

IMPLEMENTATION OF THE GENERAL COST STANDARD POLICY IN THE IMPLEMENTATION OF THE REGIONAL REVENUE AND EXPENDITURE BUDGET OF NORTH MOROWALI REGENCY

Yongki Leonard Pilongo¹, Irfan Mufti², Dandan Haryono²

Magister Ilmu Sosial dan Ilmu Politik Universitas Tadulako¹

Fakultas Ilmu Sosial dan Ilmu Politik Universitas Tadulako²

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Abstract

This study aims to analyze the implementation of the General Cost Standard (SBU) policy in the implementation of the Regional Revenue and Expenditure Budget (APBD) of North Morowali Regency using the George C. Edward III policy implementation model which includes communication, resources, disposition, and bureaucratic structure variables. This study uses a descriptive qualitative approach with data collection techniques through in-depth interviews, observations, and documentation studies. Data analysis was conducted using the interactive model of Miles, Huberman, and Saldaña. The results of the study indicate that the implementation of the SBU has not been fully effective. In terms of communication, policy information has not been conveyed evenly, resulting in differences in understanding between regional government agencies (OPDs). In terms of resources, limited staff competency and suboptimal integration of financial information systems have led to errors in budget preparation. In terms of disposition, implementers have resisted, maintaining outdated budget patterns and questioning the adequacy of several cost standards. In terms of bureaucratic structure, fragmentation of authority and weak coordination between units have led to a lack of synchronization in policy implementation. This study concludes that successful implementation of the SBU requires strengthened communication, increased staff capacity, consistent commitment from implementers, and improvements to the bureaucratic structure. These findings provide an empirical contribution to the study of policy implementation within local governments.

Keyword: *General Cost Standard Policy, Regional Revenue, Expenditure Budget*

1. Introduction

Regional financial management is a strategic aspect in strengthening governance, regional development, and the quality of public services. Globally, various countries are implementing public financial management (PFM) reforms to increase transparency, budget effectiveness, and accountability in government spending. Institutions such as the World Bank and the IMF emphasize that a robust fiscal management system is a crucial foundation for reducing budget waste, minimizing corruption, and ensuring public funds are used according to development priorities (World Bank, 2021; Zakharov & Ivanov, 2020). Through this approach, governments are encouraged to implement cost standardization mechanisms to avoid unreasonable spending variations and increase budget consistency. In Indonesia, regional financial management reforms have undergone significant progress following the enactment of Law Number 23 of 2014 concerning Regional Government and Law Number 1 of 2022 concerning Financial Relations between the Central and Regional Governments. These two regulations emphasize that regional governments are required to apply the principles of efficiency, effectiveness, transparency, and accountability in every budgeting cycle.

Furthermore, the central government issued Presidential Regulation Number 33 of 2020 concerning Regional Unit Price Standards (SHSR), which serves as a national reference for regional governments in establishing General Cost Standards (SBU). Meanwhile, Minister of Home Affairs Regulation Number 77 of 2020 provides technical guidelines on how cost standards should be applied in the preparation and implementation of the Regional Budget (APBD). Through these regulations, regional governments are expected to prepare budgets based on reasonable, measurable, and accountable cost calculations. Numerous studies and official reports demonstrate that cost standards play a crucial role in improving the quality of budget planning and execution. Nugroho (2021) emphasized that cost standardization can reduce inconsistencies in the preparation of the Budget Plan (RKA) and narrow the scope for

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budget misappropriation. This aligns with the findings of the Supreme Audit Agency (BPK), which, in its 2023 Audit Report (LHP), noted that most discrepancies in regional budget management occurred due to inaccurate use of cost standards, weak communication between regional government agencies (OPD), and inconsistent application of technical regulations. This situation confirms that the implementation of the SBU is not only a matter of administrative compliance, but also concerns bureaucratic capacity, implementer commitment, and effective cross-agency coordination. At the regional level, North Morowali Regency is one of the regions experiencing rapid development growth, driven by increased industrial activity and investment over the past decade. This dynamic development has increased the complexity of regional budget (APBD) management and the need to ensure that all regional expenditures are based on standardized cost calculations. The North Morowali Regency Government has established a Standard Unit Price (SUP) through Regent's Decree No. 188.45/KEP-B.MU/0253/XI/2023 as a reference in preparing the 2024 budget. Despite the availability of regulations, the implementation of the SBU still faces various technical and administrative obstacles.

