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The Effect of Budget Stress, Degree of Fiscal Decentralization, and Expenditure Efficiency Ratio on Budget Implementation

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Abstract

Low budget absorption remains a persistent challenge for provincial governments in Indonesia, raising questions about which fiscal conditions most affect how closely realized expenditure matches planned budgets. This study examines the effect of budget stress, the degree of fiscal decentralization, and the expenditure efficiency ratio on budget implementation among provincial governments in Indonesia during 2022-2023. Using a purposive sampling technique, a total of 72 province-year observations were obtained, and a panel data regression approach, estimated with EViews version 14 under the Fixed Effect Model, was employed to test the hypotheses. The findings indicate that budget stress and the degree of fiscal decentralization do not significantly affect budget implementation, whereas the expenditure efficiency ratio has a positive and significant impact. These results imply that provincial governments should prioritize the expenditure efficiency ratio in executing their regional budgets, ensuring that budget utilization aligns with development priorities, is oriented toward performance targets, and delivers optimal benefits to the public, rather than relying primarily on reducing fiscal pressure or expanding fiscal autonomy.

Keywords

Budget Implementation, Budget Stress, Degree of Fiscal Decentralization, Expenditure Efficiency Ratio.

1. Introduction

Public financial management is a fundamental aspect of good governance, concerning not only the efficient use of public funds but also how government accounts for that use to the public (Sihite, 2024). Public finance serves as the government's primary instrument for achieving national development goals (Suryawardhana & Rosmiati, 2025), and a regional budget encompasses the estimated revenues, expenditures, financing, programs, and activities of local government (Jaroseray et al., 2026). For local governments, budget implementation, defined as the extent to which a local government realizes its total planned expenditure, is the critical phase determining whether development plans are executed according to their intended targets (Rakhman, 2019; Iwan & Arisman, 2023).

Low regional budget absorption remains a persistent problem in Indonesia. Toward the end of the 2022 fiscal year, IDR 278 trillion in regional budget funds remained unspent in bank accounts, indicating that local governments continue to struggle to execute expenditures as planned (KPPOD, 2022). Such shortfalls in budget absorption are commonly linked to fiscal pressure, limited financial autonomy, and weak expenditure control, which this study examines through three specific factors: budget stress, the degree of fiscal decentralization, and the expenditure efficiency ratio (Chapman, 1999).

Fiscal distress literature shows that resource scarcity constrains a local government's capacity to carry out its planned programs (Hendrick, 2004; Gorina et al., 2018). Shi and Varuzzo (2020) find that local governments successfully navigating budget stress tend to adjust tax policy and improve service quality, while Tehupuring (2021) and Zaharani et al. (2026) report that budget stress significantly reduces budget absorption. Suryani and Windijarto (2023) similarly show that locally-generated revenue, balancing transfers, and personnel and goods expenditure shape the degree of fiscal stress experienced by local governments in Indonesia.

The degree of fiscal decentralization, reflecting a local government's capacity to fund its functions through locally-generated revenue (*Pendapatan Asli Daerah*/PAD), has likewise produced mixed evidence. Saputra and Mahmudi (2012) find that fiscal decentralization can destabilize macroeconomic conditions when not matched by adequate coordination, whereas Setiawan et al. (2026) report a positive effect on budget absorption performance. Seifert and Li (2015) and Astriana and Khoirunurrofik (2024) add that the effect of the degree of fiscal decentralization on provincial public finances and governance performance in Indonesia depends heavily on how revenue and expenditure authority are structured, while Syafri et al. (2024) and Pabayo (2025) show that fiscal independence itself varies widely across districts and is shaped by intergovernmental transfers.

Expenditure efficiency ratio, measured as the comparison between actual and budgeted expenditure (Mahmudi, 2019), is the third factor of interest. Ramazana et al. (2026) find that the expenditure efficiency ratio positively affects budget absorption. This is consistent with Rambe et al. (2020) and Iskandar and Saragih (2019), who show, using Data Envelopment Analysis, that local governments vary substantially in how efficiently they convert expenditure into public service outputs, and with Sugiyarto et al. (2025), who find that closing this efficiency gap is particularly relevant for economically lagging districts.

Despite this body of evidence, Pattiasina et al. (2023) and Elita et al. (2026) note that research on budget implementation in Indonesia has largely examined administrative and procedural obstacles in isolation, leaving the combined influence of fiscal pressure, fiscal autonomy, and expenditure efficiency ratio on provincial-level budget implementation comparatively underexplored, particularly following

the expansion of Indonesia's provinces and under the most recent fiscal years. This gap motivates the present study.

