



Motivation and Modified Commitment Effect of Internal Control System and Participation of Budgeting Preparation on Individual Performance

Mertyani Sari Dewi^{a*}, I Wayan Suartana^b

^{a,b}*Faculty of Economics and Business, University of Udayana, Indonesia*

^a*Email: mertyanisaridewi93@gmail.com*

Abstract

The study aims to obtain empirical evidence on the influence of internal control systems and participation in budgeting on individual performance with motivation and commitment as a moderator. The location of the research was conducted at 30 Regional Device Organizations (OPD) of Bangli Regency collected through questionnaires. The number of samples used was 60 employees determined by non-probability sampling method. This study was tested using moderation regression analysis. The results stated that the government's internal control system and participation in budgeting have no effect on individual performance. The results also show that work motivation cannot moderate the influence of government internal control system on individual performance, but can strengthen the influence of participation in budgeting on individual performance, then organizational commitment cannot moderate the influence of government internal control system and participation in budgeting on individual performance.

Keywords: Budget Participation; Commitment; Internal Control; Motivation; Performance.

1. Introducing

The issue of good governance is an emerging issue and is being discussed. The community provides demands for local management and financial management systems to ensure good transparency and accountability in accordance with existing procedures.

* Corresponding author.

An important indicator in measuring the success of a government is by measuring the performance of government that is always interesting to be studied Harsasto [1]. The existence of a phenomenon occurring in one of the local governments in Bangli Regency related to performance problems that found findings that were viewed from the disclaimer opinion (dismissed opinion) in LKPD fiscal year 2013 as a result of examination conducted by the Supreme Audit Agency (BPK) Bali Provincial to the Local Government Financial Report (LKPD) of Bangli Regency, while the BPK audit results obtained a Reasonable Exception (WDP) opinion for LKPD for fiscal year 2014. In fiscal year 2015, based on the results of BPK audit in LKPD of Bangli Regency there is a finding of weakness of control system internal government to keep the WDP opinion. Furthermore, in LKPD fiscal year 2016, unqualified opinion (WTP) was obtained by Bangli Regency.

Opinion disclaimer in Fiscal Year 2013 is given because BPK found a weakness in the internal control system in the preparation of financial statements, namely the management of asset funds in the account of the treasurer of the Office of Youth and Sports Education is not orderly implicated the belief of accountability of the use of funds and management of fixed assets of Bangli regency not yet orderly. In addition, BPK also found that non-compliance with laws and regulations in local financial management. The findings obtained by BPK reflect that there are still weaknesses in the performance of the local government of Bangli Regency. Some of the weaknesses found in the delivery of audit results by BPK related to the assessment and evaluation of the performance accountability of government agencies are the reason for the lack of optimal government implementation. Stated that the need for measurement of performance accountability side is on the aspect of activity in the environment of government agencies, one of them in terms of individual performance.

Individual performance is a condition in which to know the achievement of an organization required confirmation to interested parties related to work activities that they do. Argue that performance is the result of efforts made by someone by following the rules and requirements that have been determined related to the work done. An increase in the performance of an organization can occur if there is also an increase in one's performance. An individual in the work will focus on his duty in completing the task to achieve the goal to be achieved with the help of the application of information technology, so that the assigned task can be completed on time.

The sustainability of a government agency depends heavily on how well its internal control system Adewale [2]. The performance of a good government apparatus can be achieved if the organization's control system in government has been well done. To improve the performance of the government it is necessary to create a system of government internal controls so that government agencies can know the public funds used by the central government and local governments Putri [3]. Internal control plays an important role in all measurements of the implementation of the process of activities has been carried out whether it has been in accordance with established procedures.

Research conducted by Putri [3], Tresnawati [4] examined the government's internal control system affecting performance. The results of this study indicate that there is a positive influence in the relationship, while different results obtained Shodiq [5], Boritz and Jee [6] and Santoso [7] stating that there is no influence in the relationship.

Achieving the performance of an organization is part of the work performance of each member of the organization, either from upper level members to lower level members. Budgetary participation is one of the best methods of budgeting, as it can involve all the components that exist within the organization. The importance of the budgeting process, it is likely to impact the attitude and behavioral functional and dysfunctional members of the organizations involved in the process. The purpose of one's participation in the preparation of the budget is to encourage the individual in order to achieve the budget goals to improve individual performance.

The existence of differences from previous research results attracted the attention of researchers to re-examine the ability of motivation and commitment in moderating the relationship between the government's internal control system and participation in budgeting on individual performance. The contingency approach use a description of work motivation and organizational commitment as a moderator of the influence of the government's internal control system and participation in budgeting on individual performance.

