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## Factors Affecting Performance-Based Budgeting as a Tool for Post-Covid-19 Management Control

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### ABSTRACT

*This research aimed to assess the impact of human resources, organizational commitment, and management control systems on performance-based budgeting at the Southwest Aceh Social Service, both simultaneously and partially. Research data was collected through a list of questions/questionnaires and documentation studies. The hypothesis was tested using multiple linear regression analysis, joint test, and partial test to determine jointly and partially the effect of the independent variable on the dependent variable at the 95% confidence level ( $\alpha = 0.05$ ). The object of this study was the human resources, organizational commitment, and management control systems influencing performance-based budgeting at the Southwest Aceh Regency Social Service. The sample size of this study was 38 employees.*

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## INTRODUCTION

The execution of the decentralization policy paved the way for regional independence. The decentralization allows for the growth of autonomy for local governments. Regional decentralization is an excellent initiative since it gives local governments a significant role in controlling their territory and strengthening the regional economy. Autonomy refers to Autonomous Regions' right, jurisdiction, and obligation to administer and manage their government affairs and local community interests in compliance with statutory laws (Indonesia, 2004).

The primary objective of decentralization is to offer regions the flexibility they need to regulate and manage their territory with services and procedures that are more accessible to local citizens. The achievement of regional autonomy is directly related to the government's involvement in financial management. Through regional financial management, the government and the public can determine the regional budget's capacity to cover regional expenditures and demonstrate that public funds have been used economically, efficiently, and effectively (Ismid et al., 2020).

A budget is a plan of activities expressed in the form of monetary revenue and expenditures. In its most basic form, a budget is a document that details an organization's financial situation, including information on income, expenditure, and activities. Every budget contains information about what will be done in the following years. State organizations or government agencies also provide budgeting at both the central and local levels. Each agency requires oversight when implementing plans (Saraswati, 2017).

According to Government Regulation Number 45 of 2013 on Procedures for Implementing the State Budget, accelerating budget implementation is required to support long-term national development programs by optimizing the role of state revenues and expenditures, particularly those of State Ministries / Institutions, on economic growth each year. It is then utilized as a reference for executing the state budget (Setiani, 2017).

Management is a planning method that coordinates, directs, and manages the diverse actions of organizational members while utilizing all organizational resources to achieve two goals. An organization's management encompasses various factors, including financial management, human resource management, marketing management, operational management, and so on (Merchant & Van der Stede, 2014).

Southwest Aceh Regency Social Service is a newly constituted work unit under the Southwest Aceh Regency Government, established by Southwest Aceh Regent Regulation 49 of 2016, which serves as a regional instrument as an implementing element of the City's regional autonomy in the social sector. Therefore, strategic planning is required, which is the first stage in meeting the

needs of the strategic environment (Putri & Tanjung, 2019). The Abdya Social Service has been unable to perform its tasks efficiently since various difficulties remain, such as the late payment of aid funds to the community.

### **Performance-based Budgeting**

Performance is the work outcome that a person or group in an organization can accomplish following their respective authorities and responsibilities to achieve the organization's goals legally, not against the law, and by morals and ethics (Rivai, 2016).

Performance is a manifestation of the outcomes of employees' work and is commonly used to evaluate employees or organizations. Good performance is a step toward accomplishing organizational goals (Irawan & Suryani, 2018).

Prawironegoro states that a budget is a plan for organizational activities that includes various interrelated operational activities that influence each other as guidelines for achieving the goals and objectives of an organization".

Nafarin defines a budget as "a quantitative plan (the unit quantity) periodic budget prepared based on an approved program." A budget is a written plan for an organization's activities that is expressed quantitatively for a specific period and is typically expressed in monetary units but can also be expressed in units of commodities or services. The budget is a management tool for attaining goals (Nafarin, 2012). Bastian defines performance-based budgeting as an output-oriented budgeting method that is directly tied to the organization's vision, mission, and strategic planning.

Performance-based budgeting is significant because it is projected to improve the quality of life of individuals, increase development effectiveness, and improve financial and governance practices (Bastian, 2021).

According to Mardiasmo, performance budgeting generates and maintains regional budgets focused on attaining results or performance. This performance indicates the effectiveness and efficiency of public services, implying that they are focused on the public interest (Diastuti & Aris, 2017). According to Halim, performance-based budgeting is an approach for management that links each financing spent into activities with desired outputs and results, including efficiency in reaching the output (Mardiasmo, 2021).

