

# Application of Budget-Based Performance Systems in Improving Performance Accountability in Jember's State Polytechnic

Savitri AuliaWuri Handayani<sup>1</sup>, Alwan Sri Kustono<sup>2</sup>, Whedy Prasetyo<sup>3</sup>

Department of Accounting, Faculty of Economics, University of Jember, Jln. Kalimantan 37, Jember 68121

**Abstract:** *The objectives of this study included 1) to determine the effect of budgeting accountability on managerial performance accountability at the Jember State Polytechnic; 2) to determine the effect of budgeting transparency on managerial performance accountability at the Jember State Polytechnic; 3) to determine the effect of budget oversight on managerial performance accountability at the Jember State Polytechnic and to determine the effect of budgeting efficiency on managerial performance accountability at the Jember State Polytechnic. Analysis method used multiple linear regression, t test and classic assumptions. Results showed budgeting accountability in development affects the performance of managerial accountability. The better the budgeting accountability, the better the performance of managerial; Budgeting transparency affects the performance of managerial accountability. The more transparent the budget is, the better managerial performance will be; Budgeting supervision did not affect the performance of managerial accountability. This shows that budgeting supervision do not determine whether managerial performance accountability is good or not; Budgeting efficiency did not affect the performance of managerial accountability. Means that budgeting efficiency does not determine whether managerial performance accountability is good or not.*

**Keywords:** accountability, budgeting, transparency, supervision, efficiency and managerial performance accountability

## 1. Introduction

Performance Based Budgeting is a budgeting system that is oriented towards the organization's output and is closely related to the organization's vision, mission and strategic plan. Budgets that are not effective and not performance oriented will be able to derail the plans that have been prepared. The demand for reform is a challenge and prospect for educational institutions to revitalize education management.

Some public sector studies in Indonesia are beginning to test the size of indicators in implementing performance-based budgets. Izzaty (2011) explains the implementation of performance-based budgeting is influenced by leadership style factors and the quality of human resources in the Public Service Agency. Using rational factors from Julnez and Holzer (2001), Asmadewa (2007) conducted a study by examining the rational aspects of the implementation of performance-based budgets in the central government. The results showed that the rational aspects of resources and information had an effect on the implementation of performance-based budgets, while the objective factor rational factors showed no influence. Further research conducted by Achyani and Cahya (2011), who still use the rational aspects of Julnez and Holzer (2001) also show the same results that the implementation of performance-based budgets is only influenced by the rational aspects of resources and information. The results of Anugriani's (2014) study show that accountability has a positive effect on budget performance.

The objectives of this study included 1) to determine the effect of budgeting accountability on managerial performance accountability at the Jember State Polytechnic; 2) to determine the effect of budgeting transparency on managerial performance accountability at the Jember State

Polytechnic; 3) to determine the effect of budget oversight on managerial performance accountability at the Jember State Polytechnic and to determine the effect of budgeting efficiency on managerial performance accountability at the Jember State Polytechnic.

## 2. Literature Review Dan Hipotesis

### 2.1 Effect of Budgeting accountability on Accountability Managerial Performance

Accountability is an effort to provide accountability for all activities and performance that have been carried out by an entity to interested parties. The realization of accountability is the main goal of public sector reform. The demand for accountability requires public sector institutions to put more emphasis on horizontal accountability, not just vertical accountability (vertical accountability). The results of Anugriani's (2014) study show that accountability has a positive effect on budget performance. The same finding was obtained through Adrianto's (2012) research that accountability has a positive effect on the performance of budget execution. Based on the description above, the authors propose a hypothesis, that accountability has an effect on the performance of budget execution because every implementation of the budget requires accountability and openness to be examined. To ensure the efficiency and effectiveness of a budget.

H1: Budgeting accountability has a positive effect on Managerial Performance Accountability

### 2.2 Effect of Budgeting transparency on Accountability Managerial Performance

Budgeting transparency can be seen from three aspects, namely the existence of an open policy towards supervision,

access to information so that the community can reach every aspect of government policy, and the principle of check and balance between the executive and legislative institutions. The results of Anugriani's (2014) study show that transparency has a positive effect on budget performance.

The same finding was obtained through Adrianto's research (2012) that transparency has a positive effect on the performance of budget execution. Based on the description above, the authors put forward the hypothesis, that transparency has an effect on the performance of budget implementation because in every government operation the public must be open. So that budget announcements can be obtained at any time and easily available to the public.

