

The Effect of Organizational Commitments, Understanding of Management, External Pressure and Human Resources on Budgeting Absorption and Performance at Financial and Asset Management Board District Jember

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Abstract: *The purpose of this study is to analyze the influence of organizational commitment, understanding of management systems, external pressure and human resources on the absorption and performance of the Government SKPD budget in Jember Regency. The research location is in the Regional Financial and Asset Management Agency of the Government of Jember Regency. The population of this research is 139 employees of the Regional Financial and Asset Agency Office of the Government of Kabupaten Jember. Selected sample of 70 employees. The variable is exogenous (absorption of budget and budget performance) and independent / independent variables (process of organizational commitment, understanding of management systems, external pressure and human resources. Methods of data analysis using path analysis. The results show that organizational commitment affects the absorption of the budget. Understanding the management system affects the absorption of the budget External pressure influences the absorption of the budget Human resources influence the absorption of the budget and absorption of the budget influences the budget performance.*

Keywords: organizational commitment, understanding of management systems, external pressure and human resources, absorption and budget performance

1. Introduction

Jember Regency is one of the autonomous regions in the East Java region which also compiles the Regional Budget (APBD) annually as practiced by other regions both in East Java and in Indonesia. The Regional Revenue and Expenditure Budget (APBD) is used to identify the type and size of receipts received as well as expenditures that must be spent by the government of Kabupaten Jember so that the regional financial planning can be carried out effectively and efficiently.

In fact the implementation of regional autonomy is still not in accordance with the concept. The implementation and development of public services still relies on subsidies from the central government in the form of the General Allocation Fund (DAU). This should be financed by the regional government through local revenue (PAD). One Regional Government that relies on the General Allocation Fund for its regional development is Jember Regency. This is because the contribution of Regional Original Income to GRDP is still very low.

The potential to become an independent district is a realistic target for Jember Regency. This is supported by the position of Jember Regency as the center of economic growth in the eastern region of East Java Province. Socio-economically, Jember Regency is the center of service services, especially government services, which is economically emographically the center of economic activity or agglomeration and the center of population concentration which has a strong market potential for production products, especially raw

materials from the agricultural sector. . The very small role of PAD affects the total income of Jember Regency.

The existence of budget problems that occur is the problem of absorption of the budget that is often not optimal. Budget absorption or accumulated spending at the end of the fiscal year has always been a recurring phenomenon. Poor planning, implementation, reporting and accountability of the budget is considered as the main source of slow absorption of an agency's budget. The delay in budget absorption is a national phenomenon that always recurs every year. This happens because each work unit in Indonesia also experiences the same thing, namely the absorption of the budget always accumulates at the end of the budget.

This also happened to the Government of Jember Regency. The period of 2013 to 2015 in the object of research shows that there is a tendency that the realization of budget absorption always accumulates at the end of the fiscal year. This is certainly not good, because it can hamper the program that will be implemented. If the absorption of the budget related to goods expenditure and capital is too late, it will have a significant impact considering that government spending through the APBN / APBD is one of the stimuli to drive the economy which is expected to have a positive domino effect on the regional economy. The purpose of this study is to analyze the influence of organizational commitment, understanding of management systems, external pressure and human resources on the absorption and performance of the Government SKPD budget in Jember Regency.

2. Literature Review and Hypothesis

2.1. Stakeholder Theory

Stakeholder theory assumes that all stakeholders have the right to obtain information about the company (Widarjo, 2011). Simarmata and Subowo (2016) explain in this theory that organizational accountability should not only report information about finance but also information about non-finance. Stakeholders are people who have the power and interest in the company they have. The presence of stakeholders can usually influence whether or not information is disclosed about the company in the financial statements.

2.2. Goal Setting Theory

According to Robbins and Judge (2015: 112), Goal-Setting theory is a very specific theory, this theory encourages to lead to a higher achievement. This theory can provide a comprehensive view of one's motivation. But even though it has a broader view that includes the goal-setting process and its relation to performance, we only emphasize motivation.