Based on this background, this study examines the effect of budget stress, the degree of fiscal decentralization, and the expenditure efficiency ratio on budget implementation among provincial governments in Indonesia during the 2022-2023 period. Using panel data regression on 72 observations drawn via purposive sampling, this study contributes empirical evidence on how fiscal pressure, fiscal autonomy, and expenditure efficiency ratio jointly shape provincial budget implementation in Indonesia's most recent provincial configuration, an angle not yet addressed by prior single-factor studies.

2. Literature Review and Hypothesis Development

2.1. Agency Theory

Agency theory, developed by Jensen and Meckling (1976), describes the contractual relationship between a principal and an agent, in which the principal delegates authority to the agent to perform specific tasks. In the context of local government, the public can be viewed as the principal, while the local government acts as the agent entrusted with the mandate to manage public resources, formulate budgets, and execute development programs in the public interest. This relationship can create conflict because local governments have more comprehensive information about financial conditions, program execution, and budget utilization than the public, which can lead to information asymmetry and divergent interests.

Abdullah and Halim (2006) argue that this principal-agent relationship creates clear opportunities for budgeting and accounting research in Indonesian local government, since the local government's informational advantage over the public and the central government can be exploited unless adequately monitored. Pamungkas et al. (2019) extend this argument empirically, showing that weak oversight and accountability mechanisms, explained through agency theory, are associated with more frequent audit findings in Indonesian district government financial statements. Building on this view, budget implementation functions as a key benchmark for assessing how effectively, efficiently, and accountably a local government discharges its agency mandate.

Within this framework, information asymmetry between the agent and the principal is considered a central source of budgetary inefficiency, since the local government retains discretion in allocating resources without full transparency in how allocations translate into realized expenditure (Jensen & Meckling, 1976). The following subsections apply this agency perspective to examine how budget stress, the degree of fiscal decentralization, and the expenditure efficiency ratio relate to budget implementation among provincial governments in Indonesia, culminating in three hypotheses tested in this study. Each hypothesis reflects a distinct channel through which resource conditions and financial management capacity can either reinforce or constrain a provincial government's ability to fulfill its mandate as an agent of the public.

2.2. Budget Stress and Budget Implementation

Budget stress refers to a fiscal condition in which local government revenue is low while expenditure continues to rise (Chapman, 1999). According to agency theory, local governments, as agents, manage public resources and execute budgets in line with established targets. Budget stress arises when available financial resources are limited while local governments simultaneously face substantial spending demands and performance targets, which complicates the process of setting program priorities, meeting financing needs, and implementing activities as planned.

Hendrick (2004) and Gorina et al. (2018) explain that the greater the resource scarcity a local government experiences, the higher the likelihood of encountering

obstacles during budget implementation, since fiscal distress constrains the funding, staffing, and administrative capacity needed to execute planned activities. In other words, limited resources may delay program implementation, require adjustments to expenditure allocations, or result in failure to meet budget realization targets. Conversely, lower budget stress provides local governments with more flexibility to carry out programs according to their original plans.

Shi and Varuzzo (2020) indicate that local governments that successfully navigate budget stress often adjust local tax policies and development incentives while also improving the quality of public services. Tehupuring (2021) finds that budget stress can hinder budget implementation. Zaharani et al. (2026) demonstrate that budget stress has a significant negative impact on budget absorption, as higher fiscal pressure leads to reduced effectiveness in budget execution. Suryani and Windijarto (2023) further show that locally generated revenue, balancing transfers, and personnel and goods expenditure are key determinants of the degree of fiscal stress experienced by local governments in Indonesia, reinforcing the relevance of this factor for the provincial context examined here.

H1: Budget stress has a negative effect on budget implementation.

2.3. Degree of Fiscal Decentralization and Budget Implementation

Degree of Fiscal decentralization grants local governments the authority to manage financial resources according to their needs and development priorities, strengthening local governance and fostering regional economic growth (Wahyudi et al., 2023). The degree of fiscal decentralization reflects a local government's capacity to finance its administrative functions through locally-generated revenue (*Pendapatan Asli Daerah*/PAD). A higher degree of fiscal decentralization therefore implies a greater contribution of PAD to local government revenue, offering greater potential for financial autonomy. A high degree of fiscal decentralization can strengthen budget implementation, as local governments gain greater discretion in determining spending priorities and financing planned programs, while reduced reliance on external funding provides flexibility in allocating resources to local needs. Such conditions facilitate the smooth execution of programs and activities while enhancing the local government's ability to realize its budget optimally. Mahi and Supriyanti (2019) explain that when local governments possess significant fiscal capacity, they become more responsive to their citizens.

