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SUB THEME
HUMAN RESOURCES MANAGEMENT

WEDNESDAY, OCTOBER 9th 2013

ROOM : CEMPAKA

TIME : 13.00-14.30 PM

MODERATOR

Dr. Ir. Lukman M.Baga, MEd

13. THE INFLUENCES OF LEADERSHIP ROLE, MOTIVATION AND EMPLOYEES COMMITMENT TOWARD EMPLOYEE'S PERFORMANCE AT THE DEPARTMENT OF MINES AND THE ENERGY OF NORTH BENGKULU DISTRICT
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15. COMPREHENSIVE PERFORMANCE MEASUREMENT SYSTEMS AS A PROCESS OF ROLE CLARITY AND PSYCHOLOGICAL EMPOWERMENT: HOW THEY CAN REDUCE JOB TENSION AND IMPROVE MANAGERIAL PERFORMANCE
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16. MODEL OF SMEs PERFORMANCE IMPROVEMENT THROUGH THE DEVELOPMENT OF HUMAN CAPITAL AND SOCIAL CAPITAL
Angraini Sukmawati, Lindawati Kartika, M. Sjamsun, Fauzan
17. EFFECT OF HUMAN RESOURCES, CEILING BUDGET, AND THE QUALITY OF REGULATION CHANGES IN LOCAL GOVERNMENT PROVINCIAL BUDGET BENGKULU
Lismawati, Dita Try Maliza
18. THE ORGANIZATIONAL COMMITMENT ON RELATION BETWEEN BUDGET PARTICIPATION AND MANAGERIAL PERFORMANCE
Isma Coryanata

THE ORGANIZATIONAL COMMITMENT ON RELATION BETWEEN BUDGET PARTICIPATION AND MANAGERIAL PERFORMANCE

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ABSTRACT

The result of previous studies on the relationship between budget participation and managerial performance has been inconclusive and often contradictory. To resolve these difference, Govindrajan (1986a) states that it needs a contingency approach. This approach systematically evaluated various conditions or factors that affected the relation between budget participation and managerial performance.

This research was tested effect relation between budget participation and managerial performance with one variable of contingency namely organizational commitment. This study used 89 data that being collected from 89 managers at private university in Indonesia.

The result indicated that organizational commitment was found to have a significant effect on the relationship between budget participation and managerial performanve. In contrast, individu who had haigh organizational commitment can cause high relationship between budget partcipaition and managerial performanve. Otherwise, individual who had low organizational commitment can cause low relationship between budget participation and managerial performance.

Key words : budgeting participation, organizational commitment, and managerial performance

INTRODUCTION

To survive in globally competition environment that fully uncertain, the people have afford create business condition that more flexible and innovative with respect external factors of company that more difficult to predict. Chenhall and Morris (1986) states that in the uncertain situation, a planning process become a complex problem for businessman, because the future is difficult to predict that affect by uncertain. One way to reconcile these situations, we need budgeting. University needs budgeting in order to get organization's purpose that already determined. Private university is educational institution that take shelter under "kopertis", which its activities be related with budgeting, managers participation in budgeting disposition, organizational commitment, and managerial performance problems. The more strict competition

that being faced every educational institution, so university is being striven for develop its organization efficiently and effectively, as afford compete continuously (Competitive Advantage). It makes the chief of university to attain increase managerial performance order to its existence is not loss in public. Beside that university have the own autonomy to assign budgeting system, so can control the organization better and afford as environment partner in administer educational program in Indonesia.

Budgeting participation process is an important activity and involve many sides, such as top manager and lower manager who play main role in prepare and evaluate various alternative budgeting purposed, which budgeting always used to the best standard managerial performance. Budgeting disposition with participation may wish can increase managerial performnace, which when the purpose had been arranged, and by participation can be agreed, so the employee will internally socialization these purposes, and they have individual responsibility to get it because they involve in budgeting participation (Milani, 1975).

Research concern budget participation to managerial performance still indicates contradiction outcome. For resolve these difference, Govindrajan (1986a) states that it needs contingency approach. This approach give a notion that relation characteristic which exist in budget participation and managerial performance could be vary aerial first situation by situation that different. By another words, this approach systematically evaluated various conditions or factors that attain affect relation between budget participation and managerial performance. These factors involved: locus control, motivation, delegation of authority, organizational commitment, strategy, uncertainly environment, style of leadership, and so on.

In this research, approach contingency framework would be adopted for evaluated the effectivity of relationship between one variable namely organizational commitment. This research is different from the obviously research. In this research, we combine conditional factor such as organizational commitment as moderating variables which influence the relationship budget participation and managerial performance by means interactive approach.

