

EFFECT OF THE EFFECTIVENESS AND PERFORMANCE-BASED DEVELOPMENT BUDGET COMMITMENT TO THE ORGANIZATION MANAGERIAL PERFORMANCE (Research at the City of Bandung Indonesia)

Aneu Kuraesin RS
STIE Ekuitas Bandung, Jl P.H.H.Mustopa.No.31 Bandung – Indonesia
Email: aneukuraesin@gmail.com

ABSTRACT

This study aims to examine the effect of the effectiveness of performance-based budgeting and organizational commitment on managerial performance in the City of Bandung. The population of this study is the Local Government Unit of Bandung, while the data collection process conducted by using questionnaires. Questionnaires were distributed to 35 SKPD in the City of Bandung. Data processing is done using path analysis (path analysis). The analysis showed that (1) the effectiveness of performance-based budgeting can improve the organization's commitment to the Government of Bandung, (2) the effectiveness of performance-based budgeting can improve managerial performance in the City of Bandung, and (3) the effectiveness of performance-based budgeting and organizational commitment together to improve managerial performance.

Keywords: effectiveness of performance-based budgeting, organizational commitment, and managerial performance.

INTRODUCTION

In the law 17 of 2003 on financial management is about performance-based budgeting has been implemented in the public sector organizations, but in the implementation of the results are still not appropriate especially in terms of performance. That is because a variety of assessment indicators, from the audit of financial statements both central and local government in 2007-2009 in the Report of the Ministry of Finance Institutions (LKKL) as supporters of Government Financial Statements (Audited) examination results are very significant, more evident in the following table :

Table 1.1 Opinion developments over LKKL Year 2007-2009

LKKL	OPINION								TOTAL
	WTP	%	WDP	%	TW	%	TMP	%	
YEAR 2007	15	19%	31	39%	1	1%	33	41%	80
YEAR 2008	34	41%	30	37%	0	0%	18	22%	82
YEAR 2009	44	57%	26	33%	0	0%	8	10%	78

Sources: LHPS 1 OF 2010, (CPC, 2010) AS OF July 31, 2010

In general, the table above shows that from year to year, CPC opinion LKKL there is a tendency towards improvement in the quality of financial reporting. It can be seen from the increase in the number of ministries / agencies (KL) central government obtain WTP while on the other side of this table also shows the trend of reduction in the number of financial reports are received opinion KL 'Not Giving Opinions (TMP) by the CPC.

While the above opinions CPC examination Local Government Finance Report (LKPD) for the years 2007-2009 are presented in Table 1.2 below:

Table 1.2 Opinion recapitulation above LKPD Year 2007-2009

LKPD	Opinion								total
	WTP	%	WDP	%	TW	%	TMP	%	
Year 2007	4	1%	283	60%	59	13%	123	26%	469
Year 2008	12	3%	324	67%	31	6%	116	24%	483
Year 2009	14	4%	259	74%	30	9%	45	13%	348

Sources: LHPS 1 of 2010 (CPC, 2010) by July 31, 2010

Of some of the conditions which have been disclosed to indicate that the performance of public sector organizations both central and local governments have not shown a good performance. Research related to performance-based budgeting has been done by some previous researchers. Research conducted by Phuong (2007) found that there are three main factors heyday of the

performance-based budget that is: by Fredrick Taylor's scientific management, increase public pressure on the role and practice of government and expansion of government responsibilities. Thus the application of performance-based budgeting can improve accountability, thus increasing the performance of public sector organizations. Besides, there are three main factors causing the collapse of a performance-based budget, namely: the weaknesses and limitations of performance-based budgeting itself, the conflict between the powers between the executive and the legislature quickly within the new born budgeting practices.

While research on performance-based budgeting is done by Moch Lukmanul Judge (2008) prove that the implementation of performance-based budgeting in Indonesia University of Education has been running effectively seen from the percentage achieved performance level plan / targets, although in practice so often there is a discrepancy between the realization of the plan previous set. Whereas Sufiati (2009) conducted a study on the relationship quality of performance-based budgeting and operating effectiveness of the controls with the performance of the work unit area (District Bulukumbu case study in South Sulawesi). The results show that the performance-based budgeting and quality control partially effective operation can improve performance on education in Bulukumba.

Results were then linked to the condition of city government. Where the fiscal year of 2006 is the application of a fundamental change in the finances of a city government. Changes include: preparation of budget revenue and expenditure (budget) changed from the traditional system-oriented only input into performance-based budgeting system performance-oriented (performance) or the results of the program are determined based on the aspirations of the public. Format the old budget structure that consists only of income and expenditure, turned into revenue, expenditure and financing.

