



Determinants of Budget Managers' Performance at Mpu Kuturan Singaraja State Hindu College: An Analysis of Budget Participation, Goal Clarity, and Organizational Commitment

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Abstract

In the fiscal year 2022, the Mpu Kuturan Singaraja State Hindu College, as a work unit under the Ministry of Religion, was unable to achieve the budget absorption targets stated in the performance agreement. Consequently, it is necessary to identify the factors affecting the performance of budget managers. These factors include budget participation, clarity of budget goals, and organizational commitment. This study is descriptive research with a quantitative approach, utilizing both primary and secondary data. The results reveal that budget participation has a negative and significant effect on the performance of budget managers. Conversely, the clarity of budget goals and organizational commitment variables positively and significantly affect budget managers' performance. Furthermore, this study examines indirect influences, showing that budget participation mediated by organizational commitment negatively and significantly impacts budget managers' performance. In contrast, clarity of budget goals mediated by organizational commitment positively and significantly affects budget managers' performance. These findings highlight the importance of clear budget goals and strong organizational commitment in enhancing the performance of budget managers, while budget participation alone may not be sufficient. This research provides valuable insights for improving budget management practices at educational institutions and similar organizations, emphasizing the need for strategic alignment and commitment to achieve budgetary targets.

Keywords: performance; budget participation; goal commitment

INTRODUCTION

Higher education is one of the domains of many spaces that fall into

the category of public service and are regulated in its implementation. In accordance with Regulation Number

20 of 2003 concerning the National Education System, Universities can take the form of Universities, Institutes, Colleges, Polytechnics, or Academics. The government through ministries or institutions that have an educational function includes the Ministry of Education and Culture, the Ministry of Religion, the Ministry of Tourism and Creative Economy and other ministries or institutions that have educational functions, both public schools and officials.

The achievement of the objectives of government organizations both in the implementation of public services and national development activities can be seen from the size and evaluation of performance referring to Regulation Number 22/PMK.02/2021 concerning measurement and evaluation of budget performance on RKA and RKKL, bringing consequences for all security forces under the auspices of the Ministry of Religion to account for the allocation of funds effectively and efficiently, and specifically on efforts to improve the welfare and general services of the community. Professional work experience has an important role in improving employee performance, especially in improving the quality of accountability (Purnamawati & Hatane, 2020)

Referring to the Circular Letter of the Secretary-General of the Ministry of Religion Number 32 of 2021 dated December 17, 2021 concerning the Addition of Commitments in the Format of Performance Agreements to the task force within the Ministry of Religion which refers to Regulation Number 94 of 2021 concerning Guidelines for Performance Agreements, Performance Reporting, and Review Procedures for Performance Reports at the Ministry of Religion as well as the direction of the Minister of Religious Affairs delivered at the DIPA Submission and Signing of the Ministry of Religion Performance Agreement FY 2022 dated December 6, 2022 which organized Planning Bureau of the Secretary-General, The head of the task force within the Ministry of Religion signed a work agreement in 2022 with one of its clauses stating that following up on the direction of the Minister of Religious Affairs on adding commitments to the statement of performance agreements, the first party is willing to block its budget by 25% if until the end of third quarter the realization of the budget is less than 75% and the addition of performance indicators in the annex to the Performance Agreement, namely the Budget Performance Value: 95 as the implementation of

Regulation Number 2/PMK.02/2021 concerning Procedures for Awarding and/or Imposing Sanctions on the Budget Performance of State Ministries and Institutions.

This was reaffirmed in the Letter of the Minister of Religious Affairs Number B-047/MA/KU.00/02/2022 dated February 21, 2022 regarding the Performance of the Ministry of Religion's Budget Implementation in 2022 which stated the target of second quarter budget absorption until July 2022 of 75%. This target is greater than the budget absorption target set by the Ministry of Finance, which is only 40% in the second quarter.

The amount of realization or absorption of the budget in the task force of the Ministry/Institution can be seen in real time on the application from the Ministry of Finance. According to the print out of the application, the budget realization until the end of July 2022 for STAHN Mpu Kuturan Singaraja is 53.94%, this amount certainly doesn't achieve the requirements set by the

Minister of Religious. The non-fulfillment of the budget absorption target that has been set is certainly an issue that needs to be identified as material for evaluation by the leadership and the budget managers under him considering the

punishment in the form of a 25% budget block that has been stated in the FY 2022 Performance Agreement.

