



The Influence of Transformational Leadership Style, Human Resources Competency Towards Implementation Performance Based Budgeting and Organization Culture (Study on Government Working Unit of Situbondo Regency, East Java)

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ARTICLE INFO

Article history:

Received: 4 January 2021

Revised: 24 January 2021

Accepted: 15 February 2021

Keywords: Transformational Leadership Style, Human Resource Competence, Organizational Culture, Performance Based Budget

ABSTRACT

This research has the aim of recognizing and knowing the influence of transformational leadership style, the competence of human resources on the implementation of performance-based budgeting with organizational culture. This research was conducted using the quantitative method. Hypothetical testing in the study used SPSS v.23 analysis. The results of the research tested using SPSS gave results that the transformational leadership style and competence of human resources affected the implementation of performance-based budgets. However, according to organizational culture, the transformational leadership style and competence of human resources have no effect on the implementation of performance-based budgets.

1. INTRODUCTION

The government is an institution that serves to provide public services to the community. After the reforms precisely in 1990, Indonesia made changes from initially using the *Old Public Management* system to *New Public Management*. Indonesia began to adopt the system since 2003, this is supported by the issuance of 3 devices of state financial regulation, namely Law No. 17 of 2003 discussing the State Finances and Law No. 11 of 2004 discussing the State Treasury and Law No. 15 of 2005 on State Financial Examination. New Public Management is a system whose use of government funds no longer focuses on inputs, but on its output, and also provides direction to government agencies in conducting governance by basing on achieving better service performance.

In addition to being supported by 3 regulatory devices, the implementation of New

Public Management is also characterized by the implementation of regional autonomy. According to Law No.33 of 2004 discusses the Financial Balance between the Central government and local governments to regulate and take care of the government and the interests of the surrounding community in accordance with the laws and regulations, where the central government provides opportunities for regions in building their areas according to their respective needs and priorities. With the autonomy of the region is expected to be better in managing the area, because the implementation of development is carried out directly.

The existence of regional autonomy, caused some changes in the management of government finances. One of them is the APBD financial pattern as stipulated in PP No. 105/2012 and *Kemendagri* No. 29 of 2002. In the regulation there are demands for accountability and transparency of budget information to the public

(Nazaruddin and Setyawan 2012). To support the demands of the terbt, performance-based budgeting is introduced in the preparation of government budgets (Wulandari 2013).

Performance-based budget is a form of government efforts to realize transparency and accountability in budgeting capital expenditures to replace traditional methods based *on line item budgeting*. The main emphasis is the input, where the drafting of the budget will be interesting with the previous year's budget with less emphasis on output and outcomes to be achieved and also less considering the policies that have been set nationally. The use of traditional budgets has several disadvantages, such as no indicators - indicators or performance measures in the preparation and absorption of public service target budgets in achieving goals. In addition, this performance-based budget is designed to be able to create efficiency, effectiveness and accountability in the utilization of the budget can be accounted for transparently to the public regarding its income and expenditure.

With this performance-based budget is expected to replace the traditional budget that results in better financial management of the State and can be on target in accordance with the concept of value for money. Value for money is a concept that bases the financial management of the public sector on 3 fundamentals are effective, efficient, and economical (Khikmah and Mranani 2016). So that with the concept is expected to reduce the risk of waste of the budget and also can improve effective public services. In the public sector, performance-based budgets are still a problem. This can be seen because there are still many provincial governments whose performance accountability gets the title "CC" (Adi et al. 2017).

The leader of an organization must try to give positive energy to subordinates in carrying out their duties so that what is desired by the leader can be carried out as expected. In addition to leadership, the availability of qualified human resources is also very important to keep up with existing changes. Human resources are used as the foundation of the organization's capital to carry out activities to achieve the objectives of the organization (Sholihah et al. 2015). In carrying out organization, a controlling device is required so that the organization is able to achieve the desired goal (Sholihah et al. 2015).

In addition, organization culture also has an influence in the successful implementation of

performance-based budgets. Organization culture is the values that have been attached to the members of organization. If the organizational culture is good, then it is not surprising that the members of the organization become good and vice versa. Good organizational culture quality can improve the effectiveness of performance-based budget implementation (Kurniawan 2011).

Limitations of Research Problems

Independent variables of this research there are 2, namely transformational leadership style and human resources while for dependent variables namely performance-based budget. In addition, there is a culture of organization as a moderating variable.

Problem Formulation

1. Does the transformational leadership style have a positive effect on performance-based budget implementation?
2. Does the competence of human resources have a positive effect on the implementation of performance-based budgets?
3. Does organizational culture have a positive effect on performance-based budget implementation?

Research Objectives

1. Obtaining empirical evidence, whether transformational leadership style positively affects the implementation of performance-based budgets
2. Obtaining empirical evidence, whether human resources have a positive effect on the implementation of performance-based budgets
3. Obtaining empirical evidence of organizational culture has a positive effect on the implementation of performance-based budgets.