Goals, each member of the organization can regulate, and describe his desires for the future, such as, minimizing costs, low absence rates, high employee satisfaction, or other performance level specifications. If workers are high, or other performance level specifications. If one of the above can be achieved, then the workers can focus their behavior and personal motivation to achieve the stated desires.

2.3. Institutional Theory

Institutional is based on the idea that to survive. Organizations must convince the public or society that the organization is a legitimate entity and is worthy of support. This theory is also used to explain actions and decision making in public organizations. Institutional theory argues that organizations that prioritize legitimacy will have a tendency to try to adjust to external expectations or social expectations where the organization is located. Adjustments to external expectations or social expectations result in the tendency of organizations to separate internal activities and focus on systems that are symbolic to external parties. Public organizations that tend to gain legitimacy will tend to have similarities or isomorphism with other public organizations (Ridha and Basuki, 2012).

2.4. Development of Hypotheses

2.4.1 Effect of Influential Organizational Commitments on Budget Performance

According to Erwati (2009), the application of performance-based budgets is recognized as requiring strong organizational commitment. An individual will make a maximum effort to achieve the goals set if the individual has a commitment to the goals of the budget. Employees who are committed to budget goals are motivated to interact with leaders and coworkers who can provide insight into the work environment, performance goals, and other things that have

an important impact on employee performance. Djalil et al. (2017) found that organizational commitment and motivation can improve performance and participation in the budget. Hayat (2016) found that high organizational commitment was able to improve budget performance. Husin (2012) also found that the higher the commitment to achieving the budget goals, the more improved leadership performance because the commitment of the leaders is needed to achieve the set budget targets. Based on the description, the proposed hypothesis is

H1: Organizational commitment influences the performance of the SKPD Government budget in Jember Regency.

2.4.2 Effect of Understanding of Financial Management Systems Influential on Budget Performance

Understanding has a clever understanding and understands right while understanding is a process, a way, an act of understanding or understanding (Poerwadarminta 2006). This means that people who have an understanding of financial management systems and procedures are people who understand and can do planning, implementation and financial accountability to prepare financial statements based on applicable principles and standards and understand the elements of internal control. Thus increasing the level of one's understanding of financial management systems and procedures, the higher the level of performance in achieving budget absorption targets. By Based on the description, the proposed hypothesis is

H2: Understanding of the financial management system has an effect on the performance of the Government SKPD budget in Jember Regency.

2.4.3 Effects of External Pressure Influence on Budget Performance

External pressure is a power from outside the organization that limits the movement of the organization in carrying out its tasks (Frumkin and Galaskiewicz, 2004). External pressure in institutional theory, better known as a form of coercive isomorphism is the result of formal and informal pressures given to organizations by other organizations where the organization depends on the expectations of the culture of the community in which the organization carries out its functions.

Coercive power is external pressure provided by the government, regulations, or other institutions (Ashworth, 2009). According to Nay (2011), external pressure can be felt through the number of legal regulations, the culture of organizational bureaucracy and the existence of claims or direct demands from stakeholders. The existence of regulations is intended to regulate existing practices for the better. Thus, the success or failure of the planning process is realized depending on how much pressure comes from external parties. Based on the description, the proposed hypothesis is

H3: External pressure influences the performance of the Government SKPD budget in Jember Regency.

2.4.4 Influence of Influential Human Resources on Budget Performance

Good regional financial management, the government must have quality human resources, who are supported by

educational backgrounds, often attend education and training, and have experience in finance (Wansyah, et.al, 2012). This is in accordance with what was affirmed by Kesuma et al. (2014) that the right human resources will be valuable assets in the organization. Collins considers that in an organization the first and foremost things that must be considered are the people, after that just discuss the vision, mission, strategy or other things needed.

This study is similar to Warisno (2009), Bakotic and Buble (2011), Meita (2018) and Cohen (2011) showing that the quality of human resources has a significant positive effect on performance, where the higher the quality of human resources the performance will also increase. Based on the description above, the hypothesis to be tested is

H4: Human resources affect the performance of the Government SKPD budget in Jember Regency.