Several studies related to budget absorption have been carried out before, one of which is a study by (Arniwita et al., 2019) which states that budget planning and implementation are factors that significantly affect budget absorption, and budget absorption has a positive and significant effect on the performance of Jambi provincial government agencies. This result is different from research by (Wicaksono, 2016) which states that budgeting participation has no effect on managerial performance and shows the participation of budget preparation affects budget performance while clarity of budget targets has no effect on budget performance. Yet, Yasa et al. (2017) found that budget targets clarity has a positive impact on budget quality.

Based on the empirical and conceptual studies above, it's important to know the determinants of manager performance in relation to performance improvement and how much influence and contribution to budget participation, clarity of budget goals, and organizational commitment to the performance of budget managers at STAHN Mpu Kuturan Singaraja in 2022.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

This research uses agency theory as a grand theory and further discusses competency theory, goal setting theory, organizational commitment theory, and decision usability theory as supporting theories. In 1976, Jensen and Meckling developed a theory called Agency Theory, which is an idea that describes the relationship between principals and agents and how to exercise control over the delegation of tasks.

Meanwhile, Stewardship Theory by Donaldson and Davis (1991) views managers as trustworthy parties to act in the public interest. This theory describes a situation or condition in which the budget manager participating in the preparation of the budget is not motivated by his individual goals but puts the interests of the institution first.

In addition, research conducted by Wahyudi et al. (2021) on the influence of budget preparation participation, clarity of budget targets, and public accountability on budget performance at PT. Rizky Widya Pangestu Cakra Indo Pratama shows that partial participation in budget preparation affects budget performance. Based on these previous

theories and studies, a hypothesis can be formulated as follows:

H1: Budget participation has a positive and significant effect on the performance of budget managers.

Goal Setting Theory by Edwin Locke (1978) is based on evidence that assumes that goals or ideas of the future or desired state will play an important role in action. This indicates that the program and budget objectives at STAHN Mpu Kuturan Singaraja are clear and specific because the task force is evidenced by relevant and measurable Strategic Plan documents.

In addition, research conducted by Alam (2020) on the Effect of Budgeting Participation, Clarity of Budget Goals and Decentralization Structure of Managerial Performance of SKPD West Lombok shows that clarity of budget targets has a positive and significant partial influence on the managerial performance of SKPD in the West Lombok Regency Government. Based on these previous theories and studies, a hypothesis can be formulated as follows:

H2: Clarity of budget goals has a positive and significant effect on the performance of budget managers.

The theory of organizational commitment from (Manwahani, 2010) provides central value in realizing organizational solidity and a work climate that supports the development of institutions for the better. The apparatus at STAHN Mpu Kuturan Singaraja who has a commitment will certainly work with dedication, this is what makes employees have the desire to provide more energy and responsibility to support the welfare and success of the organization where they work. High competence and commitment of the apparatus is also able to minimize deviations in budget implementation (Purnamawati & Hatane, 2020).

In addition, research conducted by Hermawan Wahyudi, et al (2021) on the influence of training and organizational commitment on performance with motivation as an intervening variable on structural officials of the Banyuwangi Regency Government shows that organizational commitment has a significant effect on the performance of Banyuwangi Regency Government employees. Based on these previous theories and studies, a hypothesis can be formulated as follows:

H3: Organizational commitment has a positive and significant effect on the performance of budget managers.

Decision Usefulness Theory by George J Staubus (1954) covers the terms of the quality of accounting information that is useful in decision making. The commitment of budget managers to the STAHN Mpu Kuturan Singaraja task force in providing information during the budget preparation process certainly encourages improvement in the performance of managers to achieve budget absorption targets. In addition, research by Giusti (2018) on the effect of budget participation on managerial performance with organizational commitment and motivation as intervening variables shows significant results of the influence of budget participation on performance through organizational commitment. Based on these previous theories and studies, a hypothesis can be formulated as follows:

H4: Organizational commitment can mediate the relationship between budget participation and budget manager performance.

The quality of accounting information is a requirement in the theory of Decision Usefulness Theory by George J Staubus (1954) in decision making. The existence of a high commitment to the organization will support decision making in the

implementation of the budget to be on target.