Formulate the problems in this research are: (1) Whether the participation in budgeting disposition would affect managerial performance on private university in Indonesia. (2) Whether organizational commitment that functioned as moderating variable could affect relationship between budget participation and managerial performance on private university in Indonesia.

The purpose of this research to test empirically how far organizational commitment that functioned as moderating variable affect relationship between budget participation and managerial performance on private university in Indonesia?

If the research purposes can be achieved, so the advantage which be suggest from this research are (1) To strengthen research's result which done in Indonesia specially related to relationship between budget participation and managerial performance. (2) To clear various factors of contingency on budget participation which related managerial performance.

DEVELOPING HIPOTHESIS

Budget Participation and Managerial Performance

Managerial performance that got by manager is one of factors that can be used for increase the effectivity of organization. Some of researches shown the evidence that budget participation have strong positive effect to managerial performance (Argyris, 1952). Another research also notify that these relationship is positive (Merchant, 1981; Brownell, 1982; Brwonell and McInnes, 1986; and Indriantoro, 1993). The research which evince that budget participation affect managerial performance by insignificantly was done by Cherrington and Cherrington, 1973; Milani, 1975; Kenis, 1979; Brownell and Hirst, 1986. While Stedry (1960), Bryan and Locke (1967) notify that budget participation and managerial performance had negative relationship.

Organizational Commitment

Commitment evinces strongly conviction and support to value and objective (goal) that desire attainable by organization (Mowday et al, 1979). Organizational commitment can spring up because each individual possess emotional knot to organization that include moral support and resign value that exist and internal power for dedicate at organization (Porter et al, 1974). Commitment will make organization more productive and profitable (Luthans, 1998). Toward individual with high organization commitment, organizational purposes achievement is notable. Otherwise, to individual who has a low organizational commitment, will have low concerning to organization purpose achievement, and tend to complete their desire. Strongly organization commitment in individual will cause the individual hardly effort to gain organization purpose in term organization desire (Angle and Perry, 1981; Porter et al, 1974) and possess positive point of

view and make an effort for organization goodness (Porter et al., 1974). High commitment makes individual cared organization future and render organization to better. Formulating hypothesis that been proposed for testing of influence organization commitment as moderating variable to relationship between budget participation and managerial performance is

H1: Interaction between organizational commitment to budget participation will affect managerial performance. Participation effect in budgeting to managerial performance will be high, if organization commitment that proprietary manager is high. Otherwise, participation effect in budgeting to managerial performance will be low, if organization commitment that proprietary manager is low

Based on this hypothesis, research model can be shown as in figure 1.

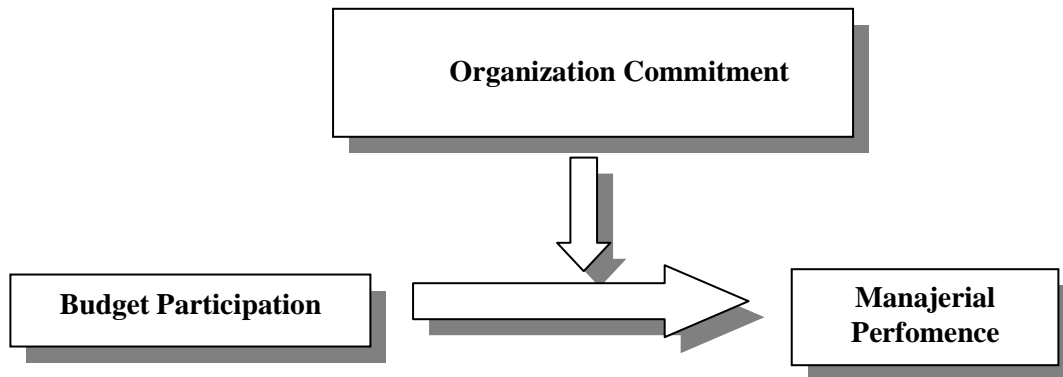


Figure 1.

Model for the effect budgeting participation to managerial performance, act of organization commitment as moderating variables.

SAMPEL

The population is used in this research are private universities in Indonesia. Population criteria are: (1) private universities which it's both accreditation, (2) it's had more than 100 employees, (3) in Indonesia, (4) the age of private universities minimum 10 years old. Sample criteria that been choice as sample countersign in this research is private university managers, namely Pembantu Rektor (PR), Pembantu Dekan (PD), and Head of program or department by term office minimal first year.

Data obtained from respondents through postal. Before data processing, we do validity and reliability test on these data. Time to collecting data for seven weeks. Calculation kuesioner turn over can be saw on table 1.

