

# Budget Efficiency on Job Satisfaction and Employee Performance

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## ABSTRACT

The purpose of this research is Policy Relevance: Budget efficiency is the focus of the government in managing the public sector, including education. However, its impact on the satisfaction and performance of education department employees has not been widely studied, even though these two factors are crucial for the quality of education services, the Efficiency vs Performance dilemma where budget cuts risk reducing employee motivation, but if managed strategically, it can actually encourage innovation. This study will test this relationship empirically. The large number of employees requires evidence-based evaluation of budget policies to ensure efficiency does not come at the expense of human resources. The method used in quantitative research with Double Paradigm analysis of two dependent variables through simple correlation and Regression tests. The results of this study are: (1) Identifying budget efficiency affects employee satisfaction, (2) Identifying budget efficiency affects employee performance, (3) Identifying employee satisfaction affects employee performance.

**Keywords:** budget efficiency; satisfaction; employee performance;

## 1. INTRODUCTION

The efficiency policy is contained in presidential instruction (inpres) Number 1 of 2025 concerning spending efficiency in the implementation of the state budget and regional budget in 2025. The effect of this efficiency automatically affects the cut in transfers to regions worth 50.59 trillion, this policy is stated in the Minister of Finance's letter No. S-37 / MK.02 / 2025. As stated in the asti cipta of the president and vice president of the Republic of Indonesia, namely the need to strengthen bureaucratic reform and strengthen the prevention and eradication of corruption, efficiency is needed to reform budget management that does not have a direct impact on the main indicator objectives, therefore in government policy there are 16 expenditure items that are streamlined including office stationery, official travel and vehicle rental and ceremonial activities, but some personnel services have begun to implement Work From Anywhere (WFA) as a result of this efficiency aspect, of course the efficiency policy is a concern and a statement of how employee satisfaction and performance at the East Java provincial education office branch.

Research (nurul badriyah, 2023) explains that the role of compensation and the work environment affects employee performance, this disclosure is in accordance with research conducted by (nurul badriyah, 2022) that customer satisfaction will be achieved if there is the best service from employees, therefore Work From Anywhere (WFA) commitment by some opinions is anonymized lack of personal interaction that is not achieved in customer satisfaction. The budget efficiency policy also has an impact on empowerment, employee training, which is motivational in nature for the development of human resources (HR), this statement contradicts research (Nurul Badriyah, 2020) that employee motivation and training show positive results in the development of competitiveness and environmental dynamization. Furthermore, still in research (Nurul Badriyah, 2023) in the era of digitalization and technological development it is very easy for companies or institutions to provide remote services so that Work From Anywhere (WFA) is an indicator of improvised human resource management, in contrast to the results of the discussion of Nurul Badriyah (2023) human resource development management provides employee satisfaction with adequate attention and compensation as work motivation efforts.

Individual performance and organizational performance are determined by the amount of budget received. Which is driven through activities and people as the culprit, but cost efficiency towards budgeting can be concluded as an increase in financial performance. The clarity of an organization's activities will encourage employees to do a good job and employees are better able to regulate behavior to achieve, as stated by Mia Lokman (2022) that clarity of budget objectives can be used as a means of influencing behavioral motivation and achievement. The efficiency and effectiveness of the budget illustrates the shortage of motivation and on the contrary, supportive evaluations can produce positive attitudes and behaviors. The size of the budget affects the performance motivation and satisfaction of job