However in practice there are many obstacles and problems, among others, is the presence of some of the findings of the 2007 regional budget items. Related to Government Regulation (PP) No. 24 of 2005 on government accounting standards, in particular the balance sheet presentation of financial statements that describes the financial position of an entity's accounting of the assets, liabilities and equity on a specific date. Position balance Bandung in 2007 showed assets of Rp 18.89 T while in 2008 reached USD 18.69, down USD 0.20 T. While liability in 2008 to Rp 16.56 M in 2007 while Rp 14, 73 M. and aspects of equity in 2008 to Rp 18.88 T in 2007 was Rp 18.86 T. whereas in 2009 the composition of the city budget held high efficiency with a delay of some activities on education followed by sharpening and strengthening the education sector expenditure allocation very large to reach approximately 43% of the total budget expenditure in the 2009 budget. This fact resulted in the budget process at the level of the Special Committee for Parliament in 2009 gave rise to a very fantastic deficit figures, reaching USD 800 M or an increase of USD 381 M of the numbers listed in the financial memorandum of Rp 414 M (source: Oris Riswan Budiana - second Bandung). This indicates the lack of effectiveness of performance-based budgeting in the city of Bandung.

Another phenomenon, the CPC examination over West Java province LKPD FY 2009 shows that the Bandung LKPD got Gives Opinion opinions (TMP) or Disclaimer. Giving a disclaimer opinion due to: presentation and disclosure of government equity to 20% above the local company is not presented under the equity method as stated in the Government Accounting Standards (SAP), presentation and disclosure of revolving funds to communities not served in accordance net realizable value as stated in SAP, the direct use of revenue is not done through the mechanism of the budget so that the transaction is not in the budget realization report (LRA) FY 2009, the presentation of accounts receivable and debt is not supported by the detailed list of debtors / creditors and sources of evidence documents occurrence receivables / debts, inventory is not supported by the detailed list of inventory and not equipped with the minutes of inventory Taking on the balance sheet date on education throughout. In addition, the presentation of the detailed list of assets is not supported assets and document a list of the inventory and assessment assets. Even if the data is owned inventory data has been not current and is not valid. Because mutation of goods between SKPDs not followed by mutation recording. (source: Baban Gandapurnama - detikbandung). This indicates that the financial statements have not been entirely appropriate Government Accounting Standards, yet orderly management of assets (goods and Regional Owned Inventory), awareness, tolerance and commitment is still needed.

Previous research also proved that the performance-based budget has an influence on the efficiency of the allocation of expenditure area is one dimension of the performance of public sector organizations. And the role of the apparatus in the budget planning and organizational commitment and simultaneous partial effect on managerial performance, which is only highlighted the role of research personnel in the structure of the budget, while a number of other variables influencing variables managerial performance has not been highlighted in the study, including the budget process start of public aspirations have not been included in the study. Then further investigated in this study will influence how the effectiveness of performance-based budgeting and organizational commitment on managerial performance at the level of the working unit (SKPD), especially in the city. In addition, previous studies demonstrate that organizational commitment, preparation of structural decentralization and participation affect the performance of managers of government agencies. Demonstrate organizational commitment and confidence strong support for the values and objectives (goals) to be achieved by the organization (Mowday et al. 1979); (Edfan Darlis, 2002). Strong organizational commitment in the individual will cause the individual to strive to achieve organizational goals in accordance with the interests of their planned destination (Angledan Perry, 1981; Porter et al., 1974).

While research supports the existence of a positive and significant relationship between participative budgeting and managerial performance of which is Brownell (1982); Brownell and Mc Innes (1986) and Indriantoro (1993). Participative budgeting significant not have influence on managerial performance is found by (Milani, 1975; Kenis, 1979; Brownell and Hirst, 1986).

In this study some of the phenomena studied further related to performance-based budgeting is a change in the pattern of public sector budgeting should be understood by local government officials (Mardiasmo, 2004). Organizational commitment on the part of local government officials felt was not good, it is seen from a given service still takes a long time. The role of managers in

planning and operational activities are carried out according to the principles "bottom up-top down" that each organizational unit managers create and submit each draft budget to the budget committee to consider the economic resources available. Then combined and harmonized with a mutual agreement. The process of reaching an agreement and this agreement makes the presence or absence of each unit change in the budget, for this to be communicated to the unit concerned.

BASIC THEORY

Effectiveness

The concept of effectiveness is a very broad concept that includes understanding the various factors within and outside the organization, this led to there are many different views / opinions that vary from the experts about the effectiveness of the concept.

Gabson (1990:35) points out: When something good planning in terms of time, cost and quality, it can be said to be effective. So in this case the planning function includes activities set goals to be achieved and establish appropriate tools to achieve specific targets.

Observing from a variety of expert opinions about effectiveness, it can be concluded that the effectiveness or success is something that shows how far the level of effect in order to attract the goal has been achieved by a particular organization with a predetermined plan in keidupan daily activities and is a measure of success management in the management and utilization of resources (personnel and financial means) are rare and valuable.

Budget

Budget by Horngren et.al (2000) is defined as follows:

A Budget is the quantitative expression of the proposed plan of action by management for a future time period, and is an aid to the coordination and implementation of the plan. A budget can cover financial and non-financial aspects of these plans and acts as a blueprint for the organization to follow in the upcoming period. Budget covering financial aspects management quantify expectation regarding future income, cash flows, and financial position.

The definition states that a budget is a quantitative expression of a proposed management plan for a period of time to come and is a tool for coordinating and implementing the plan.

