgeting innovations, there are no regional regulations that regulate the involvement of the private or public sector in planning and budgeting governance, and budget limitations in meeting facilities and innovation infrastructure.

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