Performance-based budgeting refers to the process of creating and managing regional budgets that are focused on attaining results or performance effectively. The indicators of performance-based budgeting are as follows (Setiani, 2017):

1. Improving Program Effectiveness

Improving program effectiveness is an effective and efficient implementation. No matter how good a program is, if it is not implemented

effectively and efficiently, the organization will not achieve its goals because the implementation of the organization is not getting closer to its goals.

2. Improving Decision Making

Improving decision-making is determining or choosing correctly in a rational manner a certain alternative from several alternatives that have been developed.

3. Cost-savings

Cost-savings is a determination of the cost of a strategy for the future. This initiative must be the catalyst the organization needs to change.

4. Improved Coordination

Improved coordination is a synchronized and organized effort to provide the right amount of time and direct implementation to produce a uniform and harmonious action on a predetermined goal.

5. Increased Public Accountability

Increased public accountability is an increase in the sense of responsibility, a higher quality of responsibility that satisfies superiors.

### **Human Resources**

Garry explains that human resource management involves managing individuals in management positions, such as recruitment, screening, training, and performance evaluations (Jumame et al., 2015). Humans play a crucial role in an organization's endeavor to achieve success that can support the organization through their work, talents, creativity, and determination. Organizational goals cannot be achieved solely through technological and economic aspects because the human aspect is also crucial.

Human resources is a crucial component that, along with other elements like machinery and technology, undergoes the management process to produce goods or services to achieve a company's or organization's goals (Rivai, 2016). Hasibuan explains that human resource management involves regulating the relationship and role of employees to effectively and efficiently achieve the goals of organizations and society. Sunyoko says human resource management involves various activities such as planning, organizing, directing, and supervising the procurement, development, compensation, integration, maintenance, and termination of employment relationships. The ultimate aim is to achieve the organizational goals of the organization cohesively (Kartini, 2019).

Human resources play a crucial role in the success of any organization, serving as the driving force behind all company operations. The following indicators are used to measure human resources (Maidar et al., 2022):

1. **Position Analysis**  
Position Analysis is gathering information about job roles, tasks, and responsibilities to achieve a company's or an organization's goals.
2. **Recruitment and Selection**  
The process of finding qualified applicants for a company or organization's positions.
3. **Availability**  
A projection of future employee needs based on labor demand and supply estimates.
4. **Education and Training**  
Education and training enhance human resources' knowledge and skills for job performance.
5. **Career Development**  
Career Development is a method for organizations to boost employee productivity.
6. **Performance Assessment**  
A formal and structured system for measuring, assessing, and influencing worker-related characteristics, behaviors, and outcomes, such as absenteeism.
7. **Termination & Retirement**  
Termination & Retirement is the state of no longer working for an employee in a company because the working relationship between the person and the company has been severed, is no longer extended, or has reached old age/retirement age.

### **Organizational Commitment**

Organizational commitment is an internal desire to actively contribute to the organization's success by aligning with its goals and prioritizing its interests. Organizational commitment is a psychological tool for effectively managing an organization and achieving desired performance (Mahmudi, 2015).

Organizational commitment refers to a job attitude or belief that reflects the extent to which an individual is aligned and involved in an organization. Hornby defines organizational commitment as the dedication to putting effort, time, and energy into a job or activity (Kurniullah et al., 2021).

Sopiah argues that organizational commitment refers to how employees align with a specific organization's goals and remain members. Sopiah discusses four factors that impact employee commitment to the organization (Nafarin, 2012):

1. Personal factors come from humans based on their abilities, such as age, gender, level of education, work experience, personality, etc.

2. Job characteristics are an approach to job design that describes jobs in five core dimensions: skill diversity, task identity, task meaning, autonomy, and feedback.
3. Structure characteristics are factors based on a person's position or the level of work relationship patterns in an organization.

Work experience involves acquiring knowledge and skills related to job responsibilities through active participation (Linawati, 2017). Their work experience significantly influences employee commitment to the organization. Employees with varying lengths of employment in the organization exhibit varying levels of commitment (Wijaya, 2017).

### **Management Control System**

Herlambang defines management control as a systematic approach to establishing performance standards, designing feedback systems, comparing actual performance to predetermined standards, identifying deviations, measuring their significance, and taking corrective actions to optimize the use of company resources and achieve organizational goals (Hasibuan, 2008).

Lukman suggests that cost control can be achieved through responsibility accounting, aiming to minimize costs to meet the company's goals. Control, as described by William K. Carter, involves a methodical approach by management to accomplish objectives (Carter & Usry, 2009).