Seifert and Li (2015) demonstrate that the effect of the degree of fiscal decentralization on provincial public finances in Indonesia depends on the allocation of revenue and expenditure authority, while Astriana and Khoirunurrofik (2024) find that the degree of fiscal decentralization strengthens district and city governance performance when measured through both revenue and expenditure dimensions. These findings suggest that local governments are encouraged to optimize own-source revenue and allocate expenditures to deliver tangible public benefits. A higher degree of fiscal decentralization can therefore enhance budget implementation through greater funding capacity and financial flexibility. Similarly, Setiawan et al. (2026) find that fiscal decentralization positively and significantly affects local budget absorption, indicating that greater reliance on own-source revenue provides more fiscal space to implement planned programs. However, Syafri et al. (2024) highlight variations in regional fiscal independence, largely influenced by intergovernmental transfers relative to locally generated revenue. Pabayo (2025) further shows that dependence on central transfers can constrain the regional fiscal autonomy that fiscal decentralization seeks to promote.

H2: The degree of fiscal decentralization has a positive effect on budget implementation.

2.4. Expenditure Efficiency Ratio and Budget Implementation

Efficiency is a crucial principle emphasizing the optimal use of resources to produce outputs in line with established objectives. Local governments are expected to manage their budgets efficiently, ensuring that available financial resources support the implementation of development programs and activities. The expenditure efficiency ratio reflects a local government's capacity to control spending and use financial resources appropriately, in accordance with governance requirements. Mahmudi (2019) explains that the expenditure efficiency ratio compares actual expenditure with budgeted expenditure.

Rambe et al. (2020) and Iskandar and Saragih (2019) use Data Envelopment Analysis to show that local governments in Indonesia vary considerably in how efficiently they convert budgeted expenditure, particularly on personnel, goods, and capital items, into measurable public service outputs such as health and education outcomes. Efficient expenditure management supports effective budget implementation by enabling local governments to allocate resources more purposefully, reduce unproductive spending, and prioritize programs that deliver tangible public benefits. Sound expenditure control also helps local governments align budget planning with execution.

Furthermore, the expenditure efficiency ratio indicates the quality of local financial management, since local governments that control spending and optimize resource use are better positioned to sustain program implementation without incurring budgetary waste. Sugiyarto et al. (2025) show that closing this efficiency gap is especially relevant for economically lagging districts, where limited administrative capacity often widens the distance between budgeted and realized expenditure outcomes. Ramazana et al. (2026) indicate that the expenditure efficiency ratio has a positive and significant impact on budget absorption, suggesting that efficient expenditure management can contribute to higher levels of local budget realization. Based on this discussion, it is expected that greater efficiency in expenditure management will lead to improved budget implementation, consistent with the hypothesis formulated below:

H3: Expenditure efficiency ratio has a positive effect on budget implementation.

Figure 1 presents the conceptual framework guiding this study. Budget stress, the degree of fiscal decentralization, and the expenditure efficiency ratio are positioned as the three independent variables, each linked by an arrow to budget implementation as the dependent variable, labeled according to their hypothesized direction of effect. Budget stress is connected to budget implementation through H1, hypothesized as negative, while the degree of fiscal decentralization and the expenditure efficiency ratio are each connected through H2 and H3, both hypothesized as positive. This framework reflects the agency-theory perspective adopted in this study, in which resource conditions, fiscal autonomy, and expenditure management capacity jointly determine a provincial government's ability, as agent, to implement its budget in line with the interests of the public as principal.

