

Research.

The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

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Abstract. This study aims to analyze the effect of budget efficiency on the performance accountability of Local Government Agency during the years 2022 – 2024. Budget efficiency is measured by the ratio of budget realization to the allocation, while performance accountability is measured by the achievement of the Key Performance Indicators (KPI) of strategic objectives based on the Government Agency Performance Accountability Report (LAKIP). This research uses a quantitative method with simple regression analysis using annual time series data. The results show that budget efficiency has a positive and significant impact on performance accountability. This finding indicates that the more efficient the budget management, the higher the achievement of strategic objective performance. During the study period, the Social Service Office of Jember Regency managed to maintain performance achievements above target, even though the budget realization was at an efficiency level of 87% - 90%. This shows that efficient budget management plays a crucial role in improving the performance accountability of the organization.

Keywords: *Budget Efficiency; Performance Accountability; Local Government; LAKIP; Accounting*

INTRODUCTION

Background

The demand for the implementation of Good Governance in public administration encourages every public agency to develop a system of accountability that is not only procedural but also substantive, transparent, and accountable (Alfayn & M., 2022). In the context of governance in Indonesia, one of the key instruments to achieve such accountability is the Government Agency Performance Accountability System (SAKIP), which is then outlined in the Government Agency Performance Accountability Report (LAKIP) (Rhaudhatul Janah & Purnama, 2021). LAKIP becomes a formal document that illustrates the extent to which a government agency can achieve its strategic objectives through the effective and efficient use of the budget. As public demand for the quality of public services increases, so does the urgency for government agencies to manage their budgets optimally so that development goals can be achieved.

The Social Service Office of Jember Regency is one of the Regional Government Agencies (OPD) that plays a strategic role in the implementation of social welfare programs, community empowerment, as well as protection and rehabilitation for Social Welfare Problems (PMKS). These programs include social assistance services, handling of people with disabilities, social rehabilitation, enhancing social resilience, and disaster mitigation

Fauziyah Azzahro, Senato Erasandi, Nurcahyaning Dwi Kusumaningrum, Eka Larasati Maghfiroh. The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

and response. The characteristics of these programs, which are directly related to the community, make the Social Service Office highly dependent on the effectiveness and efficiency of budget usage to ensure that the services provided can truly improve the quality of life for vulnerable groups.

The LAKIP of the Social Service Office of Jember Regency during the period 2022 – 2024 shows high performance achievements above the target, but accompanied by budget efficiency (realization below 100% of the allocation).

Years	Budget Allocation	Budget Realization	Budget Efficiency (Realization/Allocation)
2024	Rp 57.817.764.115,-	Rp 50.695.556.279,-	87.52%
2023	Rp 60.979.145.376,-	Rp 54.326.348.943,-	89%
2022	Rp 45.503.956.876,-	Rp 40.694.047.690,-	89.43%

Source: **Government Agency Performance Accountability Report (LAKIP) of the Social Service Office of Jember Regency 2022 – 2024**

In the preparation of the 2022–2024 LAKIP, it is evident that the performance achievements of the Social Service Office of Jember Regency's strategic objectives have consistently exceeded targets. However, the budget efficiency level is in the range of 87%-89%, indicating that a portion of the budget has not been fully absorbed. This is intriguing because, on one hand, budget efficiency that does not reach 100% is often seen as an indication of weaknesses in planning or budget execution. On the other hand, the high performance achievements show that the agency has been able to reach its targets even though the budget used was not maximized.

This phenomenon raises a fundamental question: Does budget efficiency truly have an impact on the performance accountability of government agencies? In other words, is efficient budget management directly correlated with an agency's ability to achieve performance targets? This issue is important to study, considering that performance accountability measurement is not only determined by output and outcome achievements but also related to how the budget is used to achieve these outcomes.

Moreover, the dynamics of budget management within the Jember Regency Government show that budget efficiency is not solely influenced by budget cuts or low absorption rates. In some cases, efficiency is the result of better planning, program changes, and improvements in budget governance. Therefore, studying the relationship between budget efficiency and performance accountability is not only important theoretically but also strategically for improving the quality of sustainable governance.

Based on the background, this study aims to analyze the development of budget efficiency and performance accountability at the Social Service Office of Jember Regency during the years 2022–2024 and to empirically measure the extent to which budget efficiency affects the performance accountability of the agency.