In addition, research conducted by Manwahani (2010) on the effect of budget participation and clarity of budget goals on public accountability with organizational commitment as an intervening variable that gets the results of the influence of clarity of budget goals is negative and significant on public accountability as a performance measurement tool with organizational commitment as the mediation variable. Based on these previous theories and studies, a hypothesis can be formulated as follows:

H5: Organizational commitment can mediate the relationship between clarity of budget goals and the performance of budget managers.

METHOD

This type of research is descriptive research with a quantitative approach where the selection of research samples is carried out using a method called purposive sampling. Some of the considerations or criteria underlying the selection of samples in this study are the existence of legitimacy in the budget management process as evidenced by a decree signed by the

Chairman of STAHN Mpu Kuturan Singaraja.

The reason for the selection of the sample was that lectures, staff, and students who participate in the process of preparing the budget, implementing budget work programs, until reporting activities and finances. So that total sample in this study are 110 people.

Operationally, budget management performance is performance data collected with a questionnaire using a likert pattern with dimensions of work quality, quantity, timeliness, effectiveness, and independence. For budget participation, participation data collected with a questionnaire uses a likert pattern with dimensions of involvement in budget preparation, influence on budget determination, the importance of budget proposals, and logicity in the budget. Then the clarity of budget goals is budget goal data collected with a questionnaire using a likert pattern with dimensions of goals, performance, standards, timeframes, priority goals, difficulty levels, and coordination. And finally, organizational commitment is apparatus commitment data collected with questionnaires using likert patterns with dimensions of will, loyalty, and pride.

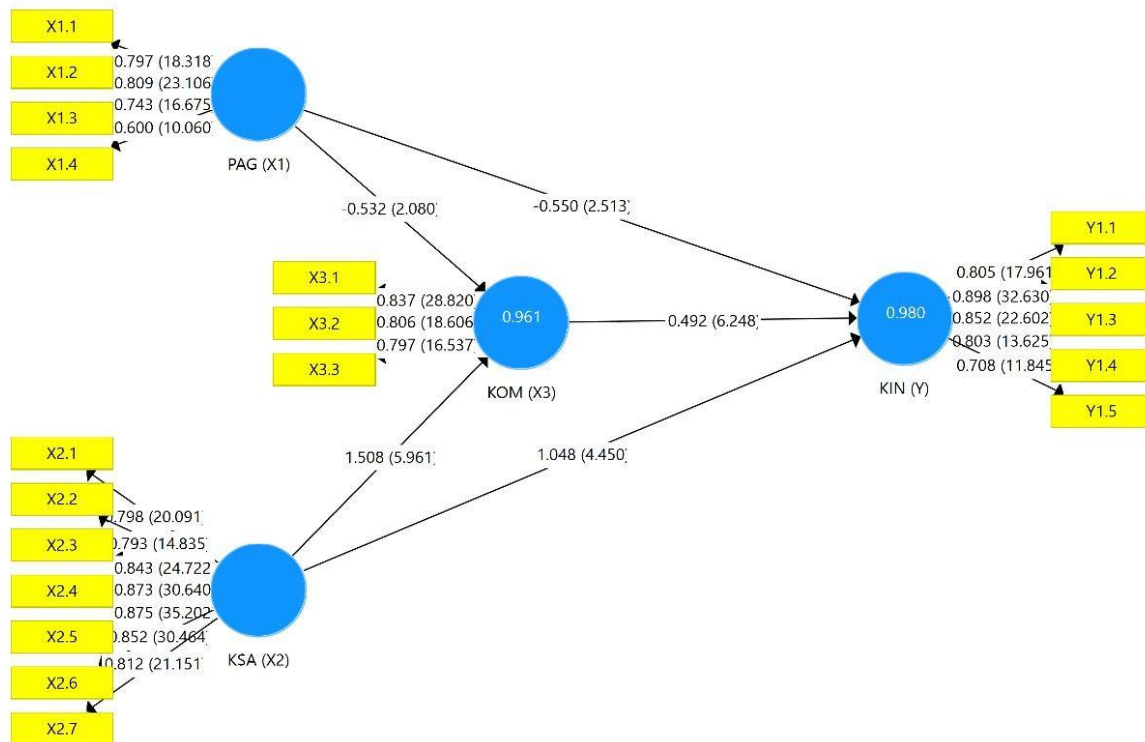


Figure 1. Research model using Smart-PLS

Data collection in this study was carried out using the questionnaire method with the google form application. Before carrying out the data collection process, the questionnaire is first checked by 30 respondents to ensure that the data obtained is in accordance with what will be measured.