2.Literature Review And Development Hypotheses

2.1 Internal Control System on Individual Performance

The Afrida [8] study, entitled the influence of decentralization and the government's internal control system on performance undertaken in Padang City Government, stated that there is a positive influence between the relationship of the government's internal control system and the performance. The results of this study was supported by Nursidin [9] research that examined the effect of internal control on performance in Medan with the result that someone who has a strong internal control system within an organization, the performance achieved will increase. The hypothesis formulated is as follows.

H1: The higher the governments internal control system the higher the individual's performance.

2.2 Participation of Budgeting on Individual Performance

Ermawati [10] research suggests that the relationship between budgetary participation and managerial performance has a significant positive relationship. This is supported by Hikmah [11] which examines the inclusion of budgetary participation to performance moderated by motivation at private universities in Semarang City. The results of this study indicate that the participation of budget preparation has a positive and significant impact on performance. Nasir and his colleagues [12] conducted a similar study to executives residing in the Jordanian state to find results stating that budgetary participation influences performance. The hypothesis formulated is as follows.

H2: The higher the participation of budget preparation the higher the individual's performance.

2.3 Motivation Moderates the Influence of Internal Control Systems on Individual Performance

Research Atmadja and his colleagues [13] finds out that motivation can affect the internal control system. It

means that the motivation that exists in a person who can influence it in carrying out duties and giving a statement that is beneficial to the effectiveness of the internal control system. The same results were obtained by Wijaya and his colleagues [14] with the results of research stating that a motivation owned will have a positive impact on the internal control system that will affect performance. This means that the motivation can strengthen the relationship between the government's internal control system and individual performance. The hypothesis formulated is as follows.

H3: The higher the work motivation that is accompanied by good government internal control system, then the individual performance will increase.

2.4 Motivation Moderates the Effect of Budgetary Participation on Individual Performance

Adrianto [15] states, the job satisfaction and motivation as a moderator in the relationship of budgetary participation in managerial performance. The results of this study indicate that work motivation as a moderating variable influences budgetary participation in managerial performance. Aisyah research [16] uses work motivation and delegation of authority in moderating the relationship between budgetary participation and managerial performance. The result states that only work motivation can moderate the relationship between budgetary participation and managerial performance. The hypothesis formulated is as follows.

H4: The higher the work motivation accompanied by the high participation of budget preparation, the individual performance will increase.

2.5 Organizational Commitment Moderates the Influence of Internal Control Systems on Individual Performance

Ramandei [17] conducted a study on the work unit of the city of Jayapura as object to be studied. Tests conducted to examine the influence of budget objective characteristics and internal control system on managerial performance of local government apparatus. The results of this study found that the internal control system affect the managerial performance of local government officials of Jayapura City. The hypothesis formulated is as follows.

H5: The higher organizational commitment accompanied by good government internal control system then individual performance will increase

2.6 Organizational Commitment Moderates the Effect of Budgetary Participation on Individual Performance

The higher the commitment to an organization owned by someone then it will make the person can have a larger effort to try to meet the goals of the organization. Conversely, the lower the organization's commitment to a person will have an impact on the low attention to achieve organizational goals and tend to put his personal interests first. Sardjito and Osmad [18] stated that budget participation can improve a person's performance either directly or indirectly. Indirectly budget participation affects performance through moderation of organizational commitment. The hypothesis formulated is as follows.

H6: The higher the organization's commitment accompanied by the high participation of budget preparation, the individual performance will increase.

3. Research Methodology

3.1 Research data

According to the sources, this study uses primary data specifically collected by researchers in order to be able to answer questions related to the problems studied. Primary data used in the form of score answer questionnaire responded by respondent. Based on its nature, the data used in this study is quantitative data ie data in the form of numbers Sugiyono [19] . This study uses questionnaires measured by Likert scale.

3.2 Population and Sample Research

This research uses government apparatus that work on 30 OPD of Bangli Regency as research population. The sampling technique used is non-probability method with saturated sampling technique. Respondents were the parties to be sampled in a study. Respondents in this study amounted to 60 respondents, consisting of employees of PPK (Finance Administration Officer) and Treasurer of OPD in Bangli Regency Government Environment.

3.3 Data analysis technique

Model of data analysis and hypothesis test in this research is model of interaction moderation regression analysis or MRA. This test aims to determine the role of work motivation and organizational commitment in moderating the influence of government SPI and participation in budgeting on individual performance. Systematically obtained regression equation as follows;

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_1.X_3 + \beta_6X_1.X_4 + \beta_7X_2.X_3 + \beta_8X_2.X_4 + e \dots(1)$$

4. Results and discussion

In this research hypothesis testing is done by regression analysis moderasi. The following is the result of moderation regression analysis presented in Table 1.