Performance Based Budget

Budget performance (Performance budgeting system) was first introduced in the U.S. in the 1960s. Performance of structured approach to address the weaknesses in the traditional budget, particularly the weakness caused by the absence of benchmarks that can be used to measure performance in achieving the goals and objectives of public service. Performance-based budgeting is a budget system that promotes the achievement of the work or the output of a cost allocation plan or set of inputs (Indra Bastian 2006:52). Budget with emphasis on the performance approaches the concept of value for money and control over the performance of the output. While performance-based budgeting is a budgeting method for management to associate each funding as outlined in activities with expected outputs and outcomes including efisiensi the achievement of these outputs. Outputs and results are set forth in the performance targets for each unit of work. As for how that goal is achieved, followed by the program set forth in the financing at every level of goal attainment.

Understanding the performance of the budget according to Government Performance Result Act (GPRA) in Yowono Soni, et al (2008: 81) are:

"Performance budgeting is a systematic approach to help government become more responsive to the taxpaying public by linking program funding to performance and production."

Meanwhile, the Government of Alberta, Canada define performance budgeting are:

"..... is a system of planning, budgeting, and evaluation that emphasizes the relationship between money budgeted and result expected".

Performance budgeting system is basically a system that includes programming activities and performance measures as an instrument to achieve the goals and objectives of the program. These systems require performance indicators, performance standards, cost standards and benchmarks of each type of service. The budget must be based on the objectives to be achieved in the fiscal year, the presence or absence of service standards and the size of the unit cost. Each Unit (SKPD) must be able to plan their budgets based on the duties and functions, the level of priority of each job, the specific goals and objectives with a clear assessment indicators and measurable so that each level in a unit would have a responsibility that clear.

Organizational commitment

Commitment of members of the organization to be crucial for an organization to create a survival of any organization organizational form. Commitment menunjukkan employee of a company's desire to stay and work and devote themselves to the company.

Meanwhile, according Jarvi (1999), commitment consists of four aspects: 1) the object (objects), because they are an important part in the shadow of the target, 2) typology (typologies), which helps to understand the different types of the commitment and provide instruments to analyze, what happens kind of commitment, 3) the terms (terms), because an individual with regard to planning, the impression of action, for the determination of targets, as well as important in job orientation and decision making process, 4) the and development commitments, which provides the dynamic aspects of the development of this study.

According to Robbins (2002), organizational commitment as a situation where an employee is in favor of a particular organization and its goals and intend to maintain membership in the organization. Robbins emphasizes the partiality of employees to the organization and the seriousness of the employee towards the achievement of organizational goals and employee efforts to stay afloat.

According to McShane and Glinow (2003), employee statements, identification and engagement of employees is a reference that shows the commitment of employees to the organization.

Managerial performance

Lau et al. (1997) states that managerial performance is the performance of individual members of the organization, in accordance with the authority and responsibility of each in a managerial position in order to achieve organizational goals. In connection with this study, which is defined as the performance of managerial performance structural officials on regional work units (on education) involved in the preparation of the budget. This is a structural Officials → managers-managers in their respective positions. They were given the authority and responsibility for planning programs. Activities and budgets in accordance with the duties and functions which it aspires and to implement and account for them in accordance with a predefined.

Managers produced a performance by deploying talent. ability and effort some other people who are in authority areas. A manager's performance is also related to its competence, organizational environment, motivation, nature and type of work being handled (Lau et al., 1997).

RESEARCH METHODOLOGY

Objects in this study is the effectiveness of performance-based budgeting (X1), organizational commitment (X2) and managerial performance (Y). Based on the research object which is used as the unit of analysis in this study is the working unit (SKPD) in Bandung.

The time period used in this study was a cross-sectional moment is the fact that the data can only be used once within a period of observation by Mudrajad Kuncoro (2003) Cross-sectional (cross-point of the study) carried out one time and reflects the portrait of a state at a given moment .

The population in this study is the Regional Working Units (on education) is 54 on education that exist in the Municipality of Bandung. Determination of sample size using the formula of Taro Yamane cited in Rakhmad (1998:82) as follows:

$$n = \frac{N}{N \cdot d^2 + 1}$$

Description:

n is the sample size

N is the population size

d2 is defined precision that is 0.1

1 that is a constant

$$n = \frac{54}{54 \cdot (0,1)^2 + 1}$$

$$= \frac{54}{1,54}$$

$$= 35,06 \text{ (be rounded 35 SKPD)}$$

Path analysis

To analyze the data in this study will be used path analysis. Based on the research model, the equations in the path analysis are:

$$X_2 = \rho_{X_2X_1}X_1 + \epsilon_1 \dots\dots\dots (1)$$

$$Y = \rho_{YX_1}X_1 + \rho_{YX_2}X_2 + \epsilon_2 \dots\dots\dots (2)$$

Description:

Y is the performance of managerial

X1 is the effectiveness of performance-based budgeting

X2 is the organization's commitment
 ρ_{X2X1} ie path coefficients of variables X1 with X2
 ρ_{YX1} ie path coefficients of variables X1 with Y
 ρ_{YX2} ie path coefficients X2 with Y
 ε is the error term (residual)

a). Determine the correlation coefficient, with the formula:

$$r = \frac{n \cdot \sum x_1 x_2 - (\sum x_1)(\sum x_2)}{\sqrt{\left\{n \cdot \sum x_1^2 - (\sum x_1)^2\right\} \left\{n \cdot \sum x_2^2 - (\sum x_2)^2\right\}}}$$

b). Determine the path coefficients (ρ_{X2X1}).

