

Table 2.1  
Previous Search

Name / Year	Method	Substance	Research Instrument	Difference
BenarBaik Seimbiring (2009)	Multiple Regression Analysis	Performance-based budgeting	<ol style="list-style-type: none"> <li>1. Commitment Organizational components</li> <li>2. Completion of administrative system,</li> <li>3. Human resources</li> <li>4. Clear appreciation</li> <li>5. Firm sanctions</li> </ol>	This research there is no leadership variable and Motivation Variables as independent variable
KhairinaNurIzzaty (2011)	Multiple Regression Analysis	Performance-Based Budget Implementation	<ol style="list-style-type: none"> <li>1. Leadership Style,</li> <li>2. Quality of Human Resources</li> </ol>	This research there is no Organizational commitment variables, administrative preparation variables and motivation variables as independent variable

## 2.2 Theoretical Review

### 2.2.1 Budget

Public sector budget is a periodic activity and financial plan that contains programs, activities, as well as the amount of funds earned (income) and required (expenditure) in order to achieve the goals of public organizations. Budgeting is an activity to allocate limited financial resources for unlimited expenditure on organizational financing (Haryanto, Sahmuddin, Arifuddin: 2007). Budgeting is a process of planning the allocation of resources, human resources, materials and other resources. According to The Governmental Accounting Standards Board (GASB) in Bastian (2006: 164), the definition of the budget is: ...a financial operation plan, which includes estimates of proposed expenditures, and the expected source of income to finance it in a given period of time.

## **2.2.2 Performance**

The concept of NewPublic Management which closely related with Good Corporate Governance, both are has a direct effect on the concept of budget. These changes are more performance-oriented, more flexible and pay attention to services provided to the public. In the Organization any implemented programs and outcomes should be measurable and assessed whether they are linked and support the organization's vision, mission. Performance is a picture of the achievement of the implementation of an activity/program/policy in realizing the goals, objectives, mission and vision of the organization (Bastian, 2006: 274).

## **2.2.3 Performance-based budgeting**

### **2.2.3.1 Definition**

The main feature of Performance Based Budgeting is the budget prepared by considering the linkage between the funding ( input ) and the expected outcomes, so as to provide information about the effectiveness and efficiency of activities. (Haryanto, Sahmuddin, Arifuddin: 2007). PBB system is oriented to output / performance and quality of service to the public, is a method of spinning to link any funding outlined in the activities with the expected outputs and results, including the efficiency in achieving the outcome of the output. Performance-based budgeting system is a system that is currently growing rapidly and is widely used by developed countries in the world as a replacement for the old budgeting system that is system *Line Item Budgeting*(Bastian, 2006: 170). Nordiawan (2006) explains that the stages of implementing a performance-based budget are as follows:

1. Budgeting preparation stage.
2. Approval or ratification stage (determination)
3. Budget administration stage or Reporting Stage
4. Budget reporting stage
5. Stage Report or Evaluation

### **2.2.3.2 Performance-Based Budgeting Implementation**

1. Allocating Budget oriented on performance for maximizing benefit by using resource efficiently.
2. Allocation of budget based on task-functions, work units attached to the organizational structure.
3. There is flexibility in budget allocation with accountability principle (Let the manager manages) with responsibility for the use of funds and achievement of performance that has been set (outcome).

### **2.2.3.3 Performance Based Budgeting Indicators**

Based on the performance budgeting guidebook BPKP describes performance-based Budget indicators as follows; -

1. Input

Everything needed for the execution of activities can run to produce output / volume of income. This indicator can be in the form of funds, human resources, materials, time, technology, policies, and others used to implement the program or activity.

## 2. Outputs

An expected directly achieved from an activity that data in the form of physical and/or non-physical, either in the form of goods or services produced from activities, outsourced indicators when compared with the input indicator that can analyze the extent to which activities have been implemented or in accordance with the plan. By measuring the resulting output can assess the willingness of an activity if the benchmark is associated with well-defined and measurable activity targets.

## 3. Results/Outcomes

Anything that reflects the functioning of the program's output in the medium term. The real measure of the outcome of an activity that is not merely output but the outcome indicator in qualitative measure that takes time so as to describe the level of achievement of higher output can be related to many things and parties.

## 4. Benefit (Efficiency measurement)

Something related to the ultimate goal of the implementation of the activity (Efficiency of input-output output).

## 5. Impact/(Quality measurement

The impacts posed both positively and negatively on each level of indicator based on prescribed assumptions, among them customer satisfaction with the services provided.

#### **2.2.3.4 Affecting Performance-Based Budgeting Factors**

Dependent variables are taken based on the performance budgeting guidebook of BPKP (2005) and BAN-PT as stipulated in the accreditation form 2016 at UMG.