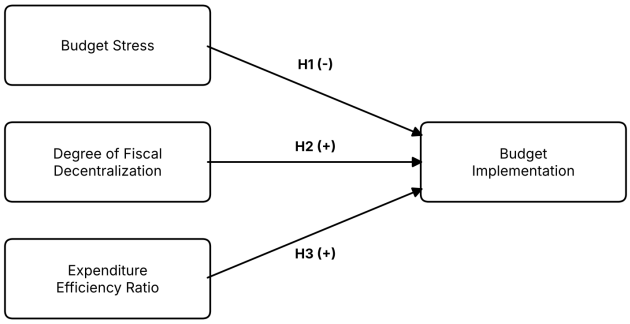


Figure 1. Conceptual Framework

3. Methods

This study uses secondary panel data from the official website of the Directorate General of Fiscal Balance (Direktorat Jenderal Perimbangan Keuangan/DJPK), available at www.djpk.go.id. The population consists of all provincial governments in Indonesia during the 2022-2023 period. A purposive sampling technique was employed to determine the final sample, with the criterion that the complete set of financial data required for measuring each variable must be available for the province in the given fiscal year. In 2022, Indonesia had 34 provinces, while four additional provinces were established in 2023, bringing the total number of province-year observations in this study to 72. All 72 observations met the purposive sampling criteria, since the data required for every variable in this study were fully available for each province-year unit.

Table 1. Definition and Measurement of Variables

Definition of Variables	Measurement	Scale
Budget Implementation: The status of a local government, as indicated by the ratio of total realized expenditure to the total local government budget (Rakhman, 2019).	Realization of Expenditure / Budget of Expenditure x 100% (Rakhman, 2019)	Ratio
Budget Stress: A regional fiscal situation in which local government revenue is low while regional expenditure is increasingly high (Chapman, 1999).	(Revenue - Expenditure) / Expenditure x 100% (Boukari & Veiga, 2018)	Ratio
Degree of Fiscal Decentralization: Comparison between the amount of locally-generated revenue and total regional receipts (Mahmudi, 2019).	Realization of PAD / Realization of Revenue x 100% (Mahmudi, 2019)	Ratio
Expenditure Efficiency Ratio: Compares actual expenditure with the expenditure budget (Mahmudi, 2019).	Realization of Expenditure / Realization of Revenue x 100% (Mahmudi, 2019)	Ratio

Hartono (2013) explains that defining a concept operationally involves describing an object's characteristics in terms of observable elements, allowing the concept to be measured in a research context. Following this principle, budget implementation is measured as the ratio of total realized expenditure to the total regional government budget, while budget stress is measured as the difference between revenue and expenditure relative to expenditure. Fiscal decentralization is measured as the ratio of realized locally generated revenue to realized total regional revenue, and expenditure efficiency is measured as the ratio of realized expenditure to the expenditure budget. Table 1 presents the definitions and measurements of all four variables, along with their sources.

This study uses a panel data regression approach, estimated in EViews version 14. Prior to hypothesis testing, the Chow test, the Lagrange Multiplier test, and the Hausman test were conducted sequentially to determine the most appropriate estimation model among the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). Because the selected model exhibited evidence of heteroskedasticity, this study applies only a heteroskedasticity test rather than the full classical assumption test battery typically used in cross-sectional regression. The heteroskedasticity test employs the Huber-White-Hinkley method to correct the estimated standard errors, and this study directly utilizes these corrected outputs as the final results for hypothesis testing (Ratmono & Sholihin, 2017).

4. Results

This study examines the influence of budget stress, the degree of fiscal decentralization, and the expenditure efficiency ratio on budget implementation among provincial governments in Indonesia. This study covers all provincial governments in Indonesia for the 2022-2023 period, using purposive sampling that yields 72 province-year observations. Before testing the three hypotheses, descriptive statistical values are required to characterize the overall distribution of each variable across these observations, as presented in Table 2.

Based on Table 2, the budget implementation variable has a minimum value of 4.405, a maximum value of 47.706, a mean of 32.664, and a standard deviation of 7.820. This relatively wide range, spanning roughly 43 percentage points between the lowest and highest observed values, indicates that provincial governments in Indonesia differ considerably in how closely their realized expenditure matches their budgeted expenditure during 2022-2023. The budget stress variable has a minimum value of -24.133, a maximum value of 8.368, a mean of -5.288, and a standard deviation of 6.352, suggesting that, on average, provincial revenue fell short of expenditure. However, some provinces still recorded a positive fiscal balance.

The degree of fiscal decentralization variable has a minimum value of 0.038, a maximum value of 100, a mean of 44.896, and a standard deviation of 20.536, reflecting a substantial gap between provinces that remain almost entirely dependent on central government transfers and the one province able to finance its entire revenue through locally generated sources. Finally, the expenditure efficiency ratio variable has a minimum value of 13.097, a maximum value of 106.490, a mean of 77.871, and a standard deviation of 16.971, indicating that most provinces realize the majority of their budgeted expenditure. However, a small number of observations exceed their original expenditure budget. Across all four variables, the descriptive statistics suggest the sample captures meaningful cross-provincial variation, supporting the use of panel data regression to examine their relationship.

