

CHAPTER V

CONCLUSION

5.1. Conclusion

Recalling the main background of this research is related to the Covid-19 pandemic, which spreads widely and the increase of positive cases that continues day by day. So the Local Government Units of Padang City as an actor driving the wheels of government in Padang City also influenced by the Covid-19 pandemic in carrying out their tasks and functions. These influences also occur in the budget absorption, namely the revenue effectiveness and the expenditure efficiency at the Local Government Units in Padang City. We can see this influence in the calculation result of the revenue effectiveness and expenditure efficiency ratios.

Based on the calculation of the revenue effectiveness ratio, the researcher found in 2020, on average, there was an increase in revenue effectiveness of 7.14% from 2019. However, the researchers found an oddity in the increase due to a large gap between the Local Government Unit with an increase in revenue effectiveness and the Local Government Unit with a decrease in revenue effectiveness, either in targets and revenue realization. Researchers realize that in 2020 there was a Covid-19 pandemic, and Padang City is the city with the most positive cases of Covid-19 in West Sumatra Province. Through interviews with the Local Government Units that experienced the highest increase and decrease, the researchers tried to analyze the answers from the informants to find out the reality in realizing revenue in 2020 during the Covid-19 pandemic. The conclusions from the results of the analysis and discussion on the revenue effectiveness of Local Government Units in Padang City are as follows:

1. The Local Government Units with the highest increase in revenue effectiveness are a Regional Public Service Agency (BLUD) that has the authority to manage their own finances and are engaged in public health services. The increase in effectiveness occurred because of the Covid-19 Pandemic, whereas they served Covid-19 patients and carried out examinations of Covid-19. The high number of positive Covid-19 cases have a positive impact on increasing their revenue;

2. The Local Government Unit with the highest decrease in revenue effectiveness is the ordinary Local Government Units whose revenue must be deposited into the Regional Treasury and become the Regional Own-sources Revenue (PAD) for the Padang City. The decrease occurred because influenced by the Covid-19 Pandemic, which resulted in hampered activities and communication. Therefore, the high number of positive Covid-19 cases have a negative impact on decreasing their revenue.

Furthermore, based on the calculation result of the expenditure efficiency ratio, the researcher found in 2020, on average, there was a decrease in expenditure efficiency of 2.57% than 2019 (Efficient Enough became Less Efficient). Through interviews with the Local Government Units that experienced the highest increase and decrease, the researcher tried to analyze the answers given by informants to find out the reality in realizing expenditure in 2020 during the covid-19 pandemic. The conclusions from the results of the analysis and discussion of the expenditure efficiency of Padang City SKPD are as follows:

1. In 2020, to deal with the Covid-19 pandemic, the government of Padang City carried out the budget refocusing and rationalization in each Local Government Unit. As a result of this refocusing, the average of Local Government Units in Padang experienced a decrease in expenditure targets whereas the budget cut and adjusted to the needs of the SKPD;
2. The low budget target results in a decrease in the expenditure efficiency ratio. Besides that, the PSBB policy limits the implementation of planned activities;
3. Although Local Government Units experienced an increase in the expenditure efficiency ratio, the increase was not significant.

Therefore, based on the conclusions' points in the analysis results and discussion regarding the revenue effectiveness and expenditure efficiency, we can conclude again that the Covid-19 pandemic has impacted budget absorption for SKPD in Padang City.

5.2. Research Implications

This study provides the overview and reality of how revenue effectiveness and expenditure efficiency are at the Local Government Units in Padang City during the Covid-19 Pandemic by comparing the revenue effectiveness ratio and expenditure efficiency ratio in 2019 as an illustration before the Covid-19 pandemic with 2020 as an illustration during the Covid-19 pandemic. Although the informant explained that the Covid-19 pandemic influenced the budget absorption at the Local Government Units in Padang City, either in revenue or expenditure. It is hoped that the Padang City government can better prepare itself to deal with emergencies, like pandemics or other disasters, so that the policies implemented do not affect the

performance of Local Government Units, especially in budget absorption. Based on the research findings, it is hoped the Local Government Units in Padang City can anticipate and prepare a more optimal way of collecting revenue and determining expenditure priorities during emergency conditions such as pandemics or other disasters to reach the set targets in budget absorption.

5.3. Research Limitations

This study has limitations on the informants of the research interviews who are only represented by 8 Local Government Units. For revenue effectiveness, there are four informants, of which 2 represent the highest increase and 2 represent the highest decrease. Similarly, four informants represented expenditure efficiency, of which 2 for the highest increase and 2 for the highest decrease. In addition, this research is also limited to the budget absorption only in 2020 with a comparison in 2019. Consequently, the results of this study are very specific and only provide a little portray, but are not able to truly represent all of the Local Government Units in Padang City.

Although the informants have given an overview of the reality that occurs in realizing budget absorption during the Covid-9 pandemic, the researcher feels there is a need to do further research to explore in-depth the budget absorption of Local Government Units in Padang City during the Covid-19 pandemic.

5.4. Suggestions

Further research will be expected to be carried out so that researchers, the Local Government Units, and the Local Government of Padang City know exactly the reality of realizing budget absorption during the Covid-19 pandemic, either revenue or expenditure. The researcher feels that the obstacles and reality of budget

absorption during the Covid-19 pandemic should be measured and assessed with a definite size so that the impact of the Covid-19 pandemic can be known more clearly. The researcher feels that further research with the same attention can be carried out using quantitative methods. Further research can also explore more specific information by focusing on 1 Local Government Unit and a longer time.