##### **1. Leadership (X1)**

According to Kotter and Heskett, the single most powerful factor that distinguishes major successful cultural change from unsuccessful change is competent leadership at the top. A leader will experience many obstacles in his efforts to convince the group or individual in realizing a change of strategy, product, structure, policy, personnel and finally culture. According to Schein (1985) in his book *Organizational Culture and Leadership*, asserts that culture is created by leaders. In line with Effective leadership to direct and influence the behavior of all elements in the institution of universities to follow the values, norms, ethics and organizational culture that are mutually agreed and able to make the right and quick decisions. Leadership indicators in UMG are, as follows: -

- a. Predicting the future
- b. Formulate a realistic vision
- c. Articulate realistic vision
- d. Credible as well as communicating a forward vision that emphasizes the harmony of human relationships
- e. Stimulating the intellectual team
- f. Capable for members who embody the organization's vision
- g. Provide direction, goals, roles and duties to all elements within the institution of higher education.

## **2. Organizational Commitment (X2)**

The commitment of all organizational components is a very important factor that can encourage individuals in the organization to do something to support the success of the organization. The commitment of all organizational components is an agreement between the head of the working unit together with all components of the organization in carrying out its main tasks and organizational functions to successfully implement the vision, mission, goals, and objectives, in accordance with the strategic plan (Renstra) work unit.

In Sabaruddinsah (2010:7) states by Sigel and Marconi (1989), that the participation of subordinates in budget preparation have a positive relationship with the achievement of organizational goals. Strong organizational commitment will encourage individuals to strive to achieve organizational goals. UMG have commitment in apply Five pillars as principal of organization, as follows:

- a. **Credibility:** a governance system that has the quality and capability so that all stakeholders have trust in the University.
- b. **Transparency:** by following the principles of transparency established on the basis of freedom of information flow starting from the planning, implementation and evaluation stage and in accordance with the legislation.
- c. **Accountability:** Responsible management of resources and implementation of policies entrusted to universities in achieving the objectives that have been set periodically.

- d. Responsible: conformity in university management to healthy cooperative principles and applicable laws and regulations.
- e. Justice: by giving equal opportunities to all parties, namely in the form of justice in improving competence, career improvement.

### **3. Administration Preparation (X3)**

According to Tjokroamidjojo (1985) , in Sinaga's quote (2008) that administrative reforms need to be aimed at administrative improvements to support regional development. Ongoing administrative improvements in the form of preparing performance-based budget measurement instruments continuously through the improvement of existing performance-based budget measurement instruments such as minimal service standards, expenditure analysis standards, performance targets and cost standards are important factors in the success of budget-based budgeting. The improvement of the administrative system is the preparation of performance based budgeting instruments continuously (Sembiring, 2009). Administration based on UMG 2016 accreditation form Standard six in the management of the college fund must go through transparent and accountable mechanisms, which should be reflected in the following documents:

#### **a. Planning, receiving and allocating funds**

This process consists of the General Guidelines of the Muhammadiyah university accounting system and the Muhammadiyah accounting information system and the Guidelines of the UMG BudgetingSystem , which are conducted centrally under the coordination of the Vice Rector II, which is completed with Head of Finance Bureau. With a centralized fund management

model can provide accuracy, efficiency, and effectiveness in the use of existing budgets in UMG.

b. Reporting

The implementation of the financial principles of UMG is managed regularly to legislation, efficiency, economical, effective, transparent and accountable with due regard to the principles of justice, decency and benefits. Accounting policies in the preparation of financial statements, in accordance with generally accepted accounting principles in Indonesia.

c. Audit

The financial report of Muhammadiyah Gresik University is checked by the accounting office of public toufanNur CPA. The Financial Statement of Muhammadiyah Gresik University is audited by the institution of supervisor and financial supervisor (LPPK) PP Muhammadiyah.

d. Monitoring and Evaluation

A set of letters of accountability (SPJ) submitted to the Finance Bureau for analysis, whether the SPJ is accepted or rejected SPJ that has been recorded in the budget affairs of the vice Rector II will conduct an evaluation of the budget. Budget evaluation can be assessed based on analysis of variance, economic analysis and budget efficiency analysis.

e. Stakeholder accountability (SPJ document)

This process is carried out by the head of the work unit containing the activities carried out which are achieved and the achievements, and evidence of the use of funds in each quarter after completion of the completed activities.



#### 4. **Human Resources (X4)**

Hasibuan (2012: 10) states that human resource management is a science of art that regulates relationships and the role of labor to effectively and efficiently help the realization of company goals, employees, and society. Sufficient human resources is the availability of efforts to improve the implementation of performance-based budgeting in the form of efforts to provide education and skills that support the improvement of human resources to improve the quality of performance budgeting based budgeting (Sembiring, 2009).