H2: Budgeting transparency has a positive effect on Managerial Performance Accountability

### **2.3 Effect of Budget Supervision on Accountability Managerial Performance**

Supervision of regional budgets is carried out to minimize regional budget leakage, with an orderly bookkeeping method and regional financial supervision methods in accordance with applicable legislation. The results of Anugriani's (2014) study show that supervision has a positive effect on budget performance. The same finding was obtained through Suparno's (2012) study that supervision had a significant effect on the performance of budget execution. Based on the description above, the authors propose the hypothesis, that supervision has an influence on the performance of budget implementation because budget oversight is carried out to minimize budget leakage, with an orderly bookkeeping method and regional budget monitoring methods in accordance with the law to be effective and efficient in each regional unit work unit .

H3: Supervision has a positive effect on Managerial Performance Accountability

### **2.4 Effect of Budgeting efficiency on Accountability Managerial Performance**

According to Kenis in Gede (2014: 3), budgeting efficiency is the extent to which the budget goals are clearly and specifically set so that the budget is understood by the person responsible for the budget. Therefore the efficiency of the regional government budget is stated clearly, specifically and easily understood by those responsible.

Budgeting efficiency has implications for the apparatus, to prepare a budget in accordance with the objectives to be achieved in the previous research budgeting efficiency has an effect on managerial performance. In previous studies many showed a positive effect on budgeting efficiency with managerial performance.

H4: Budgeting efficiency has a positive effect on managerial performance accountability

## **3. Research Methods**

This research was explanatory research. The location of the study was conducted at the Jember State Polytechnic. The population in this study were all budget employees of the Jember State Polytechnic, amounting to 40 people, both the head of the field and the Technical Implementers of the budget, namely the head of the field and his staff who were the main actors in budget planning.

This research was a census technique, which was a study using the entire population as respondents. The selection of census techniques is done because the number of population is less than 100 respondents. Variables are grouped into two groups namely independent or independent variables (X) which consist of budgeting accountability variables (X1), budgeting transparency (X2), budget supervision (X3), budgeting efficiency (X4) dependent or dependent variables (Y), namely managerial performance accountability (Y). To test the hypothesis in this study, researchers used statistical analysis tools, namely multiple linear regression methods.

## **4. Research Result**

Multiple regression analysis relates to the study of the dependence of a dependent variable on one or more independent variables in order to find out how much influence the independent variables have on the dependent variable. Based on the regression coefficients, the regression equations that can be formed are:

$$Y = 0.092 + 1.033X1 + 0.107X2 - 0.009X3 - 0.020X4$$

Based on the data analysis aimed it is known that F count is 80.306 and F table  $\alpha$  (k) (n-k-1) then F table (0.05: 5: 40) with a significance of 5% obtained at 2.49. These results indicate that F count > F table (80,306 > 2,49) then reject Ho and accept Ha means that simultaneously the independent variable of the State Polytechnic of Jember influences the performance of the managerial accountability of the State Polytechnic Jember budget.

Based on the results of multiple regression analysis, it can be seen that the Adjusted R Square value (R<sup>2</sup>) is 0.971. This shows that 97.1% of managerial accountability performance variables can be explained by independent variables namely budgeting accountability, budgeting transparency, budgeting supervision, budgeting efficiency, while the remaining 2.9% is influenced by other variables outside the variables used.

## **5. Discussion**

Based on the kinds of statistical tests performed, it can be presented in several analyzes and discussions.

### **5.1. Effect of Budgeting accountability on Managerial Acutability Performance**

The variable budgeting accountability of agencies has a significant effect on the performance of managerial accountability. Based on the analysis, it can be concluded that the main hypothesis (H1) is accepted and the null hypothesis (H0) is rejected, which means that the budgeting

accountability variable  $k$  affects the performance of managerial accountability.

The results of Anugriani's (2014) study show that accountability has a positive effect on budget performance. The same finding was obtained through Adrianto's (2012) research that accountability has a positive effect on the performance of budget execution. This value in accordance with Siregar (2011) shows that public accountability and public transparency have a significant effect on the management of PematangSiantar City APBD.Cimpoeru (2015) found that budgeting transparency and budget oversight had a significant effect on budget performance. Setiyawan and Safri (2016) found public accountability, public transparency, supervision, and regional financial management to influence the performance of SKPD in the Bungo District Government. Based on the description above, the authors propose the hypothesis, that accountability has an effect on the performance of budget execution because each budget execution is required and is open for review.