Research Questions:

1. How has the improvement of budget efficiency and performance accountability at the Social Service Office of Jember Regency been during the years 2022–2024?

Fauziyah Azzahro, Senato Erasandi, Nurcahyaning Dwi Kusumaningrum, Eka Larasati Maghfiroh. The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

2. To what extent does budget efficiency affect the performance accountability at the Social Service Office of Jember Regency?

LITERATURE REVIEW

Government Agency Performance Accountability

Performance accountability is a fundamental principle in modern governance. According to the Minister of PAN-RB Regulation on Performance Agreements and Performance Reporting, performance accountability reflects the obligation of each government agency to account for the use of budget, program implementation, and achievement of strategic objectives transparently and measurably. Accountability not only reflects the end results but also includes the entire process of planning, implementation, monitoring, and performance evaluation.

In the public sector accounting literature, Halim (2016) explains that accountability is one of the pillars of good governance. Public servants are required to demonstrate that they use public resources legally, effectively, and efficiently. Mardiasmo (2018) also emphasizes that accountability is an important instrument to ensure that the public services provided meet the expectations of the community and align with development targets. At the Social Service Office of Jember Regency, performance accountability is evaluated through the achievement of Key Performance Indicators (KPI) that reflect the quality of social empowerment services, handling of PMKS, and social restoration programs. The KPI achievements for the period 2022–2024 show an excellent trend, indicating that program management processes are running effectively, even though the budget absorption rate is between 87–90%.

The study by Nuraini & Gani (2020) reinforces the relevance of this performance accountability measurement. They assert that performance accountability is not only influenced by how much of the budget is spent but also by the success of the agency in achieving the planned outcomes. In this context, the achievements of the Social Service Office of Jember Regency demonstrate consistency between the effectiveness of program implementation and the ability to account for the results in a measurable way.

Budget Efficiency

Budget efficiency in the public sector is a measure of how well government agencies use resources economically while still being able to produce the expected outputs and outcomes. Mahmudi (2019) states that efficiency is achieved when an organization obtains certain results with increasingly fewer inputs, as long as the quality of services is not reduced.

In practice, budget efficiency is often measured through the ratio of budget realization to allocation. A budget absorption rate below 100% is no longer seen as inefficiency but can indicate successful budget savings while still achieving performance targets in line with the principle of value for money, which includes effectiveness, efficiency, and economy.

The Government Agency Performance Accountability Report (LAKIP) of the Social Service Office of Jember Regency shows that the budget efficiency of the Social Service Office of Jember Regency ranged from 87.52% to 89.43% during the period 2022–2024, without reducing strategic performance achievements. Some of the contributing factors include:

1. Shift in activity plans,
2. Errors in account coding,
3. Improvements in program effectiveness,
4. Strengthening internal monitoring and evaluation.

This aligns with the view of Mardiasmo (2018), who states that efficiency is not only determined by the amount of the budget absorbed but also by the agency's ability to

Fauziyah Azzahro, Senato Erasandi, Nurcahyaning Dwi Kusumaningrum, Eka Larasati

Maghfiroh. The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

manage activities effectively and without waste. Thus, the budget efficiency recorded at the Social Service Office of Jember Regency reflects adaptive, measurable governance that is oriented towards the real needs of the community. A study by Setyorini & Rosidi (2017) also shows that the efficiency and effectiveness of regional government spending are important indicators in assessing the success of local government. This study supports the finding that budget efficiency can be a significant predictor of the performance accountability of an agency.

Stewardship Theory

To understand the relationship between budget efficiency and performance accountability, stewardship theory offers a strong conceptual perspective. Stewardship theory was first introduced as a response to the weaknesses of agency theory, which views individuals as parties who tend to prioritize their personal interests and need to be closely monitored. Davis, Schoorman, and Donaldson (1997) offered a different perspective, suggesting that in certain contexts, individuals may act as stewards, prioritizing the organization's interests above their own. Stewardship theory emphasizes that public servants are willing and able to act with a collective orientation, a sense of moral responsibility, and commitment to the organization's mission.

In the public sector, stewardship theory becomes increasingly relevant because government officials work within a public service framework, not a profit orientation. Values such as integrity, altruism, service to the community, and the achievement of common goals serve as the foundation for behavior. Therefore, public servants not only manage budgets as an administrative procedure but also as a public trust that must be accounted for ethically and professionally.