The test results of the coefficient of determination can be seen from the adjusted value of R2. Table 1 shows that the coefficient of determination of 0.832 means that 83.2% rise and fall of individual performance can be explained by internal control system (SPI) variable of government and participation of budget preparation and work motivation variable and organizational commitment as moderator, while 16,8 the remaining% is explained by other variables not included in the model.

$$= \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_1.X_3 + \beta_6X_1.X_4 + \beta_7X_2.X_3 + \beta_8X_2.X_4 + e \dots(1)$$

$$Y = 2,014 + 0,184X_1 + -0,163X_2 + -0,105X_3 + 0,282X_4 + -0,010X_1*X_3 + 0,002X_1*X_4 + 0,005X_2*X_3 + -0,024X_2*X_4 + e$$

Table 1: Result of moderation regression analysis

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constan)	2,014	2,638		0,763	0,449
X ₁	0,184	0,162	0,542	1,133	0,263
X ₂	-0,163	0,368	-0,188	-0,443	0,659
X ₃	-0,105	0,559	-0,122	-0,189	0,851
X ₄	0,282	0,465	0,384	0,606	0,547
X ₁ * X ₃	-0,010	0,008	-0,825	-1,236	0,222
X ₁ *X ₄	0,002	0,008	0,218	0,272	0,787
X ₂ * X ₃	0,055	0,021	1,852	2,610	0,012
X ₂ * X ₄	-0,024	0,015	-0,991	-1,654	0,104

Adjusted R_{square} : 0,832
F_{hitung} : 37,594
Sig. F_{hitung} : 0,000

Table 2 : Model Feasibility Test Result (F Test)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	997,662	8	124,708	37,594	0,000
Residual	169,178	513	317		
Total	1166,840	59			

Based on Table 2 it can be seen that, a significant level of F test of 0.000 is less than 0.05. This means that the variables used to explain the phenomena related to individual performance and the model used deserve to be tested further.

The first hypothesis (H1) suggests that the government's internal control system (SPI) has a positive effect on individual performance. Based on statistical, the results with SPSS in Table 1, which shows the value of t count X1 of 1.133 with a significance level of 0.263 more than 0.05, so it can be concluded that the first hypothesis (H1) rejected.

The second hypothesis (H2) suggests that participation in budgeting has a positive effect on individual performance. Based on the result were statistical tests with SPSS in Table 1 which shows the value of t arithmetic X2 of -0.443 with a significance level of 0.659 more than 0.05, so it can be concluded H2 rejected.

The third hypothesis (H3) suggests that work motivation can strengthen the positive relationship of government internal control system (SPI) to individual performance. Based on the results of statistical tests with SPSS in Table 1 which shows the value of t arithmetic $X1 * X3$ of -1.236 with a significance level of 0.222 which is more than 0.05, so it can be concluded that H3 rejected.

The fourth hypothesis (H4) suggests that work motivation can strengthen the positive relationship of budgeting participation to individual performance. Based on the results of statistical tests with SPSS in Table 1 which shows the value of t arithmetic $X2 * X3$ of 2.610 with a significance level of 0.012 less than 0.05, so it can be concluded that H4 accepted. The fifth hypothesis (H5) suggests that organizational commitment can strengthen the positive relationship of the government's internal control system to individual performance. Based on the results of statistical tests with SPSS in Table 1 which shows the value of t arithmetic $X1 * X4$ of 0.272 with a significance level of 0.787 more than 0.05, so it can be concluded that H5 rejected. The sixth hypothesis (H6) suggests that organizational commitment can strengthen the positive relationship of budgetary participation to individual performance. Based on the results of statistical tests with SPSS in Table 1 which shows the value of t arithmetic $X2 * X4$ of -1.654 with a significance level of 0.104 more than 0.05, so it can be concluded that H6 rejected.

5. Conclusion

Based on the results of data analysis and discussion that have been described in the previous chapter, it can be concluded that 1) there is no influence between the government's internal control system (SPI) with individual performance in OPD Bangli Regency, 2) there is no influence of participation in budgeting with performance individuals in OPD Bangli District. In addition, testing with moderate variables to obtain results include 1) work motivation is not a moderator of the influence of the government's internal control system (SPI) on individual performance, 2) work motivation is a moderator of the influence of participation in budgeting on individual performance, 3) organizational commitment is not a moderator of the influence of the government's internal control system (SPI) on individual performance, and 4) the commitment of the organization is not a moderator of the influence of participation in budgeting on individual performance.