In connection with the structure of the equation (1) is, shows that there is only a cause variable (X1) and there is only one variable result (X2), then this structure is nothing but a simple linear structure, so that the value of the correlation coefficient is the value of the path coefficient.

Hypothesis Testing

Based on the research hypotheses proposed in this study , the statistical hypotheses formulated to be tested as follows :

1. Testing the first hypothesis

To test whether the effectiveness of performance-based budgeting can enhance organizational commitment . Used statistical t-test with statistical hypothesis as follows :

H0 : $0 \leq \rho_{X2X1}$ effectiveness of performance-based budgeting does not increase organizational commitment .

Ha : $\rho_{X2X1} > 0$ the effectiveness of performance-based budgeting can enhance organizational commitment .

2 . Testing the second hypothesis :

To test whether the effectiveness of performance-based budgeting ; partially organizational commitment can improve managerial performance . Used statistical t-test with statistical hypothesis as follows :

H0 : $0 \leq \rho_{YX1.2}$ effectiveness of performance-based budgeting ; organizational commitment partially not improve managerial performance

Ha : $\rho_{YX1.2} > 0$ the effectiveness of performance-based budgeting ; partially organization's commitment to improve the performance of managerial

Test Statistic t :

1) The first hypothesis:

$$t_{\text{arithmetic}} = \frac{Px_2x_1}{\sqrt{\frac{(1 - R^2_{x_2(x_1)})(C_{ii})}{(n - k - 1)}}} \quad i : 1$$

2) The second hypothesis:

$$t_{\text{arithmetic}} = \frac{Pyx_i}{\sqrt{\frac{(1 - R^2_{y(x_1x_2)})(C_{ii})}{(n - k - 1)}}} \quad i : 1, 2$$

From these calculations then compared between the t value with the table value of t at 95% confidence level ($\alpha = 0.05$), with the following decision criteria:

If t count \leq t table: H0, Ha rejected

If t count $>$ t table: H0 is rejected, Ha accepted

RESEARCH DATA ANALYSIS

The validity of the results of variable effectiveness of Performance Based Budgeting

Questionnaire study of organizational commitment variable IEM consists of 16 questions obtained all the items have rhitung values > 0.30 , so it can be concluded that all the items are valid for measuring the effectiveness of variable performance-based budgeting.

Results Validity Variables Organizational Commitment.

Test results question the validity of the 14 items obtained all the items have r hitung values > 0.30, so the results of testing the validity of the questionnaire items showed all the questions that used to be valid for measuring organizational commitment variables.

The validity of the results of Managerial Performance Variables

Questionnaire study of managerial performance variables consisted of 7 items question. The results of the correlation calculations to score each of the questions with a total score of all items managerial performance variable statement in any managerial performance variables have correlation values above 0.3 as a limit value of said item questionnaire study can be used (acceptable).

Results of Path Analysis

The initial step in the calculation is to determine the amount of correlation between variables. The results of the calculation of correlations among the variables studied can be seen in the following table:

Table 1.1 Correlation Between Variables

	managerial performance	The effectiveness of performance-based budgeting	organizational commitment
managerial performance	1.000	0,700	0,351
The effectiveness of performance-based budgeting	0,700	1.000	0,169
organizational commitment	0,351	0,169	1.000

Sources: Data Processing Results 2011

Based on the results of a calculation in mind the magnitude of the correlation between the effectiveness of performance-based budgeting and organizational commitment is 0.169, the value of the correlation between the effectiveness of performance-based budgeting and managerial performance is equal to 0,700 and the value of the correlation between organizational commitment and managerial performance is 0.771.

Table 1.2 Results of Path Coefficient Influence Effectiveness of performance-based budgeting and organizational commitment on managerial performance

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.482	6.379		.546	.589
Efektivitas penyusunan anggaran berbasis kinerja (X1)	.299	.053	.660	5.626	.000
Komitmen Organisasi (X2)	.115	.056	.239	2.040	.049

a. Dependent Variable: Kinerja Manajerial (Y)

The results of the calculations in the table above in the column Standardized Coefficients (Beta) in which the path coefficient for the effect of the effectiveness of performance-based budgeting on managerial performance (Pyx1) is positive with a value of 0.660 (p = 0.000) and the path coefficient for the effect of the organization's commitment to Performance managerial (Pyx2) is positive in the amount of 0.239 (p = 0.049).

Once the path coefficients obtained, then the influence jointly the effectiveness of performance-based budgeting and organizational commitment on managerial performance can be calculated by multiplying the path coefficient of correlation between variables because the variable result.

