

services and strengthening the impact of improved service to the public, the performance-based budget system. *The General Accounting Office* (GAO) in 1993 explained that the budget reforms had trying to change the emphasis on resource allocation based on program objectives it is the performance-based budget system (PBB).

PBB is an organizational-oriented budgeting system and is closely related to the organization's vision, mission and strategic plan (Bastian, 2006: 171). Implementation of performance-based budgeting system by each appropriate work unit can describe the benchmark of financial performance target and organizational performance to be achieved. To be able to apply performance based budgeting is a strategy planning through strategic planning that identifies strategic issues. The implementation of performance-based budgeting takes into account the financial allocations and expected results, because it plays an important role in assessing how an organization runs its recommended programs. The performance indicators are an important component in Budgeting based on the performance of an organization with can be identifies as the size of the quantitative and qualitative describe the level of achievement of goals that have been applied taking into account the input indicators, output, results/Outcome, Benefit/Efficiency measurement), and Impact/Quality measurement. Therefore indicator performance is closely linked with the process of managing an organization achievement.

University of Muhammadiyah Gresik (UMG) is a university which today has rapid development continuously. Has an important role in developing

and advancing the State by producing quality human resources. University institutions are demanding to implement the PBB system (Suara Pembaharuan, Wednesday 15 July 2009). UMG as a non-profit organization needs to pay attention to monitoring the quality of training and research outcomes, program relevance and use of public subsidies. Therefore UMG require performance-based management system to encourage efficiency, effectiveness and economical use of resources. PBB system is an organizational planning and control tool of an organization's efforts to achieve economic performance, efficiency and effectiveness. Following the global and local developments of UMG participated in the development. UMG has implemented a PBB to support the advancement of the institution, but the application has not been implemented to the optimum. *UMG has implemented a Performance-based Budget system, but it has not been implemented optimally.* (Head of Accreditation and Audit Bureau UMG).

Some of the things that show that the implementation of PBB system in UMG has not been done optimally between them is the occurrence of budget slack phenomenon and budget transfers *"The phenomenon of budget slack and transfer of budget is a problem that occurs in the preparation and implementation of the budget at UMG* (Head of Finance period 2012-2016)". In the year academic 2016 annual budget deficit occurs between income and expense. It shows that there is a budget gap between the budget of income and the budget, where the budget of 96 % exceeds the income of 92% . *"The 2016 annual budget, revenue budget is 92 percent while expense is 96 percent. indeed there is dispute* ( Head of Finance period 2017-2021) "

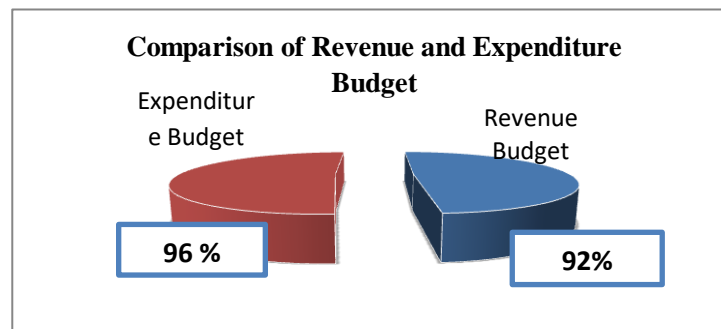


Figure 1.1  
Revenue-Expense Budget

The realization of the use of the budget occur a deficit, in which the budget allocator exceeds the revenue budget. Also it will lead to the transfer budget as well. This can inhibit the effectiveness and efficiency of other work programs more priority. It shows that the implementation of PBB system has not been achieved optimally so that it lacks in supporting the achievement of the result set in strategic planning, that is the vision, mission, goals, objectives, and values or management of the organization as a whole. Mardiasmo (2002: 132) states the notion of efficiency is closely related to the concept of productivity. Implementation of the PBB system at UMG still takes time in applying theory into technical application. The implementation of PBB in Indonesia is at the level of technical change and format, but the paradigm shift has not happened much ( Rahayu et al., 2007).