Table 1
Sampel and Turn over Level

Total sent kuesioner	1000
Total doesn't back kuesioner	877
Total back kuesioner	123
Total uncomplete kuesioner	34
Total kuesioner that can be process	89
Turn over level $123/1000*100\%$	12,3%
Turn over level that used $89/1000*100\%$	8,9%

OPERATIONAL DEFINITION and VARIABLES MEASUREMENT

Budgeting Disposition Participation

Participation defined as involvement level and personal influent in budget process (Brownell, 1982b). For measure this variabel, we used the instrument that developed by Milani (1975) in (Riyadi, 1998) that consist of six questions and seven likert scale.

Organizational Commitment

Commitment evinces strongly conviction and support to value and objective (goal) that desire Attainable by organization. Organization commitment can spring because each individual possess emotional knot to organization that include moral support and resign value that exist and internal power for dedicate at organization (Porter et al, 1974). To measure organization commitment, we used sixteen questions which is used by Mowday et al (1979) in Soesetyo (2000).

Managerial Performance

In research context, managerial performance means managerial activities which involved: planing, investigation, coordination, evaluation, control, staff ordering (staffing,) negotiation and representation. Managerial performance was measured by means "self rating" kuesioner which developed by Mahoney dkk. (1963).

VALIDITY AND RELIABILITY TEST

Instrument be said valid, if instrument already afford grate such that desirable and give data that investigated exactly. Test done by factor analysis by varimax rotation. Data that will be factor analysis if Kaiser's MSA above 0.5 (Kaiser and Rice, 1974) and item that entered in factor analysis are items that possess factor loading above 0.40 (Chia, 1995) in Edfan (2001).

Reliability test be done by calculate alpha cronbach for test feasibility consistency all scale that be used. Instrument be said reliable if possess alpha cronbach alpha more than 0.50 (Nunnally, 1967) in Edfan (2001). Outcome validity and reliability test for all variables shown at table 2.

Table 2
Outcome Validity and Reliability Test

Variabel	Kaiser's MSA	Factor Loading	Cronbach Alpha
Managerial Performance	0,844	0,586 – 0,789	0,831
<i>Budgeting participation</i>	0,785	0,530 – 0,920	0,856
Organization Commitment	0,810	0,723 – 0,873	0,949

Based on test outcome, we can conclude that instrument proper be used for measure managerial working, budgeting participation, and organization commitment.

NON-RESPONSE BIAS TEST

Non-response bias test was done by classify answer that been received into two group namely (1) Initial Group: questionnaire that been received from outset until one week after limit of turn over date, and (2) End Group : namely group that its questionnaire been received between one week after limit turn over date. From 89 questionnaires, 68 questionnaires be classified into initial group (early response) and 21 questionnaires be classified into end group (late response) and repute as group non-response. Testing to three variable be done by means t-test. Test result evince that no variance of answer that be given by both of group (table 3.)

Table 3
Non - Response Bias Test

Variables	Initial (n=68)		End (n=21)		t-value	P
	Mean	Standar Deviasi	Mean	Deviiasi Standar		
Budget participation	26,706	4,899	26,476	3,709	0,198	0,844
Organization commitment	51,118	14,226	54,381	13,113	-0,935	0,352
Managerial Performance	36,529	7,446	38,143	6,865	-0,883	0,380

HYPOTHESIS TESTING TECHNICAL

We used multiple regression by conformation interaction to hypothesis testing.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_4 X_1 X_2 + e \dots (1)$$

Mia (1998) and Gul dkk (1995) state that regression model only tests interaction between independent variable and dependent variable. Nevertheless, to understand non-monotonic effect and each variable direction, we need to do mathematical calculation by means partial derivative regression equation and will be shown graphically. If partial derivative managerial performance to organizational commitment give positive or negative value around moderating variable value, so it's evince that budgeting participation (X1) will have non-monotonic effect to managerial performance. By the other word, both moderating variable affect X1 variable to managerial performance variable (Y.)

STATISTICS DESCRIPTIVE

Data analysis based on respondent answering that collected around 89 respondent. From data collect, so we can see statistical descriptive, as shown in table 4.

Table 4
Statistical Descriptive of Research Variable

Variables	N	Theory prediction	Aktual prediction	Mean	Standard Deviation
Managerial Performance	89	8-56	20-56	36,910	7,308
Budget participation	89	6-42	14-36	26,652	4,627
Organization commitment	89	12-84	20-71	51,888	13,968

CLASICAL ASUMSION TEST

Multicolinearity Phenomenon Test

In this research, from the calculation statistics collinearity coefficient for three independent variables which have VIF value below 10 and tolerance value approach 1. Abridgement the calculation statistics collinearity coefficient can be shown on table 5.