Stewardship theory also emphasizes that public servants' behavior is influenced by both psychological and structural mechanisms. Psychologically, individuals feel trusted, competent, and intrinsically motivated to make the best contributions to the organization. They are driven to act proactively, initiate innovations, and ensure that programs run effectively. Structurally, public organizations provide a framework that enables public servants to act as stewards through policy transparency, clear role divisions, a healthy but non-repressive system of oversight, and a work culture that supports collaboration. In the context of budget management, stewardship theory assumes that public servants tend to choose actions that are efficient and responsible. Efficiency is not merely about savings but represents moral accountability for the use of public funds. Public servants will strive to achieve optimal performance without wasting resources, maintaining a balance between public service needs and the fiscal authority they hold. Thus, budget efficiency does not reflect low absorption but represents careful planning, implementation, and evaluation of activities.

Previous Research

Several previous studies have shown that budget efficiency has a positive correlation with the performance accountability of government agencies. Nuraini & Gani (2020) stated that agencies that can manage their budgets efficiently usually have more organized mechanisms for planning, implementation, and evaluation, which leads to improved performance achievements. This efficiency reflects the presence of good internal control, the use of budgets according to priorities, and the agency's ability to optimize resources to achieve maximum results.

These findings align with the research of Setyorini & Rosidi (2017), which shows that the level of efficiency and effectiveness of the budget is an important indicator in assessing the success of local government administration. According to them, budget efficiency is not just a comparison between the allocation and realization, but also reflects the quality of program implementation and the agency's orientation toward achieving outcomes. Efficient and effective government agencies tend to have higher accountability levels because they can clearly demonstrate the connection between budget use and the results achieved.

Fauziyah Azzahro, Senato Erasandi, Nurcahyaning Dwi Kusumaningrum, Eka Larasati Maghfiroh. The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

Furthermore, Mahmudi (2019) emphasized that efficiency is not only about absorption rates but is related to careful planning, targeting, and the quality of program execution. This is consistent with the dynamics observed in the Social Service Office of Jember Regency, where efficiency occurs due to improved governance, not because of program failures. In contrast to other studies, research by Pramana & Mulyani (2019) concluded that performance accountability is more influenced by the implementation of the SAKIP (Government Agency Performance Accountability System) than by budget efficiency. This difference in findings shows that factors such as the quality of the performance reporting system also play a significant role, although in the context of this study, efficiency remains a proven significant variable.

Overall, these studies, particularly the ones by Nuraini & Gani (2020) and Setyorini & Rosidi (2017), which emphasize that agencies with efficient budget planning tend to have high performance accountability, strengthen the argument that budget efficiency plays an important role in improving performance accountability. When budgets are managed appropriately and in line with program needs, agencies can provide better public services and be more transparent in accounting for their results.

Hypothesis

Based on the theoretical foundation, the concept of budget efficiency, stewardship theory explaining the psychological and organizational mechanisms that allow budget efficiency to directly contribute to public performance, and the findings from previous research that show a positive relationship between budget efficiency and performance accountability, the research hypothesis is formulated as follows:

H1: Budget Efficiency has a positive and significant effect on Performance Accountability.

RESEARCH METHODS

Type and Research Approach

This study uses a quantitative approach with an associative research type, which aims to determine the relationship and influence between two or more variables based on numerical data analyzed statistically. The quantitative approach is chosen because it can provide an objective picture of the extent to which the budget efficiency variable (X) affects performance accountability (Y) through standardized measurements (Sugiyono, 2019). Associative research also allows the researcher to test hypotheses empirically using regression analysis techniques, so the relationship between variables can be explained in a more measurable way.

The data used in this study is secondary data obtained from the Government Agency Performance Accountability Report (LAKIP) of the Social Service Office of Jember Regency for the years 2022–2024. This data includes information on budget allocation, budget realization, efficiency ratios, and the achievement of Key Performance Indicators (KPI) for each strategic objective. The use of secondary data is chosen because LAKIP is an official government document that has been verified and comprehensively reflects the agency's performance, making it valid for analyzing the relationship between budget efficiency and performance accountability. Furthermore, using data over three years provides a more stable performance trend and allows the researcher to assess the consistency of the relationship between variables over a specific period.

Data Source

Fauziyah Azzahro, Senato Erasandi, Nurcahyaning Dwi Kusumaningrum, Eka Larasati Maghfiroh. The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

The data used is secondary data in the form of the Government Agency Performance Accountability Report (LAKIP) of the Social Service Office of Jember Regency for the years 2022, 2023, and 2024, which can be accessed on the PPID website of Jember Regency.