2.4.5 Effect of Influential Organizational Commitment on Budget Absorption

Organizational commitment is defined as the strong desire to remain as a member of the organization, work hard according to organizational goals, and accept organizational values and objectives (Luthans, 2005). Organizational commitment is built on the basis of worker trust in organizational values, the willingness of workers to help realize organizational goals and loyalty to remain a member of the organization. Organizational commitment will create a sense of belonging (sense of belonging) for workers towards the organization. If the worker feels that his soul is tied to the values of the existing organization, he will feel happy at work, so that the absorption of the budget can increase (Taufik and Kemala, 2013). Based on the description of the theory and previous research, the hypothesis is formulated

H5: Organizational commitment has an effect on the absorption of the Government SKPD budget in Jember Regency.

2.4.6 Effects of Understanding of financial management systems Influence on Budget Absorption

Understanding of financial management regarding compliance with regulations and legislation is very necessary, while the use of computer-based accounting systems is needed to accelerate the implementation of reporting and supervision activities are factors that need to be observed, because to be able to provide adequate financial information in the form of financial statements, each user must have adequate competency / knowledge in the field as well as in the area of regional financial management, specifically the internal control system component in supporting the realization of transparent and accountable financial management arrangements. Based on the description of the theory and previous research, the hypothesis formulated is:

H6: Understanding of the financial management system has an effect on the absorption of the Jember Regency SKPD budget

2.4.7 Effects of External Pressure Influence on Budget Absorption

Formal and informal pressures given to organizations by other organizations where the organization depends on the expectations of the culture of the community in which the

organization carries out its functions. The coercive power of a regulation can lead to the tendency of organizations to obtain or improve legitimacy, so that only emphasizes positive aspects so that the organization looks good by parties outside the organization (Hess, 2007). Organizational change based on coercive power will cause organizations to consider political influence rather than technical (Ashworth, 2009). Based on the description of the theory and previous research, the hypotheses are formulated as follows

H7: External pressure has an effect on the absorption of the Government SKPD budget in Jember Regency.

2.4.8 Effect of Human Resources Influence on Budget Absorption

Article 8 of Article 8 of Article 8 implicitly states that "decentralization must be accompanied by the transfer and transfer of funds, facilities and infrastructure, and human resources". In other words, human resources are a determinant factor in the success of decentralization. Therefore Human Resources must be managed properly to improve the effectiveness and efficiency of the organization. Human Resources is the design of formal systems in an organization to ensure the use of human talent effectively and efficiently to achieve organizational goals (Mathis and Jackson, 2006). The key factors for success in budget management are experienced and motivated staff. Human Resources (HR) become the main element in every activity carried out. Even if using sophisticated and reliable equipment but without the active role of adequate human resources, the equipment will not work optimally (Zarinah, 2015).

Herryanto's research (2012) found that the lack of HR capacity was one of the factors that influenced the delay in the absorption of the budget in the ministry / agency work units in the Jakarta area. The same thing was found in Arif's Research (2013) that the lack of human resource capacity was a factor in the lack of absorption of the 2011 ABD budget in Pelalawan Regency, Riau Province. Zarinah Research (2015) also found that the Quality of Human Resources affected the level of absorption of the SKPD budget in North Aceh District. Different things are found in Priatno's (2013) study where human resources have no significant effect on budget absorption in the scope of payment work units. Based on the description of the theory and previous research, the 8th hypothesis is formulated as follows.

H8: Human resources affect the absorption of the Government SKPD budget in Jember Regency.

2.4.9 Effects of Budget Absorption Influence on Budget Absorption

Budgets are an important tool for planning and controlling short, very effective in organizations (Anthony, 2007). Increasing people's welfare can be reflected in the amount of absorption of the government budget. Law Number 17 of 2003 concerning State Finance states that the function of the budget as an instrument of economic policy has the role of manifesting economic growth and stability as well as equitable distribution of income in order to achieve the goal of the state. The poor quality of budget absorption will affect the national economy as a whole, including the effectiveness of expenditure allocations aimed at developing countries that

are not on target, based on indicators of the success of the established budget. Heriyanto (2012) found that planning and implementation affect the absorption of the budget. Based on the description of the theory and previous research, the 9th hypothesis is formulated as follows

H9: Absorption of the budget affects the performance of the Government SKPD budget in Jember Regency.