The initial stage of data analysis was carried out with descriptive analysis then continued with the Structural Equation Modeling (SEM) analysis technique using smartPLS test equipment version 3.0. The evaluation of the model used consists of:

1. Outer Model is determined based on calculations of convergent validity, discriminant validity, Cronbach's Alpha and composite reliability
2. Inner Model determined based on R-square calculation, Q-square predictive relevance, Model Goodness of Fit Index (GoF)
3. Resampling bootstraps used to test hypotheses by looking at t-statistic and p-values.

The research model used is the research model used is a direct with three exogenous variables and one endogenous variable, as well as an

indirect influence or intervening model.

RESULTS AND DISCUSSION

Based on the results of the questionnaire collected by 100 respondents that dominated with following criteria: male respondents, age range of 31-35 years old, has master degree, with 6 to 10 years experiences, in the work unit of the Dharma Acarya Department (Education), lectures with additional duties. In the outer model, the loading factor value shows a number of <0.5 so that the data is valid, besides that the crossloading value shows the number <0.7 and Average Variance Extracted (AVE) <0.5 so that all indicators can be said to be valid. Then the results of the composite reliability test show a value of <0.7 so that all variables are reliable.

In the inner model, the R-Square value is 0.98 and the Q-Square is 0.638 which indicates a strong model. In addition, the GoF value obtained by 1.275 is greater than 0.36, indicating a fit model.

There are two hypothesis models tested in this study, namely the direct and indirect hypotheses (with variable intervening). To test the hypothesis, this study uses a significance level of 5% so that the t-value used is 1.65.

The results of testing the hypothesis of the effect of budget participation on the performance of budget managers showed a negative and significant influence. In addition, a coefficient value of -0.550 was also obtained which indicates that when budget participation is increased by 1 unit, the performance of the budget manager will decrease by 0.550 units, or vice versa. The negative direction in the effect of budget participation on performance indicates that the fewer participants in the budget manager, the more the performance of the budget manager will increase.

The results of this study are different from those obtained by Pangestu (2021). This is because most of the budget managers who participate in STAHN Mpu Kuturan Singaraja are lecturers with additional tasks which in fact almost all of them do not have an understanding in the field of budget or finance. Participating budget managers adjust to their positions, not to competence in terms of finances or budgets, so that when preparing a budget that produces RPD documents, participants tend to adjust the proposed activities to their respective academic schedules, not with absorption targets that are benchmarks for leadership performance.

Table 1. Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
KOM (X3) -> KIN (Y)	0,492	0,490	0,079	6,191	0,000
KSA (X2) -> KIN (Y)	1,048	1,039	0,227	4,617	0,000
KSA (X2) -> KOM (X3)	1,508	1,500	0,241	6,262	0,000
PAG (X1) -> KIN (Y)	-0,550	-0,541	0,220	2,498	0,013
PAG (X1) -> KOM (X3)	-0,532	-0,524	0,243	2,186	0,029

Source: Smart-PLS (2022)

The theory of competence proposed by Spencer (1993) explains competence to be something that underlies the effectiveness of individual performance in his work or the basic characteristics of individuals who have a casual relationship or with criteria that are used as a reference, effective or superior performance in the workplace or in certain situations to achieve goals in the organization or work.

The results of testing the effect of clarity of budget goals on the performance of budget managers show a positive and significant influence. In addition, a coefficient value of 1,048 was also obtained which shows that when the clarity of budget targets is increased by 1 unit, the performance of budget managers will increase by 1,048 units, or vice versa. Clarity of budget goals is a variable that has a dominant influence on the performance of budget managers because it has the most influence coefficient from 0, namely 1.048. The results of the study are different from research by Al

Rizky Widya Pangestu (2021) which shows that partially, clarity of budget targets has no effect on budget performance

Theoretically, the budget manager at STAHN Mpu Kuturan Singaraja has indeed create budget goals with clear and specific goals, but in the process of implementation, all activities are still adjusting the binding schedule or academic calendar that has been set previously. Then, disbursements in capital expenditures, especially development, which contribute greatly to absorption have also been bound by contracts so that payments adjust the achievement of work progress. In addition, there is a government policy through the Ministry of Finance, namely Automatic Adjustment which causes the budget of STAHN Mpu Kuturan Singaraja to be blocked by Rp. 2,000,000,000, (Two Billion Rupiah).