The monitoring and evaluation system developed at UMG refers to BAN-PT and SMM ISO 9001: 2008. Instruments used for monitoring are Employee appraisal report, Evaluation of learning process (EPP) done manually and online, Customer satisfaction questionnaire and Sheets of research and devotion done by Lemlit and LPM. Efforts made by the institution in improving the qualifications and competence of educational personnel are as follows: -

- a. Learning Opportunities
- b. Training
- c. Comparative study
- d. Provide facilities and funds

#### 5. **Motivation (X5)**

Motivation in management is how to encourage the potential subordinates in order to do the job with the maximum. By earning these subordinates the organization is able to achieve and realize the goals that have been determined. Motivation is

very important in determining organizational achievement. According to Robbins,(2008) Motivation is a process that explains the intensity, direction and persistence of an individual to achieve goals. Based on Robbins there are motivation Indicators, among others, as follows:

- a. Have a chance for showing achievement
- b. Have authority over organizational success
- c. Have responsibility for organizational success
- d. Have the authority to complete the work by itself
- e. Establish relationships with other units
- f. Relationship with supervisor

#### **2.2.4 Relationship between Variables**

##### **2.2.4.1 Leadership and Optimization of PBB system Implementation**

- a. According to Kerlinger and Padhazur (2002) in NurIzzati (2011), leadership factors have a very important role in improving the performance of employees because effective leadership provides direction to the efforts of all workers in achieving organizational goals. The direction of the leader in the process of managing the apparatus with the performance approach can support the achievement of the organization's vision, mission.
- b. According to Wahyudin nor (2007) in NurIzzati (2011) about decentralization and leadership style as a moderating variable in the relationship between budgetary participation and managerial performance. The results indicate that budgetary participation has a significant positive effect on managerial performance.

#### **2.2.4.2 Organizational Commitment and Optimization of PBB system Implementation**

- a. In AnnisatuShalihah (2015), Ndiwalana (2009) shows that commitment to goals has a positive impact on employee performance.
- b. Private (2013) and Wiryanata (2014) that result that goal commitment affects performance improvement
- c. Husin (2012) moderates positively to the influence of budgetary participation with leadership performance.

#### **2.2.4.3 Preparation of system Administration and Optimization of PBB system Implementation**

The research of Supomo and Indriantoro (1998) confirmed by Poerwati (2001) which gives conclusion from the research result that the combination of suitability between budgetary participation and organizational culture oriented to people is the best fit, that is organizational culture is able to act as a moderating variable that can influence the participation of budget formation in order to improve managerial performance.

#### **2.2.4.4 Human Resources and Optimization of PBB system Implementation**

- a. AnnisatuShalihah (2015), Resources affect the implementation stage of performance measures (Julnes, 2001). Resources also affect the effectiveness of performance-based budgets
- b. Asmadewa (2007); Son (2007) ; Suhardjanto (2008); Achyani (2011); Arifah (2012) and Dara (2010), concluded that resource variables affect the adoption of performance measures and the implementation of PBB

#### 2.2.4.5 Motivation and Optimization of PBB system Implementation

Sutrisno (2010) in Rembang undertook research on the Influence of Participation, Motivation and delegation of authority in budgeting on managerial performance. The results of research indicate that participation in budgeting and delegation of authority have a significant effect on managerial performance with moderate results while the motivation variable has no significant effect on managerial.

### 2.3 Conceptual Framework

The simple framework can be described as follows:

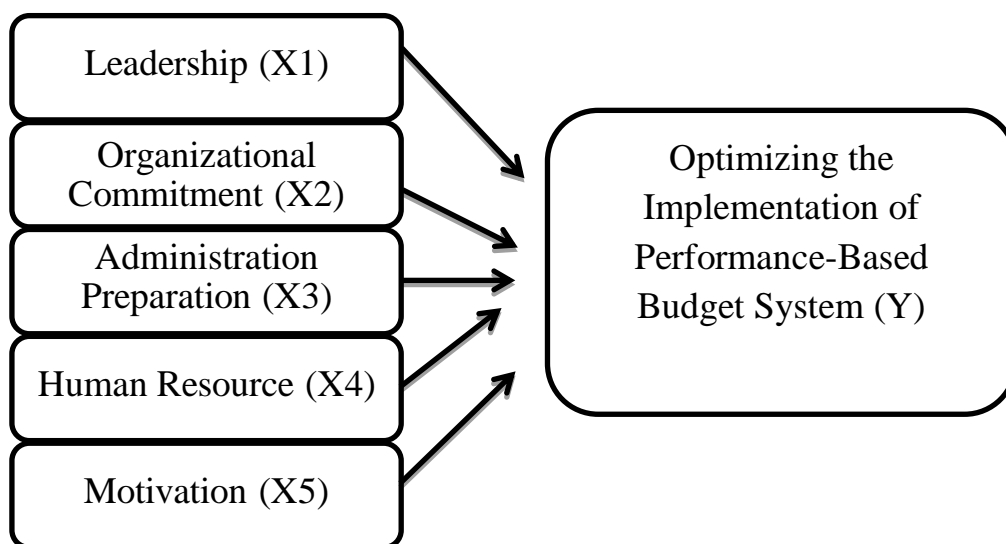


Figure 2.1  
Conceptual Framework

## **2.4 Hypothesis**

Hypothesis in this research is as follows; -

1. H1: Leadership factors influence the optimization of PBB system implementation at the University of Muhammadiyah Gresik
2. H2: Organizational Commitment factor influence the optimization of PBB system implementation at the University of Muhammadiyah Gresik
3. H3: The Factor of Administration preparation influence the optimization of PBB system implementation at the University of Muhammadiyah Gresik
4. H4: Factors Human resources influence the optimization of PBB system implementation at the University of Muhammadiyah Gresik
5. H5: Motivational factors influence the optimization of PBB system implementation at the University of Muhammadiyah Gresik