performers, and ultimately affects the level of cost efficiency. There is no correlation between subordinate workers and budget goals on the acceptance and achievement of their goals. Furthermore, in Walton J.'s research (2021) manager involvement in budget preparation contributes to supervisor motivation despite efficiency, even deeper currall (2025), rational budget efficiency still has a positive effect on manager performance. However, Govinda's research (2023) defines labor satisfaction is not seen from the budget but physiological needs, security needs and social needs, more importantly noted by Sousa (2020) excessive budget efficiency creates an excessive attitude to the owner and a feeling of pressure from the owner, and Paza (2019) interpreted a good budget as a whole to create a sense of prestige and a feeling of being appreciated by the owner. Next Erdward, et al (2023) limit satisfaction and good performance is a mediation between budget participation and managerial performance. According to Sllatter, S. et al (2019) organizational commitment gets stronger when the budget is stable, and Sasongko, C. et al (2019) budget efficiency is moderated by organizational commitment in improving the performance of government officials. Meanwhile, Tampubolon, M.P (2023) budget preparation involvement in employees has a positive effect on the performance of government officials. Based on some of the descriptions above, it can be studied that there is a gap in views between budget users on performance and employee satisfaction, however, what needs to be known is that the budget is an element of the management control system that assists management in carrying out the planning function and control function. Therefore, budget efficiency is one of the government's goals to achieve financial performance, so it can be concluded that the problem formulation in this study is :

1. How does budget efficiency affect employee satisfaction?
2. How does budget efficiency affect employee performance?
3. How does employee satisfaction affect employee performance?

## 2. LITERATURE REVIEW

Budget efficiency helps minimize waste and leakage of funds, which has been a serious problem in state financial management. With the implementation of e-budgeting and e-procurement systems, budgeting and procurement processes become more transparent and accountable. This reduces corruption and budget misuse, allowing more funds to be allocated to priority programs. Efficient budget allocation promotes economic growth through increased investment and productivity. Budget efficiency also helps create a better investment climate, as investors have more confidence in transparent and effective state financial management. Budget efficiency helps the government reduce budget deficits and dependence on debt. With better financial management, the State can maintain macroeconomic stability and face global economic turmoil more resiliently. This is important for maintaining the rupiah exchange rate, inflation, and the competitiveness of the national economy.

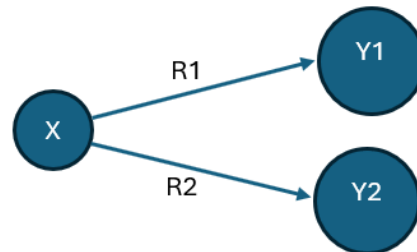
Job Satisfaction Robbins and Judge (2007), say that job satisfaction is an individual's general attitude towards his job where in this job a person is required to interact with colleagues and superiors, follow the rules and policies of the organization to meet performance standards. Similarly, "Job satisfaction is a pleasant or unpleasant emotional state with which employees view their work." Job satisfaction reflects a person's feelings towards their job. This is seen in the positive attitude of employees towards work and everything encountered in their work environment. Employers should always monitor job satisfaction, because it affects absenteeism, labor turnover, morale, grievances and other personnel problems. Siegel, et. all (2009), views job satisfaction as essentially an individual thing. Each individual has a different level of satisfaction according to the value system that applies to him. The higher the assessment of the activity is felt to be in accordance with individual desires, the higher the satisfaction with the activity. Thus, satisfaction is an evaluation that describes a person's feeling of being happy or unhappy, satisfied or dissatisfied at work. Job satisfaction is one of the factors that is very important to get optimal results. Creating employee job satisfaction is not easy, because each employee has different conditions, expectations and desires. However, for employees and companies, job satisfaction is an ideal condition that must be achieved. This is because the attitudes and feelings of employees towards all aspects of the work environment will affect attitudes and behavior in carrying out the tasks assigned

The Regulation of the Head of the Civil Service Agency states that the assessment of civil servants' work performance is strategically directed as a control of productive work behavior required to achieve agreed work results and not an assessment of the personality of a civil servant, elements of work behavior that affect work performance that are evaluated must be relevant and related to the implementation of job duties in the position level of each civil servant. Furthermore, the assessment of civil servants' work performance is divided into 2 elements, namely: (1) Employee Work Targets (SKP) and (2) Work behavior. The preparation of Employee Work Targets (SKP) is mandatory for all civil servants/ASNs which are made at the beginning of each fiscal year which contains job duties and targets that must be achieved within the assessment period which are real and measurable. The SKP must be approved and determined by the Assessment Officer as a work contract. Employee Work Target Assessment is carried out at the end of each fiscal

year by comparing the achievements and targets that have been agreed at the beginning of the year / work contract and added with other additional tasks

### 3. METHODS

This research uses quantitative research with a double paradigm of two dependent variables.