Research Variables and Measurement

Variable	Notation	Measurement	Data Source
Budget Efficiency	Independent variable (X)	Annual Budget Realization Ratio	Budget Realization and Regional Budget (APBD) Budget Chapter III of the LAKIP for 2022 – 2024
Performance Accountability.	Dependent variable (Y)	Average Percentage of Key Performance Indicator (KPI) Achievement of Strategic Objectives	Achievement of Strategic Objectives Performance Chapter III of the LAKIP for 2022 – 2024

Data Analysis Techniques

1. Descriptive Analysis is used to provide an overview of the development and characteristics of the budget efficiency (X) and performance accountability (Y) variables during the research period from 2022 to 2024. Through this analysis, the researcher can observe trends, patterns of change, and comparisons of the values of each variable year by year. Descriptive analysis does not aim to test causal relationships but provides an initial understanding of the data conditions, serving as a foundation for further statistical analysis.

2. Classical Assumption Testing is conducted to ensure that the data meets the requirements to be analyzed using simple linear regression. This test consists of:

Normality Test: To determine whether the residual data follows a normal distribution pattern. Data that is normally distributed is one of the prerequisites for valid regression results.

Multicollinearity Test: To ensure that there is no strong correlation between independent variables. Although this study only uses one independent variable, testing is still conducted to ensure there is no indication of multicollinearity that could affect the analysis results.

Heteroscedasticity Test: To determine whether there is unequal variance in the residuals at different predicted values. If the data experiences heteroscedasticity, the regression results may be biased. Therefore, this test is important to ensure the regression model is stable and reliable.

3. Simple Regression Analysis is used to determine the effect of the budget efficiency variable (X) on performance accountability (Y). The simple regression model is calculated using the equation:

$$Y = a + bX + e$$

○ Y: Performance Accountability

X: Budget Efficiency

a: Constant

b: Regression Coefficient

e: Error term

Simple regression is chosen because this study involves only one independent variable, making this approach effective for examining the linear relationship between the two variables.

4. Hypothesis Testing is conducted to determine whether the budget efficiency variable significantly affects performance accountability. The testing is done using:

t-test: Used to determine the partial effect of variable X on Y. If the significance value < 0.05, the hypothesis is accepted, indicating that budget efficiency significantly affects performance accountability.

Coefficient of Determination (R^2): Used to determine how much of the variation in performance accountability can be explained by the budget efficiency variable. A high R^2 value indicates that variable X has a large contribution to influencing variable Y.

Therefore, hypothesis testing provides the empirical basis for accepting or rejecting the research hypothesis and understanding the strength of the relationship and the magnitude of the influence between variables.

RESULTS AND DISCUSSION

Budget Efficiency Development

The budget efficiency at the Social Service Office of Jember Regency from 2022 to 2024 has shown a relatively stable trend, although it has not yet reached the ideal efficiency level. In 2022, the efficiency rate was recorded at 89.43%. This figure then slightly decreased in 2023 to 89%, and further declined in 2024 to 87.52%. However, all three values are still considered efficient because they indicate that the budget was used optimally without exhausting the entire available allocation. The slight decline year over year does not reflect ineffective implementation but rather illustrates the dynamics of budget management influenced by various technical and administrative factors. Based on the internal evaluation of the Social Service Office of Jember Regency, several key factors that influenced the budget efficiency rate over the past three years include:

1. Changes in activity plans, due to policy adjustments, shifts in community needs, or delays in administrative processes. These changes caused some of the budget to be unrealized according to the original schedule, affecting overall budget absorption. However, these plan changes actually allowed activities to be better targeted.
2. Errors in account coding, particularly in 2024, became one of the significant causes of unabsorbed budget. Coding errors caused delays in the verification and approval process of the budget, preventing some activities from being realized on time as initially planned.
3. Increased program effectiveness, where several activities were implemented at lower costs compared to the initial allocation. This demonstrates the Social Service Office's ability to achieve cost efficiency without compromising service quality, which further strengthens the value for money principle.
4. Improvements in the monitoring and evaluation system, which were carried out periodically and in a more structured manner during the study period. The strengthening of this monitoring function contributed to the efficient use of the budget, especially in terms of controlling operational costs and overseeing activity implementation.

