Internal and External Factors Impact Budget Management Performance

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ABSTRACT: This study aims to analyze the internal and external factors that affect the performance of budget managers (empirical study on the organization of the Karangasem district apparatus). The population used in this study were budget management officials at OPD in Karangasem Regency in the form of agencies and offices, namely: PA, PPK, and PPTK totaling 209 people. This study uses primary data obtained using a questionnaire where the respondents were taken based on purposive sampling, with a total sample of 87 people. The data analysis technique used multiple linear regression analysis. The results showed that competence, motivation, organizational commitment, and work environment had a positive effect on the performance of budget managers at OPD Karangasem Regency.

KEYWORDS: competence, motivation, organizational commitment, work environment, and performance of budget managers

I. INTRODUCTION

Performance measurement is very important to assess organizational and government accountability in producing better public services (Sohn and Bae, 2018). Accountability is the keyword, because government institutions are required to be transparent in their budget accountability (Pande and Putra, 2017). Accountability in budgeting does not only show how public money is absorbed and spent, but also shows the ability of how the available funds are managed according to the principles of regional financial management, namely effective, efficient, transparent, accountable, orderly, fair, obedient, and in compliance with laws and regulations. -Invitation (Emerling and Jurkiewicz, 2018). To realize good budget management performance, good accounting management is also needed. Accounting management has a function to manage financial elements in an organization such as planning and resource allocation (Hanafi, 2016: 1). Accounting management in local government organizations is very important in managing government budgets, because the budget is a part of cash that has cash inflows and outflows within a certain period, so its management requires regular, accountable management.

Regional autonomy and fiscal decentralization in Indonesia began in 1999 by transferring various kinds of central government powers and responsibilities to regional governments (Pemda). Law No. 22 of 1999 (article 1 point h) concerning Regional Government which confirms the authority of the Regional Government to regulate and manage government affairs by themselves based on the principle of autonomy. The district / city APBD is a major force for accelerating development in Indonesia. On the one hand, regions must be able to improve the quality of their annual planning. Meanwhile, on the other hand, it must also improve integration, synchronization and synergy between regions, between government functions and between the center and the regions. However, in reality what is happening now is the relatively poor management of regional finances. One of the indications is the results of the examination by the Supreme Audit Agency (BPK), namely that there are still many regions that get bad opinions from the BPK (Manubulu et al., 2018).

The budget serves as an operational control tool. Local government budgets are important, because they show their performance and accountability as reflected in the completeness of the reports presented. Therefore, local governments must have a master plan for regional development that is in line with the development plan of the central government. Its implementation is stated in the form of programs / activities in the regional revenue and expenditure budget (Kamau et al., 2017). There are factors that affect the performance of budget management, including motivation, organizational commitment, competence, work environment, leadership, compensation, organizational culture and so on (Rantesalu et al., 2016). Of these factors, there are dominant factors which can be grouped into internal and external factors of the organization. Internal organizational factors are factors that affect employees that come from within employees as individuals. Internal factors can include aspects of human resources in the organization, while external factors are factors that come from outside of the employee and cover more of the organization's work environment and employee motivation. This study examines internal factors, namely employee competence and organizational commitment, while internal factors are employee motivation and work environment.
The behavior of budget managers affects the performance of these managers, especially internal factors consisting of competence and organizational commitment, while external factors consisting of motivation and work environment are thought to affect the behavior performance of budget managers. Attribution theory explains how a person's behavior acts in making a decision because everyone has different behaviors (Astuti & Latrini, 2017). The competence of budget managers has an influence on accountability the increasing competence possessed by the budget manager and in accordance with work demands, the accountability will be better because budget managers who have good competence will have the ability and good expertise to make the necessary work solutions, carry out work properly and correctly, seeing work as a necessity that must be carried out sincerely, and openly improving one's own quality through the learning process (Achmad., 2016).

Similar research was conducted by Utami and Dwirandra (2018) which stated that competence has a positive effect on performance. Furthermore, Situmorang and Dalimunthe (2015) also said that competence has a positive effect on performance. Research by Ferry et al., (2020) also conveyed the same thing, namely competence has a positive effect on performance.