Research Benefits

1. Benefits in the theoretical field

The results for this research are expected to provide more knowledge for regional device work units in Indonesia and can also be used as a reference by further research and as additional information for academics to know the development of public sector accounting science especially about the implementation of performance-based budgets.

2. Benefits for practitioners

The results in this study can be used as input by local government work units to improve the implementation of performance-based

budgets so as to maintain or even increase the value of performance accountability in accordance with the vision and mission that has been implemented.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

The Foundation of Theory

1. Leadership Style

Leadership Style is the process of influencing the activities of individuals and groups to achieve certain goals in certain situations. Leadership style is the way a leader in carrying out his leadership and how he is viewed by his members from external parties (Wulandari 2013).

The success of an organization is inseparable from the role of its leader. The attitude that the leader has towards his subordinates can influence the way his subordinates work in the organization. There are 4 characteristics of a good leader (Bennis 1997):

1. Able to provide good direction for its employees
2. Able to grow the value of trust in its employees
3. Dare to take action and risk
4. Give hope by emphasizing that success can be achieved.

2. Human Resource Competency

Competence is a characteristic of a person who is able to be seen from the knowledge, ability, and skills possessed and used to complete the mandate or task charged to the individual (Hevesi 2005).

According to Hotdianty et al. (2016) human resources are a group of people in an institution that owns and influences the achievement of organizational goals. Human resource capability can be measured by various things such as education level, soft skills, training, as well as understanding in the field of work.

3. Organizational Culture

Organizational culture can be referred to as values attached to its members and a reference in behaving so as to achieve the objectives of the organization so as to indirectly affect the performance of the organization (Fithriana and Adi 2017).

4. Performance Based Budget

Performance-based budgets can be interpreted as a manifestation of accountability and transparency of budgeting in the public sector. Performance-based budgets are created to

create efficiency, effectiveness and accountability in the utilization of public spending budgets. Performance-based budget according to Sembiring (2009), is a budgeting process that focuses on the benefits of activities or work programs of the organization, where each activity or work program must be measurable performance benefits.

Previous Research and Hypothesis Development

1. Transformational leadership style relationship to performance-based budget implementation

Leadership style is described as a way for leaders to organize or manage an organization to achieve organizational goals.

The results of the research from Hotdianty et al. (2016) stated that the leadership style has a positive effect on the preparation of performance-based budgets. This research was supported by research conducted by Pratama et al. (2018) on the implementation of performance-based budgets where the results of the study stated that the transformational leadership style has a positive effect on the implementation of performance-based budgets. With this description, the proposed hypothesis is:

H1: Transformational leadership style positively affects performance-based budget implementation.

2. Human resource competency relationship to performance-based budget implementation

According Ilmi (2016) in an organization the availability of human resources is very important to run an organization. Human resources become one of the important factors in the implementation process of performance-based budgets (Nalarreason et al. 2014). The results of research conducted by Hotdianty et al. (2016) and Suprihatin (2016) stated that the competence of human resources has a positive effect on the implementation of performance budget from the results of the above research, the hypotheses proposed are:

H2: human resource competence positively affects performance-based budget constraints

3. Organizational cultural relationship to performance-based budget implementation

According Fitri et al. (2013) very important factor in determining a member's performance and the organization's ability to adapt to changing environments is leadership

(Bass et al. 2003). From the results of the above research, the hypotheses proposed are:

H3: Organizational culture has no effect on performance-based budget implementation

3. RESEARCH METHOD

Population

The population used in this study is the regional device task force (SKPD) of East Java Province. The province was chosen as a population because in the development of government performance accountability value that got the second best title with a value of 80.04. Thus, this research is expected to be a motivation so that East Java Province continues to maintain accountability performance and can also be used as a reference by other provinces.

Data Type

This type of research is a type of quantitative research. In this study using primary data. This primary data comes from a survey conducted in the form of the dissemination of questionnaires in research samples in each task force of the regional government of East Java Province, especially Situbondo Regency.

Sample Collection Techniques

The population of this research is all provincial SKPD in East Java Region. Samples of this study were taken by random sampling. The sample used is SKPD Situbondo Regency. As for the respondents in this study, namely all employees in agencies.

Data Feeder Techniques

This study used primary data obtained directly from the respondents. Respondents in this study were employees in these agencies. Data collection is done using a questionnaire, which is shared directly in order to get a high rate response. Questionnaire given to respondents is a type of closed questionnaire and positive statements in the form of likert scales 1 to 5. With alternative answers provided is strongly disagree, disagree, neutral, agree and strongly agree.

