

Cirebon Annual Multidisciplinary International Conference (CAMIC 2024)

# REFOCUSING POLICY AND ITS IMPACT ON EMPLOYEE PERFORMANCE IN LOCAL GOVERNMENT

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***Abstract***— The budget allocation plays an important role in achieving efficient and effective governance in local government. However, imbalances in budget allocation in various sectors can hinder the achievement of desired outcomes and planned development. The budget refocusing policy has been adopted as a measure to reallocate existing budgets to more urgent and important sectors. This study aims to examine the implementation of budget refocusing policy in local governments and their impact on the regular budgeting system. The purpose of this study is to identify the factors that contribute to the success of the implementation of the refocusing policy and its impact on the efficiency and effectiveness of regular budgeting as well as on employee performance. The study also test refocusing policy implications in improving overall budget management and delivery of public services in local government. The study found that employee performance results were ineffective due to budget refocusing in specific sectors and places. It did this by employing descriptive qualitative research methodologies with in-depth case studies to acquire genuine data.

Keywords— *budget; effectiveness; efficient; performance*

## I. INTRODUCTION

The performance of local government employees has a very important role in realizing quality development and effective public services. However, there are several obstacles that regional government's employees often face in carrying out their duties and responsibilities. The significant obstacle is inefficient budget allocation and not targeted. Reflecting this problem, the regional government

has adopted a budget refocusing policy to ensure better budget allocation and prioritize urgent sectors. The budget refocusing policy aims to reallocate existing budgets to more important sectors, including improving the performance of local government employees.

This paper examines in more depth the treatment of budget refocusing policies in regional government and its impact on the performance of regional government employees. The aims of this research are to identify the extent to which this policy affects employee performance positively. It is important to understand the impact of refocusing policies. Budget on the performance of local government employee's good performance will have a direct impact on development results and public services if this policy is implemented well. It can be expected that the quality and effectiveness of services provided by local employees will increase.

Refocusing a program is reallocating existing funding to areas of the program that are prioritized and deemed more critical or urgent. Within the government, a budget redirection policy may involve shifting funds from lower priority areas to higher priority areas in order to accomplish more urgently deemed essential goals.

Some experts defined refocusing policies as a policy that reallocates existing resources to prioritize key sectors or programs that provide direct benefits to society (Arifah, Rahayu and Suriso, 2014). Meanwhile, Aziz and Syaikat (2016) explained that the budget refocusing is an alternative solution for allocating budget resources more efficiently and effectively by focusing on sectors that provide a significant positive impact on development. In addition, Siregar (2012)

said that the budget refocusing policy is a policy that aims to change the direction or priority of the budget used to be more focused or more important sectors without shifting the total value of the available budget.

Besides the explanation about budget refocusing, there is another important aspect to present in this article. Performance is the output of the work. Locke and Latham (1990) defined performance as the end result of tasks and activities carried out by an individual in an organization. Katzell (1964) described performance as the result of the end of individual effort in achieving organizational goals by implementing their knowledge, skills and abilities. Furthermore, Yukl (2013) explained that employee performance includes achieving organizational goals, fulfilling expected tasks and significant contribution in improving organizational results. In addition, Kahn stated that employee performance includes an individual's ability to meet job demands and be effective in their role within the organization.

Through this comprehensive paper, it is hoped that the result of this research can provide new insights for local governments in policy formulation and better budgeting. Apart from that it is also hoped that this research can contribute to academic literature regarding budget refocusing policies and their impact on the performance of local government employees.

## II. METHOD

The research method used is qualitative with a case study approach and data collection techniques were carried out through in-depth interviews with district government officials and the community as parties. The research population is local governments that implement policies refocusing the budget, as well as the community and government employees who are affected. Participants were drawn from several key officials who implemented policies on refocusing the budget, several government officials associated with budget refocusing policy, as well as several affected communities directly by the budget refocusing policy.

The data obtained will be analysed using analytical techniques qualitative in the form of content analysis. The results of data analysis will be interpreted using data triangulation to ensure the accuracy and validity of research results.

## III. RESULTS AND DISCUSSION

Changes in budget refocusing policies in regional governments can have the following impacts: Budget reduction in certain sectors Local governments can decide to

divert or reduce budget for certain sectors such as infrastructure, education, or health to be used for other priority programs. This can reduce the budget in the sector and narrow the scope of program activities that can be carried out, and the possibility of delays in development programs. Regional governments can divert budgets to other priority programs such as handling the COVID-19 pandemic or social assistance.

This may impede the advancement of current development initiatives, postpone planned infrastructure development, and lower the quality of public services. The quality of services offered to the community will suffer if budget cuts are made in the public service sector. People may get dissatisfied with government services as a result of this. Boost oversight and responsibility Policies that refocus the budget can improve oversight and responsibility for its utilization. It is imperative that local governments bear responsibility for any transfers of funds and guarantee that funds are used to initiatives that genuinely benefit the community. The budget refocusing policy can help local governments solve issues more creatively and innovatively and create initiatives and programs that make better use of the funds at hand. Programs that foster original and creative thought and have the potential to significantly influence society can benefit from this.

The policy of budget refocusing has a noteworthy effect on performance. Workers, at least with a greater emphasis on crucial industries: Prioritizing areas that are crucial for regional development and that are urgent can be aided by the budget refocusing policy. Because of their more pressing requirements and increased attention to the sectors taken into consideration, employees may perform better as a result. Modifications to roles and responsibilities: Employee roles and responsibilities in local government may alter as a result of budget refocusing. They might be asked to change duties that are no longer deemed priorities and concentrate more on those areas that are.

Adjustment of employee training and development needs: Reorienting policies and budgets might impact the training and development requirements of staff members. Local governments have the option of designating funds for the training required to equip staff with the know-how and abilities relevant to the sectors of priority interest. Innovation and problem solving: The budget refocusing approach may inspire staff members to come up with creative answers to challenges brought on by adjustments to budgetary allotments. Employee creativity and problem-solving skills may rise as a result. Enhanced responsibility with a refocused budget. There is a chance that regional governments may scrutinize and assess employee performance more closely. Employee accountability for the utilization of available resources may rise as a result.

#### IV. CONCLUSIONS

Policies for budget refocusing may have different effects based on the environment, including managerial support and effective execution. as well as staff involvement in decision-making. To have a favorable effect on the performance of local government personnel, it is crucial to consider these criteria when developing and implementing budget refocusing policy.

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