Based on research documents and field conditions, the main obstacles lie in four aspects as explained by Edward III's implementation theory: communication, resources, implementer disposition, and bureaucratic structure. In terms of communication, the dissemination of the SBU has not been implemented evenly, resulting in differences in interpretations among regional government agencies (OPDs) regarding provisions on honorariums, official travel, and other cost standards. Cost input errors are not uncommon due to inconsistent understanding. In terms of resources, the competency of civil servants in understanding Presidential Regulation 33/2020 and Minister of Home Affairs Regulation 77/2020 still varies, resulting in some OPDs experiencing difficulties in preparing standardized RKAs. Furthermore, the financial information system infrastructure does not fully support the automatic implementation of cost standards. Regarding the disposition of implementers, there is still a tendency for officials to submit budgets outside the SBU provisions, particularly regarding team honorariums or official travel expenses. This phenomenon reflects a low commitment to compliance and bureaucratic resistance to changes in the budgeting system. A similar finding was found in research by Sri Ifa Nuraeni (2019) and Alisyaputra (2018), which showed that implementer attitudes and organizational structure are dominant factors in the successful implementation of budget policies. On the other hand, the bureaucratic structure of North Morowali Regency, which separates the functions of SBU preparation and budget management, has resulted in fragmented authority.

This condition has the potential to create a lack of synchronization between established cost standards and the technical needs of OPDs in the field. These findings align with Grindle's (1980) view that the success of policy implementation is heavily influenced by the administrative and political context, including institutional capacity, coordination between actors, and the extent to which implementers understand and accept the policy's objectives. Therefore, although the SBU has a strong legal basis and is designed to create efficiency and accountability in budget use, its implementation in North Morowali Regency remains suboptimal and requires in-depth evaluation. Based on these conditions, this study focuses on how the SBU policy is implemented in the implementation of the North Morowali Regency Regional Budget (APBD), what factors support and hinder it, and how this policy affects the effectiveness of regional budget management. Therefore, the formulation of the research problem is: how is the implementation of the General Cost Standard (SBU) policy in the implementation of the APBD in North Morowali Regency?

2. Literature Review

Policy implementation is a critical stage in the public policy cycle because it determines whether policy goals and objectives can be achieved in practice. Pressman and Wildavsky (1973) explain that implementation is a long and complex process involving many actors, procedures, and inter-organizational relationships. This complexity is often the main cause of the gap between planned policies and the results achieved in the field. This shows that the quality of implementation is as important as the quality of the policy formulation itself. In the context of regional financial management, the implementation of the General Cost Standard (SBU) policy is crucial because it is directly related to the consistency, efficiency, and accountability of regional budget (APBD) use.

Edward III's (1980) implementation theory is one of the most widely used conceptual frameworks in public administration studies. Edward III identified four key variables that determine the success of policy implementation: communication, resources, implementer disposition, and bureaucratic structure. Policy communication encompasses the clarity, consistency, and accuracy of information conveyed to implementers. Without effective communication, implementers have the potential to misinterpret policy provisions, leading to variations in implementation practices at the bureaucratic level. O'Toole Jr. (2000) emphasized that modern governments operate within implementation networks, where coordination and communication between units play a crucial role in ensuring policy implementation proceeds as intended.

The second variable, resources, relates to the adequacy of implementing personnel, technical competence, access to information, and support for facilities and infrastructure. Edward III emphasized that even good policies will be ineffective if implementers lack the capacity to translate regulations into operational actions. In the context of SBU implementation, the capacity of officials to understand the technical provisions of Presidential Regulation 33/2020 and Minister of Home Affairs Regulation 77/2020 is crucial for the success of budget preparation. Limited resources also often lead to input errors, inconsistencies in cost standards, and the need for repeated revisions in regional budget documents. The disposition or attitude of implementers is the third variable in Edward III's theory. Lipsky (1980), through the concept of street-level bureaucracy, explains that implementers have discretionary space that allows them to accept, reject, or modify policies based on their experience, perceptions, and interests. When implementers do not fully agree with or lack incentives to comply with regulations, policy implementation can be disrupted. In the context of regional budgeting, resistance can arise in the form of flexible interpretations of cost standards, budget proposals outside the provisions, or a tendency to maintain old practices that are inconsistent with the SBU. Low implementer disposition is often one of the causes of ineffective public policy implementation in many developing countries.

Bureaucratic structure, as the fourth variable, refers to the extent to which a government organization has clear procedures, good coordination flows, and a manageable level of fragmentation. Hill and Hupe (2014) emphasize that bureaucratic structure has a significant impact on the effectiveness of policy implementation, particularly when the policy involves multiple organizational units. Matland (1995) states that policy implementation is heavily influenced by the level of ambiguity and conflict that arise during the implementation process. Organizational structures with weak coordination or overlapping procedures tend to result in inconsistent implementation. In the case of SBU implementation in local governments, the separation of authority between cost standard setters and budget managers often results in coordination gaps that result in inconsistent budget planning and implementation. Overall, Edward III's theory provides a comprehensive conceptual framework for understanding the factors influencing the successful implementation of SBU in the management of the North Morowali Regency Regional Budget (APBD). When combined with other implementation theories such as Pressman and Wildavsky (implementation complexity), O'Toole Jr. (communication in implementation networks), Lipsky (executor discretion), and Matland (ambiguity-conflict model), the theoretical foundation of this study becomes even stronger. The integration of these various theories allows for a more in-depth analysis of how communication, resources, disposition, and bureaucratic structure shape the process of implementing SBU policies at the regional level.