Definition Operations and Measurement of Research Variables

In this study using three kinds of variables, namely independent variables, dependent variables and moderating variables. The statement in the variable questionnaire is

measured by a likert scale with five measurement category points namely:

Table 3.1 Measurement scale

No	Statement	Score
1	STS (strongly disagree)	1
2	TS (disagree)	2
3	N (neutral)	3
4	S (agrees)	4
5	SS (strongly agreed)	5

1. Independent Variables

An independent variable is a variable that describes or affects dependent variables. In this study there are 2 dependent variables, namely:

- a. Transformational Leadership Style
- b. Human Resource Competency

2. Dependent Variables

A dependent variable is a type of variable described or influenced by an independent variable. The dependent variable is performance-based budget implementation.

3. Moderating Variables

A moderation variable is a variable whose existence strengthens or weakens the relationship of independent variables to dependent variables. The moderation variable is organizational culture.

Analytic Data Technique

1. Data Instrument Test

a. Reliability Test

This reliability test is carried out to see if all statements given by the reviewer are reliable or not.

b. Validity Test

This validity test is performed to see if all statements provided by the searcher are valid or not.

2. Classic Assumption Test

a. Multicollinearity Test

Multicollinearity Test is conducted to find out if there are symptoms of multicollinearity in between variables (Nazaruddin and Basuki 2017).

b. Heteroscedasticity Test

Heteroscedasticity test used to test whether in regression model occurs variance inequality of residual observations to other observations (Nazaruddin and Basuki 2017).

c. Normality Test

Normality tests are used to test whether in regression models, independent and dependent

variables have normal data contributions or not (Nazaruddin and Basuki 2017).

d. Linearity Test

This linearity test is performed to determine whether there is a linear relationship between dependent and independent variables.

e. Autocorrelation Test

This autocorrelation test is performed to determine whether there is an autocorrelation relationship between dependent and independent variables.

4. RESULT AND DISCUSSION

Data Instrument Test

1. Reliability Test

In this study, reliability test is seen from Cronbach's Alpha value, with the condition that if Cronbach's value > 0.7 then the data can be said to be reliable. The results obtained from instrument quality testing with reliability test using SPSS can be seen in the following table.

Reliability test results in the table above showed that the four variables in the study had the coefficient value of Cronbach's Alpha > 0.7 . So, can be concluded that all variables that have been tested are variables.

Reliability Test Results

Because the statement items on variables in the research are reliable or reliable, then this indicates that each statement item used is able to get consistent data, so the results of the questionnaire data in this study deserve further testing because each item in the statement has qualified reliability.

2. Validity Test

In this study, validity test can be seen from corrected item value – total correlation. So that the results obtained using SPSS test are as follows.

Table 4.1 Reliable Test Results

Variable	Cronbach's Alpha	Description
Transformational Leadership Style	.953	Reliable
Competence Human Resources	.867	Reliable
Organizational Culture	.827	Reliable
Implementation Performance based-Budget	.893	Reliable

Table 4.2 Validity Test Results of Leadership Style

Question Item	Leadership Style	Description
X1	.825	Valid
X2	.724	Valid
X3	.760	Valid
X4	.728	Valid
X5	.852	Valid
X6	.862	Valid
X7	.861	Valid
X8	.743	Valid
X9	.787	Valid
X10	.747	Valid
X11	.665	Valid
X12	.820	Valid
X13	.546	Valid

Can be seen from the value of r calculate with r table, it can be concluded that the item problem x1 to x 13 $>$ r table 0.2353 then the item problem is valid.

Table 4.3 Validity Test Results of Competence Human Resources

Question Items	Competence Human Resources	Description
X1	.657	Valid
X2	.807	Valid
X3	.754	Valid
X4	.562	Valid
X5	.461	Valid
X6	.702	Valid
X7	.689	Valid

Can be seen the value of r calculate with r table, then it can be concluded that the item problem x1 to x 13 $>$ r table 0.2353 then the item problem is valid.

Table 4.3 Validity Test Results of Organizational Culture

Question Items	Organizational Culture	Description
X1	.286	Valid
X2	.480	Valid
X3	.431	Valid
X4	.339	Valid
X5	.296	Valid
X6	.365	Valid
X7	.263	Valid

Can be seen the value of r calculate with r table, then it can be concluded that the item problem x1 to x 13 > r table 0.2353 then the item problem is valid.

Because for each - each item statement on each - each variable in the research is reliable or reliable, it shows that each statement item used in this study is able to get consistent data, so the results of questionnaire data in this study deserve further testing because each item in the statement has qualified validity.

Classic Assumption Test

The classic assumption test is done with the aim of testing whether the data we process has been avoided from the habit in the study, because not all regression data can be applied.