Table 2. Descriptive Statistics

Description	Budget Implementation	Budget Stress	Degree of Fiscal Decentralization	Expenditure Efficiency Ratio
Min.	4.405	-24.133	0.038	13.097
Maximum	47.706	8.368	100	106.490
Mean	32.664	-5.288	44.896	77.871
Std. Deviation	7.820	6.352	20.536	16.971
Obs.	72	72	72	72

This study conducts a series of pairwise model selection tests to determine the most appropriate panel data regression model. These tests are necessary because panel data can be estimated using the CEM, the FEM, or the REM, each of which

rests on different assumptions about unobserved heterogeneity across provinces. The results of these pairwise tests are presented in Table 3.

The Chow test results show a cross-section F-statistic probability of 0.000, which is below the 0.05 significance level, so the null hypothesis is rejected in favor of the FEM over the CEM. This result indicates that treating each province as having an identical intercept, as the CEM assumes, does not adequately capture the structural differences in budget implementation across Indonesian provinces. The Lagrange Multiplier test yields a Breusch-Pagan probability of 0.0297, which is below 0.05, indicating that the REM is more appropriate than the CEM because province-specific variation in the error term cannot be ignored. The Hausman test yields a cross-sectional random probability of 0.000, below the 0.05 significance level, so the null hypothesis is rejected and the FEM is more appropriate than the REM, as unobserved province-specific effects are correlated with the independent variables. Across all three pairwise tests, the FEM consistently emerges as the most suitable estimation approach for this study.

Table 3. Paired Test Results

Test	Statistics	Results
Chow Test	Cross-section F (Sig.)	0.000
	Information	FEM
Lagrange Multiplier Test	Breusch-Pagan (Sig.)	0.0297
	Information	REM
Hausman Test	Cross-Section Random (Sig.)	0.000
	Information	FEM
Conclusion		FEM

Following these pairwise tests, this study tests the three hypotheses using the FEM. Table 4 presents the regression results and overall model fit statistics. The F-test result is significant at 0.000, and the adjusted R-squared value is 88.3 percent, indicating that the three independent variables jointly explain a substantial proportion of the variation in budget implementation among the sampled provinces. This high adjusted R-squared value suggests that, although not all three variables are individually significant, the overall regression model fits the panel data well.

Table 4. Hypothesis Test Results

Independent Variable	Coef.	t-statistics	Prob.	Conclusion
Constant	26.262	7.689	0.000	
Budget Stress	0.046	0.469	0.642	Not Supported
Degree of Fiscal Decentralization	-0.012	-0.253	0.801	Not Supported
Expenditure Efficiency Ratio	0.092	2.592	0.014	Supported

Note: The F-test result (Sig.) is 0.000, and the adjusted R-squared value is 88.3%.

The test results for H1 show that budget stress has a coefficient of 0.046, a t-statistic of 0.469, and a probability of 0.642, which exceeds the 0.05 significance threshold. This indicates that budget stress does not have a significant effect on budget implementation, so H1 is not supported. The near-zero coefficient also suggests that, even where a relationship exists, the practical magnitude of budget stress's effect on budget implementation is negligible in this sample.

The test results for H2 show that the degree of fiscal decentralization has a coefficient of -0.012, a t-statistic of -0.253, and a probability of 0.801, which also exceeds 0.05. This indicates that fiscal decentralization does not significantly affect budget implementation, so H2 is not supported. As with budget stress, the coefficient is close to zero, indicating that variation in fiscal decentralization corresponds to

only a marginal change in budget implementation within the sample's observed range.

The test results for H3 show that the expenditure efficiency ratio has a coefficient of 0.092, a t-statistic of 2.592, and a probability of 0.014, which is below the 0.05 significance threshold. This indicates that the expenditure efficiency ratio has a positive and significant effect on budget implementation, so H3 is supported. Unlike the coefficients for budget stress and fiscal decentralization, this coefficient is statistically significant and directionally consistent with the hypothesized relationship, indicating that provinces that manage expenditure more efficiently tend to realize a correspondingly higher proportion of their planned budget.

Across the three hypotheses, only the expenditure efficiency ratio is empirically linked to budget implementation among the 72 province-year observations examined in this study. Budget stress and the degree of fiscal decentralization, by contrast, do not exhibit a statistically significant relationship with budget implementation within this sample. The following section discusses these patterns in greater detail, along with their theoretical implications.