3. Methodology

This study uses a qualitative approach with a descriptive research type to understand the implementation process of the General Cost Standard (SBU) policy in the implementation of the North Morowali Regency Regional Budget (APBD). The qualitative approach was chosen because it is able to explore the meaning, perceptions, and experiences of policy implementers in the local government environment in depth. According to Creswell (2014), a qualitative approach is effective when researchers want to understand social phenomena contextually and examine the dynamics of the policy process that cannot be explained quantitatively. In the context of this study, the implementation of SBU is an administrative phenomenon that requires a deep understanding of communication, resources, disposition of implementers, and bureaucratic structures as explained in Edward III's theory.

Descriptive research is used to provide a systematic overview of how SBU policies are implemented during the regional budget planning and implementation stages. Descriptive research aims not only to explain phenomena but also to analyze the relationships between variables based on a specific theoretical framework. Neuman (2014) emphasized that descriptive research is useful for empirically describing a policy and mapping the factors influencing its implementation. The research was conducted in North Morowali Regency as a location selected purposively (purposive sampling), because this region has established General Cost Standards (SBU) through a Regent's Decree, but its implementation still faces technical and bureaucratic obstacles. The selection of informants also used a purposive technique with the following criteria: (1) parties directly involved in the preparation, management, and implementation of the budget; (2) having knowledge of the SBU and APBD mechanisms; and (3) holding strategic positions in the policy process. Key informants consisted of officials and staff of the BPKAD, the Development Administration Section, OPD budget preparation officials, and other relevant parties. According to Patton (2015), purposive sampling allows researchers to select informants who are most capable of providing comprehensive information regarding the phenomenon being studied.

Data collection techniques were carried out through three main methods: in-depth interviews, observation, and documentation studies. In-depth interviews were conducted in a semi-structured manner so that researchers could explore data as needed, while still providing flexibility for informants. Observations were conducted to understand

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the RKA preparation process, the use of cost standards, and the dynamics of coordination between regional government agencies (OPDs). Documentation was used to collect secondary data, such as the Regent's Decree on SBU, Presidential Regulation 33/2020, Minister of Home Affairs Regulation 77/2020, RKA documents, DPA, and the Audit Board of the Supreme Audit Agency (BPK). The use of these three methods constitutes a form of technical triangulation aimed at increasing data validity. Denzin (2012) states that triangulation is an important strategy in qualitative research to ensure the consistency and accuracy of findings. Data analysis used the interactive model of Miles, Huberman, and Saldaña (2014), which consists of three stages: data condensation, data presentation, and conclusion drawing/verification. Data condensation was carried out by selecting, simplifying, and organizing data from interviews and documents to align with the research focus. Data presentation was carried out through tables, matrices, and narratives that illustrated policy implementation patterns. The final stage was to draw conclusions gradually while conducting verification to ensure that the findings were consistent with the empirical data. This interactive analysis model is suitable for policy research because it can describe the implementation process in depth and systematically. Data validity testing was conducted using source triangulation, technical triangulation, and member checking techniques. Source triangulation was conducted by comparing data from various informants, while technical triangulation was conducted by matching interview, observation, and documentation data. Member checking was conducted by asking informants to re-verify the interview results to ensure the accuracy of the information. Lincoln and Guba (1985) explain that member checking is the most important validation technique in qualitative research to ensure credibility.

4. Results

The implementation of the General Cost Standards (SBU) in North Morowali Regency exhibits diverse dynamics in terms of communication. Interviews revealed that the dissemination of information regarding the SBU has not been carried out evenly and consistently across all regional apparatuses. An informant from the Regional Development Planning Agency (BPKAD) explained that "there are still OPDs that enter the wrong cost standard components because they do not understand the latest regulatory changes." Several staff also admitted to not receiving adequate technical explanations, resulting in doubts about the application of the SBU at the budget preparation stage. This is reinforced by the statement of another informant who said, "sometimes we are confused about distinguishing which costs follow the SBU and which require additional justification." This condition indicates that the transmission of policy information has not been running optimally, resulting in inconsistent understanding among implementers. The implication is that the RKA preparation process still faces irregular interpretations between OPDs, which has the potential to lead to technical errors in the use of cost standards.