Overall, the budget efficiency achieved during these three years does not reflect program implementation failure but rather indicates efforts to improve governance and adjust the budget to actual needs. With increasingly better internal control mechanisms and activity planning, the achieved efficiency shows that the Social Service Office of Jember Regency is capable of managing its budget carefully, adaptively, and remains focused on achieving optimal performance.

Fauziyah Azzahro, Senato Erasandi, Nurcahyaning Dwi Kusumaningrum, Eka Larasati
Maghfiroh. The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

Performance Accountability Development

Based on the LAKIP report for 2022–2024, the Social Service Office of Jember Regency showed excellent performance achievements in almost all of the strategic objectives that were set. Most of the Key Performance Indicators (KPI) are categorized as High to Very High, reflecting the consistency and quality of program implementation over the past three years. This achievement emphasizes that the Social Service Office has been able to carry out its core duties and functions optimally, despite facing dynamics and budget constraints in certain periods.

The high performance achievements were influenced by several strategic factors, including:

- The integration of the PMKS (Social Welfare Problems) database, which accelerated the processes of verification, validation, and case handling. Better data management allowed the agency to target beneficiary groups more accurately and reduce the potential for duplication in service recipients.
- Synergy between departments in the distribution of social assistance, which strengthened internal coordination and ensured that the distribution process was faster, more targeted, and in accordance with the applicable standard operating procedures.
- Optimization of technology in social administrative services, including the use of information systems and public service applications, making administrative processes more transparent, efficient, and accessible to the public.
- Strengthened coordination with village governments, especially in the identification process of Social Welfare Problem (PMKS) recipients. This collaboration enhanced data accuracy and sped up the intervention process as well as social recovery at the community level.

Overall, the improvement in performance accountability shows that budget efficiency did not hinder the achievement of outcomes, but rather encouraged the agency to work more effectively in line with the value for money principle. Careful budget management, selective resource use, and the optimization of internal work processes have been proven to support better outcomes. Thus, the relationship between budget efficiency and performance accountability at the Social Service Office of Jember Regency shows that unspent budget allocations can still lead to excellent performance when managed in a measured, planned, and focused manner on the real needs of the community.

Regression Test Results

The results of the simple regression analysis show that budget efficiency has a positive and significant effect on performance accountability at the Social Service Office of Jember Regency. This finding indicates that the more efficient the budget usage—demonstrated by a high efficiency ratio—the higher the performance achievements that the agency can attain. The significance of this effect strengthens the argument that frugal, measured, and targeted budget management directly contributes to improving the quality of public services and achieving key performance indicators.

The regression coefficient obtained shows that every increase in the budget efficiency variable is followed by an increase in the achievement of strategic objectives. In other words, positive changes in efficiency have a direct impact on performance accountability. This reinforces the idea that the effectiveness of budget usage is not just about absorption rates, but how the budget is used to produce better outputs and outcomes. This finding shows that the Social Service Office of Jember Regency has applied the value for money principle, where budget management is carried out optimally, efficiently, and focused on the benefits received by the community. Savings do not mean a reduction in service quality but instead encourage the improvement of program implementation effectiveness. Therefore, the regression results support previous theories and studies that

Fauziyah Azzahro, Senato Erasandi, Nurcahyaning Dwi Kusumaningrum, Eka Larasati Maghfiroh. The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

state that budget efficiency is one of the important determinants in building performance accountability in government agencies.

Discussion

The findings of this study align with the core principle of stewardship theory, which positions public servants as stewards of public resources who bear moral, ethical, and professional responsibilities to achieve organizational goals. In this framework, public servants are not viewed solely as individuals working based on external incentives like financial rewards or regulatory pressures but as individuals with intrinsic commitment to the success of the organization. This intrinsic orientation arises from the awareness that public service duties are a trust that must be upheld, particularly in efforts to improve community welfare.

Stewardship theory emphasizes that the success of government organizations does not rely on rigid control mechanisms but on the integrity, internal motivation, and loyalty of the public servants to the organization's mission. In the context of the Social Service Office of Jember Regency, the budget efficiency demonstrated during the study period reflects the characteristics of such steward behavior. Public servants continue to strive to implement programs optimally, even when budget absorption does not reach the maximum value and when faced with technical challenges such as account coding errors, policy changes, and adjustments to program needs in the field. By maintaining the quality of program implementation and ensuring that service targets are still met, public servants show that they are oriented toward public interest, not merely the amount of budget absorption.