Table 1.3 The results of the coefficient of determination (total effect) of X to Y
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739 ^a	.546	.519	3.87376

a. Predictors: (Constant), organization commitment (X2), effectiveness of performance based budgeting (X1)

The result shows the coefficient of determination (collectively influence) the effectiveness of performance-based budgeting and organizational commitment on managerial performance is obtained at 0.546. Path coefficients of other variables outside of the effectiveness of performance-based budgeting and organizational commitment is determined by the formula:

$$P_{Y\varepsilon} = \sqrt{1 - 0,546} = 0,674$$

From the calculation results obtained path coefficients can be calculated the influence of the hypothesized variables. The image relationship X1, X2 and Y are as follows :

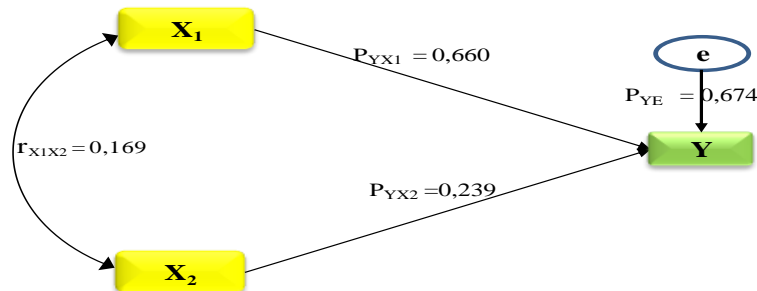


Figure 1.1 Image Path Diagram of Structural Model

Influence effectiveness of performance-based budgeting (X1) and organizational commitment (X2) on managerial performance (Y)

Research Hypothesis Testing

Hypothesis testing is done in two stages. In the first phase of testing path coefficients together and in the second stage test was done partially to see the significance of each independent variable in the model lines obtained.

1. In Simultaneous Path Coefficient Tests (Test F)

F test was used to test the effect of the effectiveness of performance-based budgeting and organizational commitment on managerial performance of business processes.

The hypothesis tested is as follows:

$$H_{01} : P_{YX1} = P_{YX2} = 0$$

There was no significant effect together of the effectiveness of performance-based budgeting and organizational commitment on managerial performance.

$$H_{a1} : \text{ada } P_{YXi} \neq 0$$

There is a significant influence together of effectiveness of performance-based budgeting and organizational commitment on managerial performance.

Hypothesis testing is done through F. The calculation of the test statistic F test statistic obtained the following results:

$$F = \frac{(n - k - 1) \times R^2_{YX_1X_2}}{k \times (1 - R^2_{YX_1X_2})} = \frac{(37 - 2 - 1) \times 0,546}{2 \times (1 - 0,546)} = 20,425$$

The result of the calculation, the value of F for the model X to Y at 20.425.

From Table F F table with values obtained free derajat (db), db1 = k = 2 and db2 = n - k - 1 = 37-2-1 = 34 at 3,276.

F test of the effectiveness of performance-based budgeting and organizational commitment on managerial performance obtained F value (20.425) > F (3,276) which means that H0 is rejected. This indicates that together of the effectiveness of performance-based budgeting and organizational commitment on managerial performance significantly influence managerial performance.

2. Partial Path Coefficient Tests

After simultaneous testing procedures H0 is rejected, and concluded a significant difference together, then performed the t test. T test was conducted to determine whether there is any effect of the partial trade promotion dimension consisting of the effectiveness of performance-based budgeting and organizational commitment on managerial performance. Statistical test used is the t test. Determination of the test results (acceptance / rejection of H0) can be done by comparing t count with t

table. T table value by the number of samples (n) = 37 number of variables (k) = 2; significant level $\alpha = 5\%$, degrees of freedom (db) = $nk-1 = 37-2-1 = 34$ was obtained for 2,032.

Table 1.4 Effect Hypothesis Testing in Partial

hypothesis	Path coefficient	T _{account}	t _{table}	conclusion statistical
The effectiveness of performance-based budgeting effect on managerial performance	0,660	5,626	2,032	H ₀ rejected
Organizational commitment affect managerial performance	0,239	2,040	2,032	H ₀ rejected

1. The effectiveness of the t test for the effect of performance-based budgeting on managerial performance

Based on the calculations, the value of t-test for the effectiveness of variable performance-based budgeting (X1) of 5.626. To see the influence effectiveness of performance-based budgeting to managerial performance, statistical hypotheses used are as follows:

Ho2: $P_{YX1} = 0$ There is no influence effectiveness of performance-based budgeting on managerial performance
Ha2 :: $P_{YX1} \neq 0$ Effectiveness influences of performance-based budgeting on managerial performance

Value of t is greater than the value of t table ie (5.626) > t table (2.032), then the test results for the variable path coefficients X1 declared Ho is rejected. That is, there is a partially significant influence on the effectiveness of performance-based budgeting on managerial performance is directly proportional to the direction of the effect (positive). So, the better the effectiveness of performance-based budgeting will affect the performance of the higher managerial

2. T test for the effect of organizational commitment on managerial performance

Based on the calculations, the value of t-test for organizational commitment variable (X2) of 2.040. To see the effect of organizational commitment on managerial performance, statistical hypotheses used are as follows:

HO3: $\rho_{YX2} = 0$ There is no influence of organizational commitment on managerial performance
Ha3: $\rho \neq 0$ YX2 influences of organizational commitment on managerial performance

Value of t is greater than the value of t table ie (2.040) > t table (2.032) then the path coefficients of the test results revealed X2 Ho is rejected. That is, there is a partially significant effect of organizational commitment on managerial performance is directly proportional to the direction of the effect (positive). So, the higher the organizational commitment will affect the performance of the higher managerial.