Furthermore, organizational commitment is one of the factors that affect a person's performance. Organizational commitment is a measure of employees' willingness to stay with a company in the future. Commitment often reflects employee confidence in the mission and goals of the organization, a willingness to make an effort to get the job done, and a desire to continue working for the organization. Commitment is typically stronger among older employees, those with personal success in the organization and those working on committed teams. According to Parinding (2017) employees who are committed to the organization usually have good attendance records, show voluntary loyalty to company policies, and have low turnover rates. Research conducted by Muis and Fahmi (2018) shows that organizational commitment has a positive effect on one's performance. The same thing was conveyed by Mirah Kusuma Putri and Badera (2019) and Syam et al., (2019) which show that organizational commitment has a positive effect on performance.

Apart from internal factors, performance is also influenced by external factors, one of which is motivation. A person's motivation affects the way they behave and work so that management is obliged to know the characteristics of employees. Maslow (in Yohana, 2017), states motivation as a reaction that begins with a need that fosters a desire or an effort to achieve a goal which then creates tension, namely unfulfilled desires, which then cause actions that lead to goals and will ultimately satisfy desires.

Motivation comes from two factors, namely intrinsic satisfaction which consists of being successful in achieving something, getting recognition and a sense of responsibility and extrinsic satisfaction consisting of organizational policies, supervision by managers, interpersonal relationships and working conditions (Yohana, 2017). Strong motivation from both inside and outside of a person will be able to provide encouragement to always work optimally. For budget management officials in government, motivation plays an important role in achieving the work goals that have been set. Research conducted by Sumantri (2016) shows motivation has a positive effect on performance. Meanwhile, research conducted by Wartono and Sudaryana (2020) shows that motivation has no effect on performance.

The work environment is the social, psychological, and physical life in a company that affects workers in carrying out their duties (Utami and Dwirandra, 2018). Human life is inseparable from various conditions in the surrounding environment, between humans and the environment there is a very close relationship. A conducive work environment includes the determination of working hours, applicable regulations, and the physical environment. In addition, a good work environment also provides a feeling of comfort for workers, because the atmosphere one has with another person really influences work. Liawati (2020) states that the work environment builds a sense of psychological comfort to workers which causes an increase in morale and work productivity, so that in general their performance will increase.

For budget management officials in government, the work environment is related to government offices and the people in them. The relationship between personal and physical environment that is owned greatly influences the mindset and performance of the budget manager. This is because managing a budget is not an easy thing to do so that it requires support from an optimal work environment. Research conducted by Bagus et al., (2016) shows that the work environment has a positive effect on one's performance. The same thing was conveyed by Liawati (2020) which shows that the work environment has a positive effect on one's performance.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Research conducted by Achmad (2016) shows that competence has a positive effect on performance. Other research results by Situmorang and Dalimunthe (2015) also show that competence has a positive effect on employee performance. Furthermore, research by Dharmanegara et al (2016) shows that competence has a positive effect on performance. The same thing was conveyed by Syam et al (2019) which stated that good competence will improve performance, meaning that competence has a positive effect on performance. Research conducted by Rahadjat al (2017) also shows that competence has a positive effect on performance, based on these results the following hypothesis can be formulated.

H1: There is a positive effect of competence on the performance of budget managers.

Employees who have good motivation will have high morale to achieve goals and meet standards, be able to use group values in decision making, and are not afraid of failure and view failure as a controllable situation rather than as a personal deficiency. The performance of government budget managers will work optimally if they have high motivation to work.

Research conducted by Situmorang and Dalimunthe (2015) shows that motivation has a positive effect on performance. Research by Dharmanegara et al (2016) shows that motivation has a positive effect on performance. The same thing was conveyed by Achmad (2016) that motivation has a positive effect on performance. Furthermore, Kurniawan and Heryanto
(2019) show that motivation has a positive effect on performance. Furthermore, Rahardja et al (2017) show that work motivation has a positive effect on performance. Based on this description, the following hypothesis can be formulated.

H2: There is a positive effect of motivation on the performance of budget managers.

Organizational commitment is indispensable in goal setting, with high commitment, someone will have the initiative to plan their work, this is in accordance with the goal setting theory. Organizational commitment is defined as a psychological approach between employees and organizations that has implications for decisions to stay or leave the organization (Puspitasari, 2016). Organizational commitment is the attitude of employees or organizational strength in binding employees to remain in the organization. Committed employees will show a willingness to work hard to achieve organizational goals and have a strong desire to work and stay in the institution where they work. The commitment of budget managers in government is very important in order to achieve good and quality budget management targets.

