

SWOT Analysis of Digitalization Implementation in Verification Processes on the Effectiveness of Financial Management in Tojo Una-Una Regency

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ABSTRACT

This study evaluates the impact of digitalization of the verification process on the effectiveness of financial management using a SWOT analysis. A qualitative descriptive method involving case studies, in-depth interviews, participatory observation, and documentation was employed to explore the strengths, weaknesses, opportunities, and threats of implementing a digital system. The results indicate that the "aksi-BPKAD" innovation can accelerate processes, and enhance transparency and accountability in regional financial management. implementing these recommendations, it is hoped that the "aksi-BPKAD" innovation can be fully optimized to improve regional financial management in Tojo Una-Una Regency.

Keywords: Digital Verification, Regional Financial Effectiveness, Financial Management

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1. INTRODUCTION

The era of the Industrial Revolution 4.0 and Society 5.0 brings new challenges and opportunities for the government sector, particularly in regional financial management. Digitalization has become a necessity across various sectors, including finance, which is increasingly moving towards a cashless society concept. This transformation is reinforced by the emergence of financial technology (fintech) as a payment tool and the ideas of the Society 5.0 era, where advanced technologies like artificial intelligence (AI) and the Internet of Things (IoT) are integrated into daily life to improve public service efficiency and effectiveness. In this context, the Regional Financial and Asset Management Agency (BPKAD) of Tojo Una-Una Regency is required to adapt to these changes to achieve good governance and clean government.

BPKAD Tojo Una-Una Regency, as a regional apparatus responsible for managing regional finances and assets, plays a crucial role in ensuring the orderliness and timeliness of financial functions. According to Tojo Una-Una Regency Regulation No. 20 of 2021, BPKAD is mandated to provide technical guidance, coordinate, and control the implementation of technical policies in regional financial and asset management. Over the past few years, BPKAD has consistently met the targets set out in the Regional Medium-Term Development Plan (RPJMD), reflecting its commitment and consistency in achieving expected performance.

However, in facing this increasingly digital era, BPKAD encounters several challenges, particularly related to delays in issuing Payment Orders (SP2D). These delays are generally caused by the conventional verification process of expenditure accountability reports and limited human resources. This situation not only hampers administrative processes but also diminishes the quality of services to regional apparatus and the general public. As part of efforts to enhance transparency and accountability, regional financial management must be supported by an effective and integrated information system, as

mandated by Law No. 23 of 2014 and the Minister of Home Affairs Regulation No. 70 of 2019 on the Regional Government Information System (SIPD).

Given BPKAD's vital role in managing regional finances efficiently and accountably, innovation is needed to address these challenges by accelerating the verification and fund disbursement processes through digital technology. This innovation should also enhance efficiency and accuracy in financial reporting, in line with the objectives of the Government Internal Control System (SPIP) as regulated in Government Regulation No. 60 of 2008. BPKAD is expected to improve regional financial management performance, strengthen oversight, and ensure compliance with existing regulations, thereby supporting sustainable and better regional development.

This study is designed to identify and analyze how the implementation of digital verification processes at BPKAD Tojo Una-Una Regency affects the effectiveness of regional financial management. The research question raised is how the strengths, weaknesses, opportunities, and threats (SWOT) related to the digitalization of the verification process can influence the efficiency, transparency, and accountability of regional financial management. The study aims to explore and understand the impact of digitalization on improving BPKAD's performance and to provide strategic recommendations to optimize the implementation of digitalization to achieve more effective and efficient regional financial governance.

2. RESEARCH METHODS

This study uses a qualitative descriptive approach. Qualitative descriptive research aims to collect actual and detailed information, identify problems, make comparisons or evaluations, and determine what others have done in dealing with similar problems and learn from their experiences to set future plans and decisions (Suyanto & Sutinah, 2006). This method allows researchers to explore existing phenomena in-depth and comprehensively and gain a better understanding of the public management context applied at BPKAD.

Through a case study, researchers can identify and analyze factors affecting the effectiveness of regional financial management. The research subjects are BPKAD Tojo Una-Una Regency employees directly involved in the verification and regional financial management process. They cover various job levels, from division heads to staff involved in digitalization implementation. The research location is the BPKAD office in Tojo Una-Una Regency, where the digitalization process is applied.

Data collection techniques include: (1) In-Depth Interviews: Interviews were conducted with key employees at BPKAD, including division heads, sub-division heads, and staff directly involved in the verification and financial management processes. These interviews aim to explore their views, experiences, and perceptions of digitalization implementation and the challenges faced. (2) Participatory Observation: The researcher conducted participatory observation to directly understand how the digitalization process is implemented at BPKAD. (3) Documentation: The researcher also collected secondary data from official BPKAD documents such as SOPs, annual reports, and policies related to digitalization.