The results of testing the effect of organizational commitment on the performance of budget managers show a positive and significant influence on the performance of

budget managers. In addition, a coefficient value of 0.492 was also obtained which indicates that when organizational commitment increases, the performance of budget managers will also increase, or vice versa.

The results of this study are different from the research conducted by (Arniwita et al., 2019) on the influence of organizational culture, organizational commitment, and leadership style on employee performance (empirical study on social services and the Surakarta City manpower and industry office) which states that organizational culture and organizational commitment do not affect employee performance.

The positive influence of the results of this study shows that the organization's commitment to STAHN Mpu Kuturan Singaraja, which tends to be high, will have a positive influence on its employees, namely causing job satisfaction, morale, good work performance and the desire to keep working. In terms of performance achievement, budget manager of STAHN Mpu Kuturan has committed to achieving the budget absorption target optimally even though it is not optimal, this is evidenced by the holding of a meeting that discusses steps to accelerate budget realization every two weeks.

The results of testing the effect of budget participation on the performance of budget managers through organizational commitments show a negative and significant influence, as well as a direct influence between budget participation and the performance of budget managers. In addition, a coefficient value of -0.262 was also obtained which shows that when budget participation through organizational commitments is increased by 1 unit, the performance of the budget manager will decrease by 0.262 units, or vice versa.

This research is different with research by Giusti (2018) showing significant results from the effect of budget participation on performance through organizational commitment. This direction of mediation influence shows negative results, it shows that with organizational commitment, the influence of participation in budgeting on the performance of managers will be lower.

Strategic Management Theory by Wheelen and Hunger (2008) which is widely applied in the line of bureaucracy in Indonesia states that the stage is the budget first which needs to be increased and then performance will also increase. This indicates that even with a high commitment, the decisions that will be taken in the preparation of the

budget will still be influenced by the logicity of each budget manager.

The results of testing the effect of clarity of budget goals on the performance of budget managers through organizational commitment show a positive and significant influence, as well as a direct influence between clarity of budget goals and the performance of budget managers. In addition, a coefficient value of 0.741 was also obtained which shows that when the clarity of budget goals through organizational commitments is increased by 1 unit, the performance of budget managers will increase by 0.741 units, and vice versa.

These results are different from research by Sharfina Pradita (2021) on budgetary slack mediating the influence of organizational commitment and clarity of budget goals on managerial performance (case study in PT. PLN (Persero) UP3 Merauke) which shows that clarity of budget targets has a negative and insignificant effect on managerial performance.

Financial information in the theory of the usefulness of decisions is expected to encourage the commitment of budget managers at STAHN Mpu Kuturan Singaraja to achieve clear budget goals. High commitment to the organization will

lead to the achievement of higher accuracy of the task force's budget goals. This is because budget management supported by a high commitment to the agency or institution will try to attach more importance to the interests of the organization than its personal interests. However, the positive results obtained both from the direct influence of budget goals and mediation of organizational commitments have also not been able to improve the performance of budget managers to achieve the specified targets.

CONCLUSION, IMPLICATION AND LIMITATION

The study concludes that budget participation at STAHN Mpu Kuturan Singaraja has a negative and significant impact on budget managers' performance. Conversely, clarity of budget targets positively and significantly influences their performance. Additionally, organizational commitment has a positive and significant effect on budget managers' performance. Furthermore, organizational commitment mediates the relationship between budget participation and budget managers' performance, indicating a negative and significant direction. It also mediates the

relationship between budget goal clarity and budget managers' performance, showing a positive and significant direction.

Referring to the results of this study, it is hoped that the STAHN Mpu Kuturan task force can improve the RPD document prepared after the submission of the DIPA so that the budget absorption target can be achieved. In addition, it is necessary to equalize perceptions and increase competence for all budget managers.

This research is limited to one task force with a high school scope, so that in the future researchers can then conduct research with a wider scope and universities with more complex sources of funds using more variables such as compensation (Gayatri et. al., 2017), leadership, discipline, ability (Putri et al., 2017), motivation, and cooperation that may affect the performance of budget managers (Dewi et. al., 2019), while the research advice is a future direction for the next research based on the limitations highlighted.

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