Research conducted by Suharto et al (2019) explains that organizational commitment has a positive effect on one's performance. Research by Syam et al (2019) shows that organizational commitment has a positive effect on performance. Dharmanegeara et al (2016) show that organizational commitment has a positive effect on performance. Furthermore, Kusumastuti et al (2018) showed that organizational commitment has a positive effect on performance. Furthermore, Akbar et al (2017) show that organizational commitment has a positive effect on performance. Based on this, the following hypothesis can be formulated.

H3: There is a positive effect of organizational commitment on the performance of budget managers.

The work environment is an external factor that affects a person's performance, according to attribution theory which explains a person's behavior, which can be influenced by external attributions or external environmental factors. According to Yohana (2017), employee performance is determined by the level of the environment in which they work. The work environment involves all aspects that act and react to the body and mind of employees. Under organizational psychology, the physical, mental and social environments in which employees work and work must be analyzed for better effectiveness in enhancing performance. Its main aim is to produce an environment that ensures ease of work and eliminates all causes of frustration, anxiety and worry. If the work environment is pleasant, then fatigue, monotony and boredom are minimized and performance can be maximized. A conducive work environment will always lead to more efficient and effective budget management.

Research conducted by Syam et al (2019) shows that the work environment has a positive effect on performance. Situmorang and Dalimuthu (2015) show that the work environment has a positive effect on performance. Dharmanegeara et al (2016) show that the work environment has a positive effect on performance. Furthermore, Kurniawan and Heryanto (2019) show that the work environment has a positive effect on performance. Furthermore, Sunarsi et al (2020) has a positive effect on performance. Based on this, the following hypothesis can be formulated.

H4: There is a positive effect of the work environment on the performance of the budget manager.

III. METHODS

This research was conducted at OPD Karangasem Regency. The location selection was based on the number of OPDs in the form of agencies and offices, namely 29 OPDs in accordance with Perda 10/2016. In addition, the realization of the Karangasem Regency government budget still has not met the budget target which is interesting to examine the cause. The population used in this study were budget management officials at OPD in Karangasem Regency in the form of agencies and offices, namely: Budget Users (PA), Financial Administration Officers (PPK), and Technical Activities Officials (PPTK). The following is the number of population in this study consisting of PA. PPK and PPTK in OPD in Karangasem Regency, amounting to 209 people with details in attachment 10. This study used purposive sampling. This technique is used to determine a sample based on certain criteria. The sample criteria in this study were Budget Users (PA), Financial Administration Officers (PPK), and Technical Implementation Officials (PPTK) from each agency. Based on this, the sample in this study was one person from each PA, PPK, and PPTK in each OPD in Karangasem Regency in the form of an agency and agency so that the number of samples was 3 x 29 = 87 respondents. The data collection technique that will be carried out in this research is by distributing questionnaires.

The analysis technique used is multiple linear regression analysis techniques. The regression model in this study is as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \]............................(1)

Information:
Y = Budget Manager Performance Variable
X1 = Competency variable
X2 = Motivation variable
X3 = Organizational Commitment variable
X4 = Work Environment variable
\alpha = Constant
\beta = Regression Coefficient
e = error
IV. RESULT AND DISCUSSION

Multiple Linear Regression Analysis

The multiple linear regression method is used in this study to determine the effect of competence (KP), motivation (MO), organizational commitment (KO), work environment (LK) and budget management performance (KA). This method was tested using a computer system in the form of SPSS version 20. The effect of independent variables on the dependent variable was tested with a confidence level (Confidence interval) of 95% or α = 5%.