Influence effectiveness of performance-based budgeting to managerial performance.

The image relationship X1 on Y is as follows:

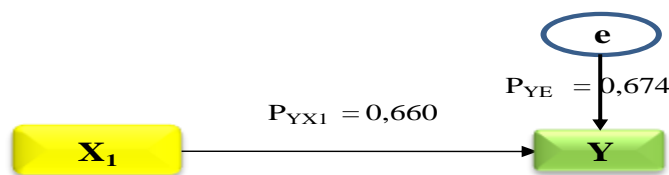


Figure 1.2 Image Path Diagram of Structural Model Influence Effectiveness of performance-based budgeting to managerial performance

Of the path coefficient values obtained can then be calculated directly influence and indirect influence of the effectiveness of performance-based budgeting on managerial performance as follows :

The influence of X1 on Y	
The influence of X1 on Y directly	
$= P_{YX1} \cdot P_{YX1} = 0,660 \times 0,660$	$= 0,435$
The influence of X1 on Y through X2	
$= P_{YX1} \cdot P_{X1X2} \cdot P_{YX2} = 0,660 \times 0,169 \times 0,239$	$= 0,027$
total Effect	<u><u>$= 0,462$</u></u>

It can be seen that the direct effect of performance-based budgeting Effectiveness terhadap managerial performance is of 43.5% and an indirect influence effectiveness of performance-based budgeting on managerial performance through organizational commitment is at 2.7%. The total influence effectiveness of performance-based budgeting to managerial performance was 46.2%.

The influence of organizational commitment on managerial performance

The image relationship X2 on Y is as follows:

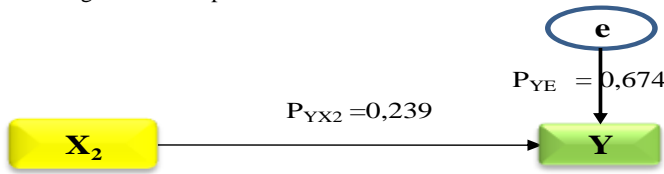


Figure 1.3
Image Diagram of Structural Model
The influence of organizational commitment on managerial performance

Of the path coefficient values obtained can then be calculated directly influence and indirect influence of Ko's commitment to the organization as a managerial performance following

Effect of X2 on Y

Direct influence on Y X2

$$= P_{YX2} \cdot P_{YX2} = 0,239 \times 0,239 = 0,057$$

The influence X2 X2 to Y through

$$= P_{YX2} \cdot P_{X2X1} \cdot P_{YX1} = 0,239 \times 0,169 \times 0,660 = 0,027$$

Total Pengaruh = 0,084

It can be seen that the direct effect of organizational commitment on managerial performance is at 5.7% and the indirect effect of organizational commitment on managerial performance effectiveness through performance-based budgeting is at 2.7%. The total effect of organizational commitment on managerial performance is 8.4%.

Influence effectiveness of performance-based budgeting and organizational commitment on managerial performance The amount of influence the effectiveness of performance-based budgeting and organizational commitment on managerial performance simultaneously in the following table:

Table 1.5 Effect of X1 and X2 to Y

Variable	Path coefficient	Direct influence	Indirect effect (via)				Total		
			X ₁	X ₂					
X ₁	0,660	43,5%	+		2,7%	+	46,2%	+	
X ₂	0,239	5,7%	+	2,7%	+		8,4%	+	
total Effect (R ²)								54,6%	
The influence of other factors (ε)								45,4%	

The direct effect is that the effectiveness of performance-based budgeting is 43.5% . Contributions are not directly the effectiveness of performance -based budgeting on managerial performance through organizational commitment of 2.7% . So in total the overall effect of the effectiveness of performance-based budgeting on managerial performance was 46.2%. Organizational commitment has a direct influence on managerial performance is large enough that is equal to 5.7%. Contribute indirectly dimensions of organizational commitment through performance -based budgeting effectiveness of 2.7 % . Thus the overall effect of organizational commitment on managerial performance is sebesar 8.4%.

Based on the above calculation is known that jointly influence the effectiveness of performance-based budgeting and organizational commitment on managerial performance is the process by 54.6% and the remaining 45.4% influenced by other factors that are not entered into the study.

CONCLUSION AND SUGGESTIONS

Conclusion

From the data processing has been done in the previous chapter, the researcher can conclude the following:

1. The effectiveness of performance-based budgeting can improve the organization's commitment to the City of Bandung.
2. The effectiveness of performance-based budgeting can improve managerial performance in the City of Bandung.
3. The effectiveness of performance-based budgeting and organizational commitment together can improve managerial performance .