Table 5
the calculation statistics collinearity coefficient outcome

Variables	Collinearity Statistics		Note
	Tolerance	VIF	
Budget participation	0,969	1,032	No exist multicollinearity
Organization commitment	0,997	1,003	No exist multicollinearity

Heterocedacity Phenomenon Test

To tested the effect of heterocedacity in this research, we used Spearman's correlation. Heterocedacity wil exist if significance value < 0.05 and if otherwise, significance value > 0.05 , means no heterocedacity. Testing outcome on heterocedacity can be shown at Table 6.

Table 6.
Testing Outcome on Heterocedacity

Variables	Significance	Conclusion
Budget participation	0,795	No Heterocedacity
Organization commitment	0,218	No Heterocedacity

Normalized data Test

Normalized data test being done by means Kolmogorof-Smirnof test on 5% alpha value. If significance value Kolmogorof-Smirnof test more than 0.05, so means data is natural. Abridgement outcome this test can be shown on table 7.

Table7
Outcome Normalized Data Test

Variables	N	Significance	Note
Managerial Performance	89	0,884	Normal
Budget participation	89	0,301	Normal
Organization commitment	89	0,102	Normal

RESULT

From table of correlation analysis (tabel 8), it's evinces existency positive relation between budget participation and organizational commitment with managerial performance. More higher budget participation and organizational commitment, so managerial performance will increase.

Table 8
Inter correlation among Variables

	Y	X₁	X₂	X₃
Managerial Performance (Y)	1,000			
Budget participation (X ₁)	0,766**	1,000		
Organization commitment (X ₃)	0,280**	0,447**	0,035	1,000

Testing Hypothesis

Regression analysis outcome can be shown at table 9.

Table 9
Interaction between participation and organizational commitment effect managerial performance

Symbol	Variables	Betha coefficient	Coefficient value	Standard Error	t-value	p
X₁	Budget P	β_1	-3,175	1,041	-3,051	0,003
X₂	Commitment O	β_2	-1,402	0,716	-1,958	0,054
X₁X₂	Interaction	B_3	0,059	0,021	2,870	0,005
	constansta	A	123,724	36,187	3,419	0,001
R² =55% F = 34,573 p = 0,000 n = 89						

Regression equation that be obtained from testing result is:

$$Y = 123.724 - 3.175 X_1 - 1.402 X_2 + 0.059 X_1 X_2$$

According analysis result on table 9, interaction between participation and organization commitment (β_3) have positive coefficient 0.059 with significance level at $p < 0.005$. It's means that organization commitment have moderating effect to relationship between budget participation and managerial performance. Therefore, this research result support hypothesis which states that high participation on budgeting disposition will have positive effect to high organization commitment and negative effect to low organization commitment.

The effect of budget participation to managerial performance is high, if organizational commitment of managers is high. Otherwise, The effect of budget participation to managerial performance is low, if organization commitment of managers is low. This outcome support Nouri and Parker (1998) research, which found that organizational commitment have positive correlation with managerial performance. Strongly organization commitment as receipt to organization purpose and volition mobilizes effort on the name of organization will increase managerial performance.

CONCLUSSION

The result of regression test on effect interaction between organizational commitment and budget participation have a significant affect. Interaction organizational commitment and budget participation around 55% and F test value 34.573. This means that the regression equation can be used to predict dependent variable.

LIMITEDNESS

Self rating scale Application at measurement managerial performance as recognize by various researcher might be cause tendency for respondent measure their performance higher than its facts, so performance marking tend higher (leniency bias). Possibility leniency bias occurs could be cause necessary advisement objective performance standard, like return-on-assets (ROA) and return-on-investment (ROI) standard. ROI and ROA standard might be capture actual performance from managers and reduce tendency leniency bias that be at performance measure by means self rating scale approach. Choice sample in this research only at university and not related with another institute, college, polytechnic, and academy. For generalization, it

should be done for state university. This research didn't respect all contingency variables which can effect budget participation to organizational managerial performance. There only one assumption of variable contingency namely organizational commitment which could be potential for influence managerial performance. It's important to respect possibility the effect of task uncertainty, organization strategy, carriage decision making manager, and competitive environment that could be affect relationship budgeting disposition participation and managerial performance.

IMPLICATION

This research result can give input for private university management. The organizational commitment can effect interaction between budget participation and managerial performance in private university. The effect of budget participation to managerial performance is high, if organizational commitment subordinate management is high, too, and otherwise. If organizational commitment subordinate management is low, so managerial performance is low. This result could give an input and development for literatures or another research which related with management accounting, especially behavior accounting in Indonesia. This research could extend obviously research result, especially which related with contingency factors that effect relationship budget participation and managerial performance.

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