Table 1. Results of Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.891</td>
<td>0.339</td>
<td>0.088</td>
<td>0.571</td>
</tr>
<tr>
<td>Motivation (X1)</td>
<td>0.339</td>
<td>0.220</td>
<td>0.089</td>
<td>4.127</td>
</tr>
<tr>
<td>Motivation (X2)</td>
<td>0.220</td>
<td>0.187</td>
<td>0.086</td>
<td>2.183</td>
</tr>
<tr>
<td>Organization</td>
<td>0.240</td>
<td>0.240</td>
<td>0.088</td>
<td>2.721</td>
</tr>
<tr>
<td>Commitment (X3)</td>
<td>0.339</td>
<td>0.222</td>
<td>0.089</td>
<td>2.461</td>
</tr>
<tr>
<td>Work Environment (X4)</td>
<td>0.240</td>
<td>0.088</td>
<td>0.229</td>
<td>2.183</td>
</tr>
</tbody>
</table>

Based on Table 1, the following multiple linear regression equation can be made:

$$\hat{Y} = 0.891 + 0.339X_1 + 0.220X_2 + 0.086X_3 + 0.240X_4$$

Effect of Competence on Budget Management Performance

Based on the results of the t test, the influence of competence on the performance of budget managers has a significance value of 0.000 with a regression coefficient of 0.339 which is positive. A significance value of 0.000 <0.05 indicates that H1 is accepted. This result means that competence has a positive effect on the performance of budget managers. This means that if the competence is getting better, the performance of budget management is getting better, conversely, if the competence is getting worse, the performance of budget management will get worse.

The theory of adoption which explains how the behavior of a person at work can also explain how a person's competence affects their performance. In addition, Kriyantono (2017: 245) explains that goal setting theory can explain how competence affects goal setting which is like a plan, a good plan will emerge from someone with good competence. Competence is required in achieving efficient contractual relationships. Competence will assist the agent in carrying out the duties assigned by the principal. Competency improvement will improve employee performance. Competence relates to the level of education and specialization possessed by employees. Inspectorates who have higher education are expected to be able to develop good logic in solving various problems found in the field.

The results of this study are in line with research conducted by Achmad (2016) which shows that competence has a positive effect on performance. Other research results by Situmorang and Dalimunthe (2015) also show that competence has a positive effect on employee performance. Furthermore, research by Dharmanegara et al (2016) shows that competence has a positive effect on performance. The same thing was conveyed by Syam et al (2019) which stated that good competence will improve performance, meaning that competence has a positive effect on performance. Research conducted by Rahardja et al (2017) also shows that competence has a positive effect on performance.

Effect of Motivation on Budget Management Performance

Based on the results of the t test the influence of motivation on the performance of budget managers obtained a significance value of 0.016 with a regression coefficient value of 0.220 which is positive. A significance value of 0.016 <0.05 indicates that H2 is accepted. This result means that motivation has a positive effect on the performance of budget managers. This means that if the motivation is getting better, the performance of budget management is getting better, conversely, if the motivation is getting worse, the performance of budget management will get worse.

Goal setting theory is also a theory that explains the goal setting at work, meaning that if someone does not have high motivation, they will not do goal setting. Motivation is a condition in a person's personality that encourages the individual's desire to carry out certain activities in achieving goals. Employees who have good motivation will have high morale to achieve goals and meet standards, be able to use group values in decision making, and are not afraid of failure and view failure as a controllable situation rather than as a personal deficiency.

The results of this study are in line with research conducted by Situmorang and Dalimunthe (2015) showing that motivation has a positive effect on performance. Research by Dharmanegara et al (2016) shows that motivation has a positive effect on performance. The same thing was conveyed by Achmad (2016) that motivation has a positive effect on performance. Furthermore, Kurniawan and Heryanto (2019) show that motivation has a positive effect on performance. Furthermore, Rahardja et al (2017) show that work motivation has a positive effect on performance.
Effect of Organizational Commitment on Budget Management Performance

Based on the results of the t test the effect of organizational commitment on the performance of budget managers obtained a significance value of 0.032 with a regression coefficient value of 0.187 which is positive. A significance value of 0.032 < 0.05 indicates that H3 is accepted. This result means that organizational commitment has a positive effect on the performance of budget managers. This means that if organizational commitment is getting better, budget management performance is getting better, conversely, if organizational commitment gets worse, budget management performance will get worse.

Organizational commitment is indispensable in goal setting, with high commitment, someone will have the initiative to plan their work, this is in accordance with the goal setting theory. Organizational commitment is defined as a psychological approach between employees and organizations that has implications for decisions to stay or leave the organization (Puspitasari, 2016). Organizational commitment is the attitude of employees or organizational strength in binding employees to remain in the organization. Committed employees will show a willingness to work hard to achieve organizational goals and have a strong desire to work and stay in the institution where they work.