Suggestion

Based on the discussions that have been previously described in this study there are some suggestions that can be put forward , namely :

1. For variable managerial performance , dimensional representation has a low score because based on field interviews were sent to represent the organization so that only certain people are not evenly distributed , then the suggestions for future writers who are sent to a representative in accordance with its competence should alternate so there is no jealousy among employees .
2. This study used two independent variables that affect managerial performance . Some have argued managerial performance is not solely influenced by two variables. For other researchers who are interested in reviewing the same theme in the future need to consider to include and examine other variables beyond the two variables that I researched .

REFERENCE

- Bernardin H, John dan E.A. Russel. 1998. *Human Resources Management; AN Experiential Approach*. New York; Mc Graw-Hill Inc
- BPKP, 2005 Pedoman Penyusunan Anggaran Berbasis Kinerja. BPKP, Jakarta
- _____, 2000 Pengukuran Kinerja, Suatu Tinjauan pada Instansi Pemerintah. BPKP, Jakarta
- BPK-RI, 2006. Hasil Pemeriksaan Semester I Tahun Anggaran 2007 atas Laporan Keuangan Pemerintah Kabupaten Bulukumba untuk Tahun Anggaran
- Cooper Donal R. and Pamela S. Schindler. 2006. *Business Reseach Methods*. Ninth edition. Mc Graw. Hill International edition. New York
- Choo, Freddie and Tan, Kim, B. 1997. *A Study of Relatuonship Among Disaggrement in budgetary Performance Evaluation, Job-Related Tension, Job Stisfaction and Performance*. Behavior Research in Accounting. Vol.9 pp 199-218.
- Dick, Gavin and Metcalfe Beverly. 2001. *Managerial Factors and Organizational Commitment. A Comparative Study Of Police Officers and Civilian Staff*. The International journal of Public Sektor Management. Vol 14 No.2, pp 111-128.
- Ekanayake, Samson. 2004. Agency Theory, National Culture and Management Control Systems. *The journal of American academy of business Cambridge vol. 4. pp.49*
- Feldman,G.D & Hugh. J. Arnold, 2000. *Managing Individual and Group Behavior in Organization*. Mc. Graw- Hill, Book Company, Tokyo.
- Gibson, James L., John M. InvanCevich & J.M. Donnelly, 1907, *Organization; Behavior, Structure and Process*, Seventh Edition, Homewood, Richard D. Irwin, Boston.
- Gramberg, Van Bernardine. 2000. *Managerialism in Local Government-Victoria, Australia*. The Internationaal Journal of public Sektor Management. Vol 13 No. 5, pp 476-492.
- Jarvi, P. *Commitment and Occupational Image*. Melalui <http://www.sba.muohio.edu/abas/1999/jaruipe.pdf>>(04/1104)
- Keith Davis & John W. Newstrom. 1997. *Organizational Behavior- Human Behavior at Work*. Tenth Edition. McGraw-Hill.International Edition, New York.
- Luthans, F,2002,Organizzational Behavior,9th Edition, McGraw-Hill,New York.
- Mc. Shane, Steven L & Mary Ann Glinow. 2003. *Organizational Behavior*, Second Edition. New York : McGraw-Hill.
- Nispen van., Frans K.M. and Johan J.A. Posseth. 2006. Performance Budgeting in the Netherlands: Beyond Arithmetic. *Journal on Budgeting – volume 6 – no. 4 – issn 1608-7143*
- Hansen, DR Mowen. 2000. *Management Accounting*. Mc. Graw Hill. New York
- Hindri Asmoko. 2006. Pengaruh Penganggaran Berbasis Kinerja terhadap Efektivitas Pengendalian. Jurnal akuntansi pemerintah Vol. 2, no. 2, Hal 53 – 64**
- Hiro Tugiman. 2000. *Pengaruh Peran Auditor Internal serta Faktor-Faktor Pendukungnya terhadap Peningkatan Pengendalian Internal dan Kinerja Perusahaan*. Disertasi, Bandung: Universitas Padjadjaran, tidak dipublikasi
- Hope, Jeremi and Robin Fraser. 2003. *Beyond Budgeting*. Harvard Business School press. Boston
- Hornngren, Charles T. 2000. *Cost Accounting: A Managerial Emphasis*. Prentice Hall. New jersey
- _____. 1996. *Accounting*. Prentice Hall. New jersey
- Imam Ghozali dan Fuad, 2005. *Structural Equation Modeling*. Universitas Diponegoro. Semarang
- Indra Bastian. 2006, *Sistem Perencanaan dan Penganggaran Pemerintah Daerah di Indonesia*, Salemba Empat, Jakarta
- _____. 2001, *Akuntansi Sektor Publik di Indonesia*, Cetakan Pertama, BPFE, Yogyakarta
- Kaplan, Robert M and Dennis P. Saccuzzo. 1993. *Psychological Testing*. 3 rd Edition. Brooks/Cole publishing Company. California
- Kenis. 1979. Effects of Budgetary Goal Characteristics on Managerial attitudes and Performance. *The Accounting Review, Vol. LIV (4). 707-721*.
- Lau, Chong M. 2004. *The Effects Of Accounting Control on Performance and Slack Creation*. Behavior Research in Accounting. Vol 7, pp 132-40.
- Lau and Lim Edmond 2006. *The Relationship Between Participation and Performance : the Roles of Procedural Justice and Evaluative Styles*. Retrive<http://www.Yahoo07/10/06>.
- Lukka, K. 1998. *Budgeting Biasing In Organization : theoretical Framework and Empoorocal Evidence*. Accounting, Organizations and Society. Pp 281-301.
- Mahmudi. 2007. *Manajemen Kinerja Sektor Publik*, Edisi revisi, Unit Penerbit dan Percetakan Akademi Manajemen Perusahaan YKPN.Yogyakarta
- _____. 2005. *Manajemen Kinerja Sektor Publik*, Unit Penerbit dan Percetakan Akademi Manajemen Perusahaan YKPN.Yogyakarta