1. Multicollinearity Test

The multicollinearity test is a test to see if there is a correlation between free variables in the regression model (Nazaruddin and Basuki 2017). The results of this multicollinearity test can be seen from the Tolerance value and VIF value. So that the results can be seen in the following table:

Table 4.4 Multicollinierity Test Results

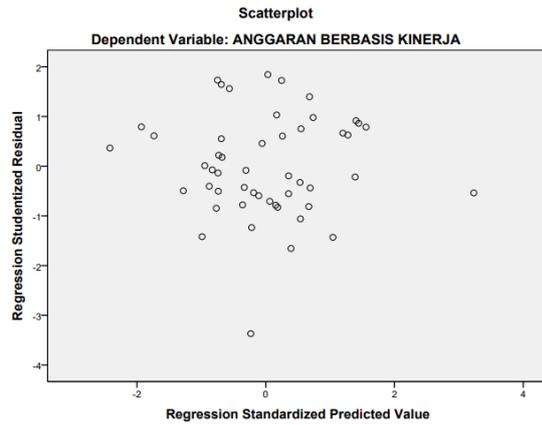
Variable	Tolerance	VIF
Leadership Style	.637	1.570
Competence Human Resources	.634	1.577
Organizational Culture	.982	1.018

Can be seen from the results above, for the test results of the three variables can be seen for the value of Tolerance in each variable has qualified, namely the value > 0.10. As for the VIF value can be seen from the table for all variables are also qualified ie. have a value < 10. From the results of the test, it can be concluded that in the regression model in the study there were no symptoms of multicollinearity.

2. Heteroscedasticity Test

Heteroscedasticity tests were used to test whether in the regression model there was an inequality of residual variants for all observations on the regression model (Nazaruddin & Basuki, 2017). The results of this test can be seen from the following figure:

It can be seen from the picture that there are no symptoms of heteroscedasticity due to ineligible - scatterplot output requirements such as the point in the image is spread and has no



pattern. So it can be concluded that the regression model in this study is ideal and good can be fully edisted.

Figure 4.1 Hteroscedasticity Test Results

3. Normality Test

In this Normality test see whether the data contributes normally or not seen from the value of Asymp.Sig. So that can be seen the results as:

Table 4.5 Normality Test Results

Asym.Sig	.200
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Can be seen from the table, for the four variables in the study has a value of Asymp.Sig > 0.05 so that it can be concluded that the four variables contribute normally and can be continued.

4. Linearity Test

In this Linearity Test to find out if the data is linear or can not be seen by using SPSS that is by looking Sig value and F value.

Table 4.6 Linearity Test Results

Variable	F	Sig
Leadership style*Budget performance-based	.734	.757
Competence Human Resources*Budget performance-based	.890	.558
Organizational Culture*Budget Performance-Based	2.265	.038

Can be seen from the table for Sig value in the three variables there is one variable that has no linear relationship, namely in the organization

culture variable * performance-based budget it can be seen from the value of Sig <0.05.

For leadership style variables* performance-based budgets and human resource competencies* Performance-based budgets have a value of Sig > 0.05 so it can be concluded that both variables have linear relationships. For the value of F there is a linear relationship between leadership style variables *performance-based budgets and human resource competencies* Performance-based budgets because they have a calculated $F < F$ table value for each provision. For organization culture variables* performance-based budgets do not have a linear relationship due to the value F calculate > F table.

5. Autocorrelation Test

In this Correlation Test to find out if autocorrelation symptoms occur or cannot be seen from the value Durbin - Watson with SPSS test, so that can be seen in the following table:

Table 4.7 Autocorrelation Test Results

Durbin - Watson	1.937
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Can be seen in the table for Durbin Watson value of 1.937 > dU value of 1.6739 and less than (4-dU) of 2.327. The results can be seen through table Durbin – Watson with $\alpha = 5\%$). So, it can be concluded that in the autocorrelation test there are no symptoms of autocorrelation.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Conclusion

1. Leadership style has a positive effect on the implementation of performance-based budgets.
2. Competence of human resources has a positive effect on the implementation of performance-based budget. Good human resource competencies will have an impact in the implementation of good performance-based budgets as well.
3. Organizational culture has no effect on the implementation of performance-based budgets. Organizational culture has not been able to weaken the transformational leadership style in implementing performance-based budgets. In addition, the competence of human resources has a greater influence directly on the implementation of performance-based budgets because competent human resources tend to leave a culture of organization that is not good.

Limitations of Research

1. This research is only carried out on one work device Situbondo district of East Java.
2. Data collection only uses the spread of questionnaires so that it can cause poor communication between researchers and respondents.
3. Variables used in this study are limited.

Suggestion

1. For the next researcher is expected to be able to increase the sample research with not only Situbondo district of East Java, but can also conduct research in other provinces that get A predicate related to government performance accountability.
2. For the next reviewer is expected to be able to collect data not only by spreading the questionnaire. It is expected that the researchers will then use data collection methods using interviews directly with respondents.
3. For the next researchers are expected to add independent variables other than those contained in research such as good government, politics and religiosity.

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