Implementation of system that has not been optimum can be because of various factors. Although UMG has been applying a performance-based budget, it has not been fully implemented yet. Based on the performance based budgeting guidebook (Dituti BPKP in 2005) states that the conditions that must be prepared as a trigger factor for successful implementation of performance-based budgeting

are Leadership and commitment from all components of the organization, Focus on continuous administration preparation improvement, sufficient resources, Clear rewards and sanctions, and a strong desire to succeed.

From the above conditions, the researchers elaborated into five factors that affect the optimization of the implementation of performance-based budget system in UMG. Based on the performance budgeting guidebook of BPKP (2005) and BAN-PT as stipulated in the accreditation form 2016 at UMG said that there are five factor influence optimization of PBB system implementation at UMG as follows:

First is Leadership: In running the leadership function, UMG consists of three functions. It's Operational Leadership, Organization Leadership, and Public Leadership. Second is Organizational Commitment as stipulated in governance. The system of governance (inputs, process, outputs, outcomes and good governance) should be modulated, socialized, implemented, monitored and evaluated with clear rules and procedures. Organization and a good system of governance reflects the credibility, transparency, accountability, responsibility and fairness higher education institutions. Third is The preparation of administrative system is a benchmark of excellence in the quality of procurement and management of funds, facilities and infrastructure needed to organize programs in realizing the vision, organizing missions and achieving the goals of universities. UMG has developed an integrated management information system for the use of executive reporting with standardized data management. Fourth is Human Resources, human resources in UMG consists of Lecture and staff.

Preparation of selection is set in the operational standard Procedure. Planning, placement, development, retention and dismissal of lecturers and education personnel shall be undertaken by the General Administration Bureau of the disposition of the rector and vice rector in accordance with applicable regulations at UMG. Lastly is Motivation, the role of motivation that causes, channel and support human behavior, in order to work hard and enthusiastic to achieve optimal results in accordance with the vision, mission and goals of the organization. The three main elements in the definition are the intensity associated with how enterprising a person is, the direction is the goal while perseverance is a measure of how long a person can keep his business.

Based on the background description above, the researcher is interested to do research to know whether the leadership factor, organizational commitment, improvement of administrative system, human resources and motivation have an effect on the implementation of PBB system at University of Muhammadiyah Gresik, entitled "ANALYSIS OF FACTORS INFLUENCING OPTIMIZE IMPLEMENTATION OF PERFORMANCE BASED BUDGETING SYSTEMS IN UNIVERSITY OF MUHAMMADIYAH GRESIK "

## **1.2 Statement Of the Problem**

1. Does the leadership factor influence the optimization of the implementation of Performance Based Budgeting system at Muhammadiyah University Gresik?
2. Does the factor of organizational commitment influence the optimization of the implementation of Performance Based Budgeting system at Muhammadiyah University Gresik?
3. Does the improvement of the administrative system influence the optimization of the implementation of Performance Based Budgeting system at Muhammadiyah University Gresik?
4. Does the human resource factor influence the optimization of the implementation of Performance Based Budgeting system at Muhammadiyah University Gresik?
5. Does the motivation factor influence the optimization of the implementation of Performance Based Budget system at Muhammadiyah University Gresik?

## **1.3 Purpose of the Study**

1. To analyze the influence of leadership on the optimization of implementation Performance-based budgeting system at Muhammadiyah University Gresik.
2. To analyze the influence of commitment to the optimization of the implementation of Performance Based Budgeting system at Muhammadiyah University Gresik.

3. To analyze the influence of administrative system improvement on the optimization of the implementation of Performance Based Budget system at Muhammadiyah University Gresik.
4. To analyze the influence of human resources on the optimization of the implementation of Performance Based Budget system at Muhammadiyah University Gresik.
5. To analyze influence motivation towards the optimization of the implementation of Performance Based Budgeting System at Muhammadiyah University Gresik.

#### **1.4 Significant of the Study**

##### **1. For the University of Muhammadiyah Gresik**

This research can provide additional information and description of the factors that affect the optimization of the implementation of performance-based budgeting system at Muhammadiyah University of Gresik, as well as an input for agency leaders to make improvements and improvements Implementation of performance-based budgeting system as a tool for achievement of expected performance.

##### **2. For Academics**

This research can be as a reference and consideration for the following researchers to develop the science in this study related to performance based budgets in nonprofit organization