Continuous monitoring of activities is conducted to ensure that the results remain within the desired limits. The concept of control in business is intended to operate consistently. The information used to guide control actions encompasses financial data, and control activities are conducted periodically rather than constantly (Hasan, 2018).

Anthony and Govindarajan explain that the management control system is a valuable tool for effectively implementing strategies and motivating members of an organization to achieve their goals. According to Anthony and Govindarajan, the indicators of the Management Control System are as follows (Gafur et al., 2015):

1. Detector or Sensor  
An instrument that measures what is happening in the process being controlled.
2. Assessor  
An instrument that determines the significance of an actual event by comparing it to some standard or expectation of what should happen.
3. Effector  
An instrument is often called "feedback" that changes behavior if the assessor indicates a need to do so.

#### 4. Communication Network

An instrument that passes information between the detector, assessor, and effector.

## RESEARCH METHODS

### Research Site

The research was conducted at the Southwest Aceh Regency Social Service Office, specifically at Jln. Lieutenant Colonel BB Jalal, Pulau Kayu, Susoh District, Southwest Aceh Regency.

### Population and Research Sample

The population is a broad category that includes objects or subjects with specific qualities and characteristics that researchers study to conclude (Sugiono, A., & Fordian, 2019). The study focused on employees, particularly those with finance, budgeting, or financial reporting responsibilities.

Sugiyono explains, "The sample is a representation of the population in terms of its size and characteristics." The selection of this sample was guided by Arikunto's perspective, which suggests that when the population is less than 100, it is preferable to include all individuals as samples to conduct comprehensive research (census). The census method involves a comprehensive investigation of every element within the population. The study included 38 employees from the Southwest Aceh Regency Social Service (Sugiyono, 2017).

### Data Analysis Technique

The research data were analyzed using multiple linear regression models and processed using the SPSS (Statistic Package for Social Science) version 22. The equation for the multiple regression model in this research is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Description:

Y : Performance-based budgeting

X<sub>1</sub> : Human resources

X<sub>2</sub> : Organizational commitment

X<sub>3</sub> : Management control system

a : Constant

b : Regression parameter

e : Error term

### Hypothesis Testing

Hypothesis testing is carried out simultaneously using the F-test and partially using the t-test at the 95% confidence interval or 5% error rate (0.05) (Jumal Ahmad, 2018).

## 1. T-test

To test the level of significance of the independent variables X1 on Y, X2 on Y and X3 on Y individually. With test criteria:

-If  $t_{\text{observed}} \geq t_{\text{critical}}$ ,  $H_a$  is accepted and  $H_o$  is rejected.

- If  $t_{\text{observed}} < t_{\text{critical}}$ ,  $H_o$  is accepted and  $H_a$  is rejected.

Hypothesis testing can be described as follows:

$H_{o1}$  : Human resources does not affect the preparation of performance-based budgeting of the Southwest Aceh Regency Social Service.

$H_{a1}$  : Human Resources affect the Preparation of performance-based budgeting of the Southwest Aceh Regency Social Service.

$H_{o2}$  : Organizational commitment does not affect the performance-based budgeting of the Southwest Aceh Regency Social Service.

$H_{a2}$  : Organizational commitment affects the performance-based budgeting of the Southwest Aceh Regency Social Service.

$H_{o3}$  : The management control system has no effect on the performance-based budgeting of the Southwest Aceh Regency Social Service.

$H_{a3}$  : The management control system affects the performance-based budgeting of the Southwest Aceh Regency Social Service.

## 2. F-test (Simultaneous Test)

To test the level of significance of the independent variables (X1, X2, and X3) simultaneously on the dependent variable (Y) with the following testing criteria:

-If  $F_{\text{observed}} \geq F_{\text{critical}}$ ,  $H_a$  is accepted, and  $H_o$  is rejected.

-If  $F_{\text{observed}} < F_{\text{critical}}$ ,  $H_o$  is accepted, and  $H_a$  is rejected.

Hypothesis testing can be described as follows:

$H_{o4}$  : Human resources, organizational commitment, and management control simultaneously have no effect on performance-based budgeting at the Southwest Aceh Regency Social Service.

$H_{a4}$  : Human resources, organizational commitment, and management control simultaneously affect performance-based budgeting at the Southwest Aceh Regency Social Service.