**Figure 1.** Double paradigm two dependent variables [5].

Description :

X : Budget Efficiency

Y1: Satisfaction

Y2: Employee Performance

R1,R2 : Simple correlation

According to Ghozali, I (2023) The search for the magnitude of the relationship between X with Y1 and X with Y2 is used simple correlation, then to find the relationship between Y1 and Y2 Regression analysis is used.

In accordance with the regulation of the Governor of East Java No. 8 of 2018, the number of branches of the Education Office throughout East Java is 24 branch offices with a total of 622 permanent employees. In the rule of the thumb, the sample is based on the sampling area, namely Gresik, Lamongan and Bojonegoro regencies or at the Bojonegoro karisiden level. From the sampling area data, a sample of 89 employees was found

### 4. DISCUSSION

The results of hypothesis testing show that budget efficiency (Y1) has no effect on employee performance. The results of this study are in accordance with research conducted by Sumarno (2025), which found that budget efficiency has no effect on performance, this means that the higher the level of efficiency does not cause employee performance to improve As seen in the descriptive statistics that the level of efficiency at the district office is high but the efficiency does not have a significant effect on employee performance, This is partly due to policy changes related to the implementation of several activities in the Education Office, especially activities that are included in national strategic programs, for example the policy of educating the nation, services for the welfare of teachers and civil servants through performance allowances, so that even though there is efficiency on the administrative side, it does not affect employee performance. Employees actually see that the efficiency promoted by the current government is seen as an effective pattern of more effective and structured budget management. In the questionnaire statement on the budget efficiency variable, it was found that the statement that had the lowest score was statement no. 4 which reads "The input I provide is very much reflected in the final budget", this shows that employees do budget efficiency must still pay attention to employee participation in budget preparation, but the proposals submitted by employees are not in accordance with the budget which will then be determined to be implemented. It can be concluded that pseudoparticipation occurs, namely, the Education office has involved all structural officials from the lowest level in budget preparation, but in some activities this participation has no influence on the content of the budget. In this case, the determination of several activities is carried out by the Ministry of National Affairs in a top-down manner, namely a planning model carried out from superiors addressed to their subordinates where the decision makers are superiors while subordinates are only as implementers, thus if this happens then none of the benefits of participation can be obtained. The results of hypothesis testing show that job satisfaction (Y2) affects employee performance. The positive number generated from the job satisfaction variable means that the higher the job satisfaction, the higher the performance of government officials. The relationship with Goal setting theory is that in this theory which says there is an inseparable relationship between goal setting and performance. The basic concept is that someone who is able to understand the goals expected by the organization, then this understanding will affect his work behavior. If an individual understands well the goals of the

organization, it will affect work behavior, and of course it will provide job satisfaction if someone is able to carry out and achieve organizational goals. Based on the results of this hypothesis test, it can be concluded that in order to improve employee performance, job satisfaction variables need to be considered because they have a significant effect on performance. The results of this study are in line with research conducted by Gunawan, Santoso (2015), which shows the relationship between job satisfaction has a significant effect on the performance of government officials. In the variable job satisfaction in the Education office, the statement that has the lowest score is a statement that reads "I received an award / praise for doing my job well". meaning that the success or achievement of work achieved by employees, is considered a common thing that should be done by every employee, getting very little appreciation or appreciation from superiors. This needs to be a concern and improvement so that employee job satisfaction can increase which is in accordance with the research results that the increasing job satisfaction will also increase the performance of officials.

## 5. CONCLUSION

The results of testing the first hypothesis show that the budget efficiency variable has an effect on employee satisfaction; The results of testing the second hypothesis show that the budget efficiency variable has no effect on employee performance; The results of testing the third hypothesis show that the job satisfaction variable has a significant effect on employee performance.

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