SWOT analysis is a comprehensive assessment of a company's strengths, weaknesses, opportunities, and threats (Kotler & Armstrong, 2008:64). In other words, SWOT is used to assess the strengths and weaknesses of a company's resources and the external opportunities and challenges it faces (Hartono, 2005:46). According to Sitti Aminah et al. (2019), the data analysis used in SWOT analysis provides a descriptive picture for several stakeholders to make decisions about current or future internal and external quality facilities, and the metrics used to evaluate management success in realizing its vision. This aligns with SWOT analysis based on the New Public Management concept introduced by Richard Osborne and Gaebler (1992). This approach emphasizes efficiency, innovation, and results orientation in

public sector management, which is relevant to issues in regional financial management and the untimely issuance of SP2D.

The SWOT analysis method involves the following steps: (1) Data Reduction: Data collected from interviews, observations, and documentation is reduced to focus on information relevant to strengths, weaknesses, opportunities, and threats in implementing digitalization at BPKAD. (2) Data Categorization: The reduced data is then categorized according to the four main components in SWOT analysis: strengths, weaknesses, opportunities, and threats. (3) SWOT Matrix:

- Strengths: Result-oriented, technological innovation, accountability approach, adaptability.
- Weaknesses: Rigidity of bureaucracy, limited HR competencies, resistance to change.
- Opportunities: Market approach in public management, decentralization and autonomy, increased training and HR development.

Threats: Unpredictable policy changes, cybersecurity risks

3. RESULTS AND DISCUSSION

The "aksi-BPKAD" innovation is a breakthrough designed to address various challenges in regional financial management in Tojo Una-Una Regency, which has been considered lacking. The previous fund disbursement process was slow and required many manual steps, while this innovation introduces workflow automation and integration to accelerate fund disbursement. Additionally, errors frequently occurring due to manual procedures can be significantly reduced with improved automated monitoring and validation systems. Moreover, this innovation provides a visualization monitoring link that facilitates real-time access to disbursement data, enhancing transparency and accountability in financial reporting, which was previously done manually. The limited supervision and accountability of actual conditions are also addressed with a web-based fund disbursement tracking system, making audit and evaluation processes easier and ensuring every transaction can be monitored in real-time. Therefore, the "aksi-BPKAD" innovation not only increases efficiency and accuracy in financial management but also builds public trust through improved transparency and accountability, aligning with the roadmap for strengthening the Regional Information System (Sida) for 2024-2028.

SWOT Analysis for the "aksi-BPKAD" Innovation Strengths (S): The "aksi-BPKAD" innovation offers various advantages in the regional financial management process. With electronic verification, accountability becomes faster and more efficient, reducing reliance on manual procedures that are prone to errors and delays. The system allows for better oversight by the internal government auditor (APIP) and related agencies, thus increasing transparency and accountability. Additionally, the application supports integration with other platforms like SIPD, creating a more coordinated and comprehensive workflow. This will speed up the SP2D issuance process, support compliance with SOPs, and increase user trust due to real-time data access, greater transparency, and support for accelerating the preparation of Regional Government Financial Reports. This aligns with Nasrun Naida et al. (2023), stating that the implementation of the regional government information system positively impacts the quality of financial reports.

Weaknesses (W): Despite the many benefits of this innovation, several weaknesses must be considered. One main weakness is the reliance on technology and the readiness of human resources to operate this new application. Intensive training may be needed to ensure all parties understand and can effectively use the system. Additionally, there is a potential risk of data security, especially since this system accesses sensitive information related to regional finances. Budget constraints and adequate technological infrastructure could also challenge initial implementation.

Opportunities (O): With the increasing need for transparency and efficiency in regional financial management, the "aksi-BPKAD" innovation has significant potential to be

more widely adopted in various regions. A more efficient and transparent system can become a best practice example other local governments follow.

Threats (T): Threats that could impact the success of this innovation include resistance to change from parties accustomed to old procedures and concerns about data security and privacy. Additionally, unforeseen policy changes or new regulations could impact the continued use of this application. Maintenance and infrastructure costs could also challenge the long-term sustainability of this innovation.

4. CONCLUSION

The SWOT analysis of the "aksi-BPKAD" innovation shows that digital verification of financial documents positively impacts the effectiveness of regional financial management, particularly in accelerating fund disbursement and enhancing transparency and accountability. However, to optimize the benefits, adequate preparation and mitigation of potential risks are required, such as training, infrastructure development, and cybersecurity measures. It is also crucial to involve all relevant parties, both internal and external, in the planning and implementation stages to ensure the successful adoption of this innovation.

Recommendations Based on the SWOT analysis results, the following strategic recommendations can be made:

- 1) Strengthen Training Programs: Increase training programs for BPKAD employees to improve skills and readiness in operating digital applications.
- 2) Enhance Data Security: Implement robust data security measures to protect sensitive financial information.
- 3) Establish Clear Policies and Procedures: Develop comprehensive policies and procedures that support the use of digital applications in financial management.
- 4) Encourage Involvement of All Parties: Involve all relevant parties, both internal and external, in planning and implementing the application.
- 5) Monitor and Evaluate Continuously: Conduct regular monitoring and evaluation to ensure the application runs effectively and efficiently.

By implementing these recommendations, it is hoped that the "aksi-BPKAD" innovation can be fully optimized to improve regional financial management in Tojo Una-Una Regency.

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