In terms of resources, this study found that staff competency in understanding the SBU technical guidelines still varies. Several informants mentioned that there are new staff or employees who do not yet have a thorough understanding of the mechanism for preparing budgets based on cost standards. An informant from the Development Administration Section stated that "there are still many new staff who do not understand the mechanism for preparing budgets based on SBU, so further guidance is needed." Furthermore, limited technological support is also an influential obstacle. The regional financial system is sometimes not fully integrated with the latest SBU updates, requiring officers to perform manual verification, as stated by an informant: "The system sometimes does not automatically read the latest cost standards, so we have to manually check each one." This condition slows the budget preparation process and increases the risk of errors in budget input.

In terms of implementer disposition, there is a tendency for resistance to the strict implementation of the SBU. Several informants revealed that some OPDs still try to maintain old budgeting patterns, not fully adhering to the applicable cost standards. One informant explained that "there are still OPDs that make proposals outside the cost standards, citing last year's habits," indicating that previous bureaucratic habits still influence the work patterns of implementers. Some implementers also believe that some cost standards are too low for technical needs in the field, so there are efforts to make adjustments. This is evident from the informant's statement that "some feel certain cost standards are too low so they try to propose higher ones." This attitude illustrates that the implementation of the SBU is not fully supported by implementer commitment, and indicates a tug-of-war between administrative compliance and practical needs. The bureaucratic structure also plays a significant role in the implementation of the SBU, with research indicating a fragmentation of authority between organizational units. The development administration division (DAU) is responsible for setting cost standards, while its implementation in budget preparation falls under the responsibility of the Regional Development Planning Agency (BPKAD). This has the potential to lead to differences in understanding or interpretation of regulations. An informant from the development division stated that "we in the development division only set cost standards, while the implementation is handled by the BPKAD, so sometimes the understanding is not the same." Furthermore, coordination between regional government agencies

(OPDs) is considered inconsistent, as indicated by another informant's statement that "coordination between OPDs is sometimes slow, delaying the budget finalization process." The segmented organizational structure and inconsistent coordination processes are among the causes of delays and asynchronous implementation of the SBU.

5. Discussion

The research findings indicate that the four variables in the Edward III implementation model significantly influence the effectiveness of SBU implementation in North Morowali Regency. First, the communication constraints identified align with O'Toole Jr.'s (2000) view, which emphasizes that policy implementation in a modern bureaucratic environment requires a clear, stable, and consistent flow of information. The lack of uniformity in understanding among OPDs indicates that communication mechanisms are not functioning optimally, resulting in varying policy interpretations at the implementing level. Second, limited resources, particularly staff competency, reinforce Edward III's (1980) argument that implementation requires adequate implementing capacity. When implementers lack a thorough understanding of technical regulations, implementation is slow and often repetitive. This finding is also consistent with Neuman's (2014) research, which states that human resource capacity is one of the biggest structural barriers to public policy implementation in developing countries.

Third, the disposition of implementers who show resistance to change supports Lipsky's (1980) theory of street-level bureaucracy, where implementers have discretion that influences the quality of implementation. Implementer resistance to certain cost standards suggests that personal preferences and old bureaucratic habits remain inhibiting factors. Fourth, the fragmented bureaucratic structure aligns with Hill & Hupe's (2014) analysis, which emphasizes that the complexity of organizational structures can hinder coordination and result in inconsistent implementation. Fragmentation between cost standard setters and budget implementers leads to a lack of synchronization in the SBU implementation process. Overall, the findings of this study support previous implementation models, including Matland (1995), which emphasizes that policies with high ambiguity and potential conflict between actors tend to result in inconsistent implementation. In the case of North Morowali, ambiguity in the interpretation of the SBU and conflicting interests between implementers reinforce these dynamics.

6. Conclusion

This study shows that the implementation of the General Cost Standard (SBU) in the North Morowali Regency Regional Budget (APBD) has not been optimal because it is still faced with a number of obstacles in four main variables according to Edward III's implementation theory, namely communication, resources, implementer disposition, and bureaucratic structure. In the communication aspect, the dissemination of information regarding changes in cost standards has not been carried out evenly, resulting in differences in understanding between OPDs. The resource aspect also remains an obstacle due to differences in the level of competency of apparatus and limited support from financial information systems that have not been fully integrated with the latest cost standards. In the disposition aspect, implementer resistance was found in the form of a tendency to maintain old budget preparation patterns and disagreements regarding the amount of certain cost standards, so that commitment to the policy has not been fully established. Meanwhile, the segmented bureaucratic structure between cost standard preparers and budget implementers creates a lack of synchronization in policy implementation and hinders coordination between OPDs. Nevertheless, this study also found that local governments are aware of and making improvements, including strengthening outreach, increasing staff capacity, and streamlining internal coordination mechanisms. Therefore, the success of future SBU implementation depends heavily on the ability of local governments to systematically address these obstacles. Effective SBU implementation requires more structured policy communication, increased human resource capacity, consistent commitment from implementers, and improved bureaucratic governance to ensure a more efficient, accountable, and cost-effective budgeting process.

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