Related to the initial description, the hypothesis development in the research is as follows:

### a. The Effect of Human Resources Competencies on Performance-Based Budget Effectiveness

The effective implementation of performance-based budgeting relies on several key factors. These include having sufficient resources, employees with strong analytical skills, proper allocation of funds to support the implementation, and sufficient time to assess the reliability of performance



data. These elements are crucial for successful implementation (Julnes dan Holzer, 2001). Wang (2000) explains that the adoption of budgets necessitates the development of expertise in accounting standards, information systems, personnel, and financial resources. Public organizations with experience with budgeting strongly emphasize the performance and data collection of their staff (Julnes dan Holzer, 2001).

This statement is in line with the research by Achyani and Cahya (2011), Cholifah (2013), Fitri et al (2013), and Nalarreason et al (2014) which state that human resource competence affects performance-based budgeting. Thus, the proposed hypothesis:

H1: Human resource competencies affect the effectiveness of performance-based budgets.

#### **b. The Effect of Commitment on Performance-Based Budget Effectiveness**

Organizational commitment reflects an individual's dedication, endorsement, and allegiance to the principles and objectives that the organization strives to accomplish (Mowday et al., 1979 in Fitri et al, 2013). Individuals with a strong commitment to their organization will strive to achieve organizational goals, maintain a positive mindset, and give their best effort for its success. This occurs because individuals within the organization develop a sense of belonging to their respective organizations. On the other hand, when an individual lacks strong commitment to their organization, they tend to prioritize their or their group's interests. As a result, their performance within the organization may suffer. The level of commitment displayed by leaders and subordinates to collaborate and fulfill their assigned responsibilities is a crucial determinant of the success or failure of performance-based budgeting implementation. The underperformance of individuals within an organization, caused by a lack of commitment, can hinder the successful implementation of performance-based budgeting (Fitri et al, 2013).

According to the research conducted by Fitri et al. (2013), commitment does not impact performance-based budgeting. Therefore, the hypothesis being proposed is:

H2: Commitment affects the effectiveness of performance-based budgeting.

#### **c. Management Control System on Performance-Based Budgeting**

Performance budgeting, also known as performance-oriented budgeting, is a budgeting system that focuses on the organization's output and is closely aligned with its vision, mission, and strategic plan (Bastian, 2011). Performance-based budgeting has a significant impact on financial performance. This type of budgeting system is focused on achieving specific outcomes and results. Performance-based budgeting is a method management uses to connect

funding with expected outputs and results. It focuses on achieving efficiency in reaching these outcomes. The performance targets of each performance unit outline the outputs and results (Abdul Halim, 2013). Research conducted by Lubis (2009), Setya (2010), and Purnamasari (2018) reveals that the implementation of Performance-Based Budgeting has a significant impact on Financial Performance. The hypotheses proposed in this study are based on theory and previous research.

H3 : Management control system has a positive and significant effect on financial performance

## RESULTS AND DISCUSSION

### Research Findings

The results of this study include descriptive analysis and hypothesis testing results. The descriptions aim to answer the first, second, and third problem formulations.

### Descriptive Statistics Analysis

Descriptive statistical analysis aims to see the distribution of variable data. The regression performed was the multiple linear regression analysis.

The multiple linear regression analysis was used to determine the effect of Human Resources (X1), Organizational Commitment (X2), and Management Control System (X3) on Performance-Based Budgeting (Y). The results of the analysis can be seen in the following table:

**Table 1**  
**The Result of Multiple Linear Regression Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	T <sub>observed</sub>	T <sub>critical</sub>	Sig
	B	Std. Error	Beta			
1 (Constant)	8.325	3.508		2.373	2,024	.023
Human resource (X <sub>1</sub> )	.357	.112	.496	3.195	2,024	.003
Organizational commitment (X <sub>2</sub> )	.098	.188	.084	.524	2,024	.603
Management control system (X <sub>3</sub> )	-.035	.166	-.035	-.214	2,024	.832

**a. Dependent Variable: Performance-based Budgeting**

Source: Primary data (2023)

From the table provided, it is evident that the output data from the analysis of multiple linear regression using SPSS yields the following regression equation:

$$Y = 8.325 + 0,357 X_1 + 0,098 X_2 + -0,035X_3 + e$$

This equation can be explained as follows:

1. The constant value of performance-based budgeting of 8.325 explains that if human resources (X1), organizational commitment (X2), and management control system (X3) do not change, then performance-based budgeting (Y) at the Southwest Aceh Regency Social Service is constant at 8.325 units.
2. The regression coefficient of the effect of human resources (X1) is 0.357. This value explains that every one-unit increase in the human resources variable (X1) will increase the performance-based budgeting of the Southwest Aceh Regency Social Service by -0.357 units.
3. The regression coefficient of the influence of organizational commitment is 0.098. This value explains that every one-unit increase in organizational commitment will increase the performance-based budgeting of the Southwest Aceh Regency Social Service by 0.098 units.
4. The regression coefficient of the effect of the management control system (X3) is -0.035. This value explains that every one-unit increase in the management control system (X3) will reduce the performance-based budgeting of the Southwest Aceh Regency Social Service by -0.35 units.