- _____ dan Mardiasmo. 2004. *Local Government Performance Measurement in The Era of Local Autonomy: The Case of Sleman Regency Yogyakarta*. Sosiosains 17 (1) Hal 117-133
- Mardiasmo. 2005. *Akuntansi Sektor Publik*, CV. Andi offset, Yogyakarta
- _____ 2002. *Otonomi dan Manajemen Keuangan Daerah*, CV. Andi offset, Yogyakarta
- M. Djaperi. 2005. *Pengaruh Partisipasi Penganggaran dan Pengendalian Keuangan serta Insentif bagi Karyawan terhadap Kinerja Keuangan*. Tesis, Bandung: universitas Padjadjaran. Tidak dipublikasikan
- Miekatrien Sterck & Geert Bouckaert. 2006. *The Impact of Performance Budgeting on The Role of Parliament: A Four-Country Study (Australia, The Netherlands, Sweden And Canada)*
- Moch Lukmanul Hakim. 2008. *Evaluasi Pelaksanaan Anggaran Berbasis Kinerja pada Biro Administrasi Umum dan Keuangan Universitas Pendidikan Indonesia* Tesis, Bandung: universitas Padjadjaran. Tidak dipublikasikan
- Mowday, R.T., Steers, R.M., and Porter, L.W. 1979. *The Measurement of Organizational Commitment*. *Journal of Vocational Behavior*. Vol 11, pp 224-247
- Mudrajat, Kuncoro. 2007. *Metode Kuantitatif Teori dan Aplikasi untuk Bisnis dan Ekonomi*, Edisi ketiga, UPP STIM YKPN Yogyakarta
- Murray, D. 1990. *The Performance Effect of Participative Budgeting : An Integration of Intervening and Moderating Variabels*. *Behaviors Research in Accounting*. pp.104-123.
- NN. 2007. *Ragam Kegiatan Pbet Kopel Juli – September 2007*. www.pbet.org
- Odom, Rendall, Y., Boxx, W.R., & Dunn, M.G. 1990. *Organizational Culture, Commitment Stisfaction, And Cohesion*. *Public Productivity & Management Review*, 14 (2), 157-169.
- Peraturan Menteri Dalam Negeri No.59 Tahun 2007 tentang Pedoman Pengelolaan Keuangan Daerah.
- Peraturan Menteri Dalam Negeri Nomor 13 tahun 2006 tentang Pengelolaan Keuangan Daerah
- Peraturan Pemerintah Nomor 8 Tahun 2006 Tentang Pelaporan Keuangan dan Kinerja Instansi Pemerintah
- Peraturan Pemerintah Nomor No. 58 tahun 2005 tentang Pengelolaan Keuangan Daerah
- Peraturan Pemerintah Nomor No. 105 tahun 2000 tentang Pengelolaan dan Pertanggungjawaban Keuangan Daerah
- Phuong H. Nguyen, 2007 Performance Budgeting: Its Rise and Fall. *MPRA Paper No. 9345*
- Robbin, S.P., 1996. *Organizational Behavior : Cocepts, Controversies Applicacions*. New Jersey : Prentice Hall.
- Robbins, S.P., 2001. *Organizational Behavior*., Ninth Edition, Prentice Hall, Upper Saddle River, New Jersey.
- Rowan, Jones dan Maurice. Pendlebury. 2000. *Public Sector Accounting*. 5th Edition. Pitman Publishing. London.
- Sawyer, B Lawrence. And Ditten A. Mortimer. 2003. *Internal Auditing the Practice of Modern Internal Auditing*. Edisi 5. The institute of internal auditors. Florida
- Sony Yuwono, dkk, 2008, *Memahami APBD dan Permasalahannya, Panduan Pengelolaan Keuangan Daerah*. Edisi pertama, cetakan pertama, Bayumedia publishing. Malang
- Sufiati, 2009, *hubungan kualitas penyusunan anggaran berbasis kinerja dan efektivitas pengendalian operasi dengan kinerja satuan kerja perangkat daerah (SKPD)*
- Undang-undang Nomor 33 tahun 2004 tentang Perimbangan Keuangan antara Pemerintah Pusat Daerah
- Undang-undang Nomor 32 tahun 2004 tentang Pemerintah Daerah
- Undang-Undang Nomor 17 Tahun 2003 tentang Keuangan Negara
- Wisniewski, Mik and Steward, Derek, 2004. *Performance Measurement For Stakeholders. The Case of Scottish Local Authorities*. *The International Journal of Public Sector Management*. Vol 17. No.3, pp 222-233.