6. Suggestion

Based on the results exposure and discussion of research and conclusions, the researcher suggests for the relevant local government agencies to conduct periodic performance evaluations in order to improve the performance of individual employees. For further research it is suggested that it is necessary to add a direct interview method to each respondent in an effort to collect data, so as to avoid the possibility of the respondent is not objective in filling out the questionnaire. In addition, for further research is expected to expand the variables used

References

- [1] Harsasto, Priyatno. (2013.) Management and Measurement of Government Performance. E-journals. Diponegoro University.

- [2] Adewale, Odunayo Hendry. (2014). Internal Control System: A Managerial Tool For Proper Accountability A Case Study of Nigeria Customs Service. *European Scientific Journal*. 10(13).
- [3] Putri, Gustika Yolanda. (2013.) The Influence of Organizational Commitment and Government Internal Control System (SPIP) to Managerial Performance SKPD (Empirical Study at Padang City Device Work Unit). *National Symposium on Accounting*. State University of Padang.
- [4] Tresnawati, Rina. (2012). Effect of Effectiveness of Internal Control To The Performance Of Regional Agencies In Local Revenue Of Bandung City. *Proceedings of the National Seminar*. University Widyatama.
- [5] Shodiq, M. J. (2001). Influence of Control System on Financial Performance: Fit Test Versus Internal Consistency Test. Thesis. Diponegoro University.
- [6] Boritz, E., dan Jee H. L. (2007). Control Weaknesses, IT Governance and Firm Performance. Paper. University of Waterloo.
- [7] Santoso, Eli Budi. (2016). Influence of Government Internal Control System, Utilization of Information Technology and Human Resource Competence to Regional Financial Accountability. Thesis. University of Lampung.
- [8] Afrida, Nur. (2013). Effect of Decentralization and Government Internal Control System on Managerial Performance SKPD (Empirical Study on Padang City Government). *Journal of the Faculty of Economics*. State University of Padang.
- [9] Nursidin, M. (2008). The Influence of Participatory Budget on Managerial Performance Through Budgetary Gap and Working Motivation of PT. (Persero) Pelabuhan Indonesia - Medan. Thesis. Graduate School of University of North Sumatra.
- [10] Ermawati, Nanik. (2012). The Influence of Budgetary Participation on Managerial Performance: Organizational Commitment and Innovation Perception as Intervening Variable (Case Study At SKPD Kabupaten Pati). Thesis. University of Diponegoro Semarang.
- [11] Hikmah, (2015). Effect of Budgetary Participation on Managerial Performance With Motivation as Moderating Variable (Case Study of Private Higher Education in Semarang City). *Journal of Media Economics and Management*. Vol 30 No. 2. Faculty of Economics and Business UNTAG Semarang.
- [12] Nasir, A., and Oktari, R. (2013). Effect of Information Technology Utilization and Internal Control on Government Agency Performance (Study On Regional Device Unit of Kabupaten Kampar). *Journal of Economics*.
- [13] Atmadja, Ananta Wikrama Tungga, Ni Kadek Novianti, and Gede Adi Yuniarta. (2014). Influence of

Independence, Motivation, Work Experience and Professional Expertise of Supervisory Agency on the Effectiveness of Implementation of Internal Control of Village Credit Institution (LPD) in Kecamatan Kuta Selatan Badung Regency. Accounting journal. Ganesha University of Education. 2 (1).

- [14] Wijaya, Widi Angga, Rina Arifati and Agus Suprijanto. (2016). Effect Analysis of Independence, Motivation, Work Experience, Professionalism, and Leadership Style on the Effectiveness of Implementation of Internal Control System. Accounting journal. University of Pandanaran Semarang. 2 (2).
- [15] Adrianto, Y. (2008). Analysis of the Effect of Budgetary Participation on Managerial Performance With Job Satisfaction, Job Relevant Information And Job Satisfaction As Moderating Variables. Thesis. Diponegoro University Postgraduate Program.
- [16] Aisyah Siti Nur, Sutisno, Erwin Saraswati. (2017). The Effect of Participatory Budgets on The Performance of School (Studies in Smk Sumbawa). Journal of Accounting and Business Education, 1 (2), March 2017.
- [17] Ramandei, P. (2009). Influence Characteristics of Budget Goals and Internal Control Systems Against Managerial Performance of Local Government Apparatus (Empirical Study at Work Unit of City of Jayapura). Postgraduate Program Master of Accounting, Diponegoro University Semarang.
- [18] Sardjito, Bambang and Muthaher, Osmad. (2007). The Effect of Budgetary Participation Participation on Local Government Apparatus Performance: Organizational Culture and Organizational Commitment as Moderating Variables. Presented at the National Symposium on Accounting (SNA) X. Makasar, 26-28 July 2007.
- [19] Sugiyono. (2014). Business Research Methods. Bandung: Alfabeta.