### 5.2. Effect of Budgeting transparency On Managerial Accountability Performance

Based on the analysis, it can be concluded that the second hypothesis (H2) is accepted and the null hypothesis (H0) is rejected, which means the budgeting transparency variable influences the performance of managerial accountability. Budgeting transparency affects the performance of managerial accountability.

The results of study support the results of the research that has been conducted. The results of Anugriani's research (2014) in showing that transparency has a positive effect on budget performance. The same finding was obtained through Adrianto's research (2012) that transparency has a positive effect on the performance of budget execution. This is in accordance with Cimpoeru (2015) found that budgeting transparency and budget oversight have a significant effect on budget performance. Setiyawan and Safri (2016) found public accountability, public transparency, supervision, and regional financial management to influence the performance of SKPD in the Bungo District Government.

### 5.3. The Effect of Between Budgeting Supervision on Managerial Acutability Performance

Tudgeting supervision variable does not significantly influence the performance of managerial acutability. Based on the results of the analysis, it can be concluded that the main hypothesis of H3 is rejected and H zero (H0) is accepted, which means that the variable influence of the budgeting supervision does not affect the performance of managerial accountability.

The results of this study Cimpoeru (2015) found that budgeting transparency and budget oversight had a significant effect on budget performance. Setiyawan and Safri (2016) found public accountability, public transparency, supervision, and regional financial management to influence the performance of SKPD in the Bungo District Government. This does not support Anugriani (2014) in showing that supervision has a positive

effect on budget performance. This study also contradicts Suparno (2012) that supervision has a significant effect on the performance of budget execution. This is in accordance with Tuasikal (2008) which shows that internal/external supervision has an effect on the financial management of districts / cities in Maluku Province.

### 5.4. The Effect Between Budgeting efficiency on Managerial Acutability Performance

The budgeting efficiency variable has no significant effect on the performance of managerial acutability.

This is not consistent with Siregar's research (2011) which shows that public accountability and public transparency have a significant effect on the management of Pematang Siantar City Budget. Budgeting efficiency has no significant effect on the performance of managerial accountability. This is because the system carried out periodically is not related to performance because the increase in performance is more likely than operational in facilitating work that requires information quickly and precisely.

## 6. Conclusions, Limitations and Recommendations

Based on the results of the analysis, several conclusions can be drawn, namely 1) Budgeting accountability in development affects the performance of managerial accountability. 2) Budgeting transparency affects the performance of managerial accountability. 3) Budgeting supervision did not affect the performance of managerial accountability.; 4) Budgeting efficiency did not affect the performance of managerial accountability. Means that budgeting efficiency does not determine whether managerial performance accountability is good or not

Suggestions for further researchers include the need to expand the object of research, not just one agency so that it can be used as a reference for the interests of generalizing problems, interview methods need to be added at the time of data collection to avoid the possibility of bias or objectivity of respondents can improve the performance of managerial accountability by continuing to evaluate and develop systems that are in accordance with the internal environment of agencies and established procedures, so that they can continue to compete in an increasingly competitive business environment.

## References

- [1] Abdullah, S. 2012. Perilaku Oportunistik Legislatif dan Faktor-Faktor Yang Mempengaruhinya: Bukti Empiris dari Penganggaran Pemerintah Daerah di Indonesia. Ringkasan Disertasi. Universitas Gajah Mada
- [2] Achyani, F., dan Cahya, B. T. 2011. Analisis Aspek Rasional Dalam Penganggaran Publik Terhadap Efektivitas Pengimplementasian Anggaran Berbasis Kinerja Pada Pemerintah Surakarta. Maksimum, 1(2).
- [3] Amaratunga, Dilanthi dan Baldry, David. 2002. Performance Measurement In. Facilities Management And Its Relationships With Management Theory. New Jersey: Prentice-Hall

- [4] Asmadewa, I. 2007. Faktor-Faktor yang Mempengaruhi Keefektifan Implementasi Anggaran Berbasis Kinerja: Studi pada Pemerintah Pusat. Tesis. Universitas Gadjah Mada.
- [5] DiMaggio, P.J. dan W.W. Powell. 1983. The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*.
- [6] Izzaty, K.N. 2011. Pengaruh Gaya Kepemimpinan dan Kualitas Sumber Daya Manusia terhadap Penerapan Anggaran Berbasis Kinerja BLU. Universitas Diponegoro
- [7] Julnes, P. de Lancerand Holzer, M. 2001. Promoting the Utilization of Performance Measures in Public Organization: an Empirical Tudy of Factors Affecting Adoption and Implementation. *Public Administration Review* 61 (6), P. 693-708