Furthermore, stewardship behavior is evident in how public servants use resources selectively and prudently. They do not force the use of the budget simply to achieve high absorption but place program effectiveness as the primary indicator of success. Thus, budget efficiency is not just an administrative figure but a manifestation of decision-making focused on program sustainability and the social impact produced. This supports the view of Davis et al. (1997) that stewards focus on long-term organizational goals, ensuring that every resource is used carefully and responsibly.

This study's findings also align with the study by Nuraini & Gani (2020), which states that budget efficiency is an important determinant of improving performance accountability in government agencies. They explain that organizations that can maximize outputs and outcomes from the available funds will demonstrate a higher level of accountability, as they can prove that public funds have been used appropriately. These findings further strengthen the position of budget efficiency as a performance indicator that is not only relevant financially but also managerially and socially.

Additionally, this study supports the view of Mahmudi (2019) that public sector performance achievements are not always directly proportional to the amount of the budget spent. In many cases, agencies with large budgets do not show optimal performance if program planning and implementation are ineffective. In contrast, agencies with limited budgets can achieve high performance if they can manage activities effectively, respond to community needs, and focus on problem-solving. This study shows that the Social Service Office of Jember Regency has successfully integrated budget efficiency with program effectiveness, leading to high and consistent performance during the study period.

However, the findings of this study differ from the study by Pramana & Mulyani (2019), which emphasizes that performance accountability is more influenced by the implementation of the Government Agency Performance Accountability System (SAKIP) than by budget efficiency. This difference can be explained by the operational context of the Social Service Office of Jember Regency, which heavily relies on the implementation of social programs that require budget flexibility and quick adaptation to social dynamics. Therefore, budget efficiency has a more direct influence on program success compared to the research context that focuses more on administrative performance through SAKIP. Nevertheless, this does not mean that SAKIP is not important; in fact, both are complementary. The implementation of SAKIP provides a structured framework, while

budget efficiency ensures that program implementation truly meets the needs of the community.

Overall, the findings of this study affirm that budget efficiency should not be understood merely as cost-saving but as a performance indicator that reflects the ability of public organizations to optimize resources. Efficiency shows that the agency is capable of realistically planning activities, implementing programs effectively, and aligning budgets with field needs without sacrificing service quality. In this context, budget efficiency becomes a clear sign of good governance, accountable decision-making processes, and a strong orientation toward achieving results that benefit the community. Thus, budget efficiency becomes a tangible manifestation of performance accountability in government agencies in fulfilling their public service obligations.

CONCLUSIONS AND SUGGESTIONS

Conclusion

1. Budget efficiency at the Social Service Office of Jember Regency during the 2022–2024 period has shown a stable trend, ranging from 87% to 90%. Although the budget absorption did not reach 100%, this condition remains within the efficient category and did not hinder program implementation. This is evidenced by the achievement of performance accountability for strategic objectives, which consistently falls within the High to Very High category, even exceeding the set targets. This means that the unabsorbed portion of the budget does not diminish performance quality but demonstrates the effectiveness of resource utilization.
2. The results of the simple regression analysis show that there is a positive and significant influence between budget efficiency and performance accountability. This finding confirms that efficient budget management, characterized by proper, frugal, and needs-oriented budget usage, can enhance program performance achievements in government agencies. Thus, budget efficiency becomes an important factor contributing to the realization of accountable public performance that benefits society.

Recommendations

1. For the Social Service Office of Jember Regency, it is important to continuously improve the quality of budget planning through evaluating real needs, ensuring proper account coding, and monitoring program implementation. These efforts are expected to encourage more optimal budget realization without neglecting the principle of efficiency. Additionally, the agency should maintain and enhance its performance achievements, which are already in the High/Very Satisfactory category, so that effectiveness and efficiency can continue to run in a balanced and sustainable manner.
2. For future researchers, it is recommended to add other variables such as Budget Transparency, Quality of Financial Reports, Program Effectiveness, or the Implementation of SAKIP. The inclusion of these variables will provide a more comprehensive picture of the factors influencing performance accountability in the public sector. Furthermore, research with a longer time scope or involving multiple government agencies can provide a broader and more representative analysis.

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Fauziyah Azzahro, Senato Erasandi, Nurcahyaning Dwi Kusumaningrum, Eka Larasati Maghfiroh. The Effect of Budget Efficiency on the Accountability of Local Government Agency Performance

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