The results of this study are in line with research conducted by Suharto et al (2019) which explains that organizational commitment has a positive effect on one's performance. Research by Syam et al (2019) shows that organizational commitment has a positive effect on performance. Furthermore, Kusumastuti et al (2018) showed that organizational commitment has a positive effect on performance. Furthermore, Akbar et al (2017) show that organizational commitment has a positive effect on performance.

Effect of Work Environment on Budget Management Performance

Based on the results of the t test, the effect of the work environment on the performance of budget managers, a significance value of 0.008 is obtained with a regression coefficient of 0.240 that is positive. A significance value of 0.008 < 0.05 indicates that H4 is accepted. This result means that the work environment has a positive effect on the performance of budget managers. This means that if the work environment is getting better, the performance of budget management is getting better, conversely, if the work environment is getting worse, the performance of budget management will get worse.

The work environment is an external factor that affects a person's performance, according to the attribution theory which explains the behavior of a person, which can be influenced by external attributions or external environmental factors. According to Yohana (2017), employee performance is determined by the level of the environment in which they work. The work environment involves all aspects that act and react to the body and mind of employees. Under organizational psychology, the physical, mental and social environments in which employees work and work must be analyzed for better effectiveness in enhancing performance. Its main aim is to produce an environment that ensures ease of work and eliminates all causes of frustration, anxiety and worry. If the work environment is pleasant, then fatigue, monotony and boredom are minimized and performance can be maximized.

The results of this study are in line with research conducted by Syam et al (2019) showing that the work environment has a positive effect on performance. Situmorang and Dalimunthe (2015) show that the work environment has a positive effect on performance. Dharmage et al (2016) show that the work environment has a positive effect on performance. Furthermore, Kurniawan and Heryanto (2019) show that the work environment has a positive effect on performance. Furthermore, Sunarsi et al (2020) has a positive effect on performance.

Analysis of the Coefficient of Determination (R Square)

The small value of Adjusted R Square means that the ability of the independent variables to explain the variation of the dependent variable is very limited. A value close to 1 means that the independent variables provide almost all the information needed to predict the variation in the dependent variable.

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>0.821*</td>
<td>0.673</td>
<td>0.657</td>
<td>1,353</td>
</tr>
</tbody>
</table>

Based on table 2, it can be observed that the adjusted R2 value of 0.657 means that 65.7% change (up and down) in budget management performance is influenced by competence, motivation, organizational commitment and work environment while the remaining 34.3% is influenced by other factors outside this research.

Model Feasibility Test (F Test)

Model Feasibility Test (F test), aims to show the feasibility of multiple linear regression models as an analytical tool that tests the effect of independent variables on the dependent variable. The F test is done by looking at the significance value in the ANOVA table with the help of SPSS. If the ANOVA significance value <α = 0.05, then this model is said to be feasible as the independent variable is able to explain the dependent variable.
Table 3. Results of the F-test

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>309,547</td>
<td>4</td>
<td>77,387</td>
<td>42,255</td>
<td>0.0009</td>
</tr>
<tr>
<td>Residual</td>
<td>150,178</td>
<td>82</td>
<td>1,831</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>459,724</td>
<td>86</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Primary Data, 2021

Based on table 3, the results of the simultaneous significance test (F test) obtained a significance value of F of 0.000. A significant value of 0.000 <0.05 means that competence, motivation, organizational commitment and work environment are thought to be significantly related to budget management performance. This indicates that the model in this study is suitable to be used for further testing.

V. CONCLUSION

The results of statistical data analysis show that competence has a positive effect on the performance of budget managers in the Regional Apparatus Organization (OPD) of Karangasem Regency, motivation has a positive effect on the performance of budget managers at the Regional Apparatus Organization (OPD) of Karangasem Regency, organizational commitment has a positive effect on the performance of budget managers in Karangasem Regency. The Regional Apparatus Organization (OPD) of Karangasem Regency and the work environment has a positive effect on the performance of budget managers at the Regional Apparatus Organization (OPD) of Karangasem Regency.

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