3. Research Methods

This research is included in explanatory research. The research location was in the Regional Asset and Financial Management Agency of the Jember Regency Government with the object of research being the Office of the Regional Financial Management Agency of the Government of Jember Regency. The population used in this study were all employees of the Regional Financial and Asset Agency Office of Jember Regency as many as 139 people. Selected sample of 70 employees. Variables are bound / exogenous (absorption of budget and budget performance) and independent / independent variables (organizational commitment process, understanding of management systems, external pressure and human resources. Data analysis methods used include path analysis, classical assumption test and hypothesis test by test t.

4. Result and Discussions

The test results are explained below. Beta coefficient (β) is 0,071, with ρ -value 0,025. Because the ρ -value is $<\alpha$ or $0.025 < 0.050$, then H1 is accepted. Thus the hypothesis which states the organizational commitment factor has a positive influence on the absorption of the budget received. The result of beta coefficient (β) is 0.131, with a value of ρ value of 0.019. Because the ρ -value is $<\alpha$ or $0.019 < 0.050$, then H2 is accepted. Thus the hypothesis which states the understanding of the management system has a negative influence on the absorption of the budget received. Beta coefficient (β) is 0,320, with ρ -value 0,029. Because the ρ -value is $<\alpha$ or $0.029 < 0.050$, then H3 is accepted. Thus the hypothesis which states the understanding of management systems has a positive influence on the absorption of the budget received. Beta coefficient (β) is 0.108, with ρ -value of 0.037. Because the ρ -value is $<\alpha$ or $0.037 < 0.050$, then H4 is accepted. Thus the hypothesis which states the human resource factor has a positive influence on the absorption of the budget received. Beta coefficient (β) is 0.083, with a ρ -value of 0.029. Because the ρ -value is $<\alpha$ or $0.029 < 0.050$, then H5 is accepted. Thus the hypothesis which states the factor of organizational commitment has a positive influence on budget performance received.

Beta coefficient (β) is -0.214, with ρ value of 0.019. Because the ρ -value is $<\alpha$ or $0.019 < 0.050$, then H6 is accepted. Thus the hypothesis which states that external pressure factors have a positive influence on budget performance is accepted. The beta coefficient (β) is 0.245, with a value of ρ -value of 0.010. Because the ρ -value is $<\alpha$ or $0.010 < 0.050$, then H7 is accepted. Thus the hypothesis which states that the understanding of management systems has a positive

influence on budget performance is received. Beta coefficient (β) is 0.040, with a value of ρ -value 0.028. Because the ρ -value is $<\alpha$ or $0.028 < 0.050$, then H8 is accepted. Thus the hypothesis which states that human resource factors have a positive influence on budget performance is accepted. The coefficient results have a value (β) of 0.136, with a ρ -value of 0.038. Because the ρ -value is $<\alpha$ or $0.038 < 0.005$, then H11 is accepted. This means that budget absorption has a positive influence on budget performance.

Effect of Organizational Commitment Factors, External Pressure, Understanding of Management Systems and Human Resources on Budget Absorption

a. Effect of Organizational Commitment Factors on Budget Absorption

Based on the calculation value of the influence path analysis, the variable organizational commitment is generated towards the direct absorption of the budget. The results of this study are consistent with the study of Husin (2012) who found organizational commitment had a significant effect on the absorption of an agency's budget. The influence of organizational commitment on budget absorption is positively significant, meaning that organizational commitment is in line with the absorption of the budget

b. Effect of external pressure factors on budget absorption

Based on the calculation value of the influence path analysis, the external pressure variable on the absorption of the budget is directly generated. In this study, there was a direct influence given the external pressure factor on budget absorption in Jember Regency.