5. Discussion

These findings indicate that budget stress does not have a significant effect on budget implementation, so H1 is not supported. This suggests that budget stress is not the primary determinant of budget implementation among local governments, since high budget stress does not necessarily hinder implementation when planning and financial management mechanisms are adequate, while low budget stress does not automatically guarantee optimal execution. Budget execution instead appears to depend more on administrative procedures, regulations, and organizational capacity than on the fiscal pressure captured by this variable alone. This finding contradicts Tehupuring (2021), who suggested that budget stress diminishes budget implementation. However, it aligns with Gorina et al. (2018), who argue that fiscal distress affects local governments differently depending on their institutional capacity to absorb financial shocks.

The degree of fiscal decentralization does not have a significant effect on budget implementation, so H2 is not supported. Although higher fiscal decentralization may reflect greater fiscal capacity and regional autonomy, fiscal autonomy alone does not guarantee optimal budget implementation unless it is accompanied by high-quality planning, precise expenditure allocation, and adequate human resource capacity. This suggests that variation in fiscal autonomy among provincial governments does not necessarily translate into differences in their capacity to execute budgets, consistent with Seifert and Li (2015), who find that the effect of the degree of fiscal decentralization on provincial finances in Indonesia depends on how revenue and expenditure authority are structured. This study also contrasts with Setiawan et al. (2026), who found that the degree of fiscal decentralization positively affects budget absorption performance, suggesting that the relationship between fiscal autonomy and budget execution may vary across contexts and time periods.

The expenditure efficiency ratio has a positive and significant effect on budget implementation, so H3 is supported. Efficient expenditure management enables local governments to allocate resources more precisely, reduce unproductive spending, and improve program implementation, which explains why this variable, unlike budget stress and fiscal decentralization, shows a clear empirical link to budget implementation in this sample. This finding is consistent with Ramazana et al. (2026) and Rambe et al. (2020), whose efficiency measurements likewise indicate that local governments that control expenditure tend to achieve stronger budget execution outcomes. The expenditure efficiency ratio therefore appears more directly and consistently relevant than fiscal pressure or fiscal autonomy among provincial governments in Indonesia during the 2022-2023 period.

These findings carry an important implication for how agency theory is applied to provincial budget implementation in Indonesia: resource conditions and fiscal autonomy alone are insufficient to explain whether a local government, as agent, fulfills its mandate to the public. Expenditure management capacity appears to be the more decisive channel through which a provincial government converts available resources into realized programs. This implication is particularly relevant because the adjusted R-squared of 88.3 percent indicates a well-fitting model overall, even though only one of the three hypothesized relationships is statistically significant. Provincial governments are therefore encouraged to prioritize strengthening the expenditure efficiency ratio, rather than relying primarily on reducing fiscal stress or expanding fiscal autonomy, as the more direct lever for improving budget implementation.

6. Conclusion

This study examines the influence of budget stress, the degree of fiscal decentralization, and the expenditure efficiency ratio on budget implementation among provincial governments in Indonesia during 2022-2023, using a panel data regression approach applied to 72 purposively sampled province-year observations. The results show that budget stress and the degree of fiscal decentralization do not have a significant effect on budget implementation, whereas the expenditure efficiency ratio has a positive and significant impact. From an agency theory perspective, these findings suggest that a provincial government's capacity to fulfill its mandate as an agent of the public depends less on the level of fiscal pressure or fiscal autonomy it faces, and more on how efficiently it manages and utilizes the financial resources already available to it.

These findings carry both theoretical and practical implications. The results indicate that agency theory, when applied to provincial budget implementation, must account for organizational capacity and expenditure management quality, not merely funding conditions, in explaining how agents discharge their mandate to the public. Provincial governments are encouraged to strengthen expenditure evaluation, reduce unproductive spending, and improve the precision of resource allocation, while still anticipating potential gaps between available resources and expenditure requirements and pursuing improvements in locally generated revenue management, even though these latter two factors did not show a significant effect in this sample. This study is limited by its use of only three independent variables, a relatively short two-year observation period, and purely quantitative indicators that cannot capture qualitative aspects of budget implementation such as administrative coordination and decision-making processes. Future research should extend the observation period, incorporate additional explanatory factors such as institutional capacity and governance quality, and consider qualitative approaches to better capture the mechanisms underlying provincial budget implementation in Indonesia.

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