The effect of external pressure on budget absorption is negative and significant, meaning that external pressure relates to the absorption of the budget. The results of this study are consistent with Praningrum (2002) who found that external pressure has an effect on budget absorption that the implications of the results of this study indicate that the higher the external pressure the company gives, the higher the absorption rate of employee budgets. The Jember Regency Financial and Asset Management Agency puts external pressure on its employees so that it can increase the ability to absorb its budget.

c. Effect of Management System Understanding Factors on Budget Absorption

Based on the calculation value of the path analysis, the effect of the variable understanding of the management system on the absorption of employee budget directly. In this study, there was a direct influence given by the understanding of the management system towards the budget absorption of employees of the Financial and Asset Management Agency in Jember Regency. Understanding the management system that is perceived directly has a positive effect on the absorption of the overall budget. The results of this study are consistent with Rimper and Kawet (2014) who found that organizational commitment has a positive effect on budget absorption.

d. Effect of Human Resource Factors on Budget Performance

Based on the calculation value, the total influence pathway analysis caused by human resource factors on budget performance. Human resources have a positive effect on budget performance at the Jember Regency Financial and Asset Management Agency. The results of this study are consistent with Khandekar and Sharma (2006) aimed at showing the role of human resources which is increasingly important for the performance of the company. This study found that human resources, through human resource activities, have a positive relationship to financial performance. System is needed to place where human resources are needed. Ideas only emerge from individuals, so human resources are needed at the level of individuals, groups and organizations (Crossan et al., 1999; Nonaka and Takeuchi, 1995) in Khandekar and Sharma (2006: 32). So that management activities must be focused and circulated around the development of organizational knowledge sources (Rastogi, 1998: 43). in Khandekar and Sharma (2006).

e. Effect of budget absorption on budget performance

Performance is the result of work in quality and quantity achieved by an employee based on the criteria that apply to the job in a predetermined period of time, meaning that if a person's activities in the organization can achieve results according to applicable standards, then it can be said to perform well and vice versa if it is not achieved, it means that the company is performing poorly. The results of this study are consistent with O'Regan and Ghobadian (2004) research in Yeni (2007: 22) found that company competencies have a positive influence on company strategy and overall performance achievement. Wang and Lo (2003) in Yeni (2007: 23) concluded that the core competencies of the company had a positive effect on performance, especially performance focused on customers. Likewise, the research of King and Zeithamal (2001) in Yeni (2007: 23) found that there was an influence between competencies possessed by company performance.

5. Conclusions and Suggestions

Based on the results of research conducted at the Jember Regency Financial and Asset Management Agency, the following can be concluded:

- a) Organizational commitment influences the absorption of the budget at the Jember Regency Financial and Asset Management Agency Office.
- b) Understanding of the management system affects the absorption of the budget at the Jember Regency Financial and Asset Management Agency Office.
- c) External pressure affects the absorption of the budget at the Jember Regency Financial and Asset Management Agency Office. The higher the external pressure, the better the absorption of the budget.
- d) Human resources affect the absorption of the budget at the Jember Regency Financial and Asset Management Agency Office. Stakeholder theory means that the higher the human resources, the higher the absorption of the budget

- e) Organizational commitment influences budget performance at the Office of Financial and Asset Management Agency in Jember Regency.
- f) Understanding the management system has an effect on budget performance at the Jember Regency Financial and Asset Management Agency Office. The higher the understanding of the management system, the better the budget performance. External pressure has an effect on budget performance at the Jember Regency Financial and Asset Management Agency Office.
- g) Human resources affect the budget performance of the Jember Regency Financial and Asset Management Agency Office. The higher the human resources, the better the absorption of the budget.
- h) Budget absorption has an effect on budget performance at the Jember Regency Financial and Asset Management Agency Office. The higher the absorption of the budget, the better the absorption of the budget.

Based on the results of the discussion and conclusions of this study, the following are suggested:

- a) For agencies in order to increase the absorption of the budget and budget performance on an ongoing basis, it should carry out the implementation of human resource management practices and also conduct an evaluation based on the assessment of the Jember Regency Financial and Asset Management Agency.
- b) Research variables should be added to other research variables in order to obtain more accurate results such as job satisfaction, compensation and others. In addition, it also extends the research sample by comparing between PEMKAB in East Java.

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