### **Partial Test (t-test)**

The t-test was employed to test the effect of human resources, organizational commitment, and management control systems on performance-based budgeting at the Southwest Aceh Regency Social Service. If the  $t_{observed}$  is higher than  $t_{critical}$  value, then  $H_0$  is rejected and  $H_a$  is accepted. Otherwise, if the  $t_{observed}$  is less than  $t_{critical}$ , then  $H_0$  is accepted and  $H_a$  is rejected. The results of partial hypothesis testing can be seen in Table 1. The  $t_{observed}$  value of each independent variable was compared to the  $t_{critical}$  value using a confidence interval of 95% or  $\alpha = 0.05$ .

#### **1. Human Resource (X<sub>1</sub>)**

The effect of human resources (X1) on the performance-based budget variable (Y) can partially be seen in Table 1. The  $t_{observed}$  value (3.195) exceeds the  $t_{critical}$  value (2.024). Therefore, the decision is to reject  $H_{01}$  and accept  $H_{a1}$ . The partial significance test results showed that human resources significantly influenced performance-based budgeting at the Southwest Aceh Regency Social Service. It means that human resources affect performance-based budgeting at the Southwest Aceh Regency Social Service.

2. Organizational Commitment (X<sub>2</sub>)

The effect of organizational commitment on the performance-based budget variable (Y) can partially be seen in Table 1. The  $t_{\text{observed}}$  value (0.524) is smaller than the  $t_{\text{critical}}$  value (2.024). Therefore, the decision is to accept  $H_{02}$  and reject  $H_{a2}$ . The partial significance test results revealed that organizational commitment does not affect performance-based budgeting at the Southwest Aceh Regency Social Service.

3. Management Control System (X<sub>3</sub>)

The effect of the management control system on the performance-based budgeting variable (Y) partially can be seen in Table 1 that the  $t_{\text{observed}}$  value is smaller (-0.214) than the  $t_{\text{critical}}$  value (2.024). Therefore, the decision is to accept  $H_{02}$  and reject  $H_{a3}$ . This means the management control system factor does not affect performance-based budgeting at the Southwest Aceh Regency Social Service.

**Simultaneous Test (F-test)**

To test the effect of human resources (X<sub>1</sub>), organizational commitment (X<sub>2</sub>), and management control system (X<sub>3</sub>) simultaneously on performance-based budgeting at the Southwest Aceh Regency Social Service (Y). The F Statistical Test (F-test) was used. If the  $F_{\text{observed}}$  value is higher than  $F_{\text{critical}}$ ,  $H_0$  is rejected, and  $H_a$  is accepted. Conversely, if the  $F_{\text{observed}}$  value is less than  $F_{\text{critical}}$ ,  $H_0$  is accepted, and  $H_a$  is rejected. If the null hypothesis ( $H_0$ ) is rejected and the alternative hypothesis ( $H_a$ ) is accepted, human resources (X<sub>1</sub>), organizational commitment (X<sub>2</sub>), and management control system (X<sub>3</sub>) simultaneously affect performance-based budgeting. The test results can be seen in the following table:

**Table 2**  
**F-test Result**  
**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	$F_{\text{observed}}$	$F_{\text{critical}}$	Sig.
1Regression	37.647	3	12.549	4.040	2,852	,015 <sup>b</sup>
Residual	105.616	34	3.106			
Total	143.263	37				

Source: Primary Data (2023)

Table 2 shows that the calculation yielded a  $F_{\text{observed}}$  value of 4.040 with a significance of 0.015 and a  $F_{\text{critical}}$  value of 2.816 at a 95% confidence interval ( $\alpha = 0.05$ ). When comparing the  $F_{\text{observed}}$  value to  $F_{\text{critical}}$ , the  $F_{\text{observed}}$  (4.040) is greater than  $F_{\text{critical}}$  (2.816). The decision is  $H_0$  rejected, and  $H_a$  accepted, indicating that the variables human resources (X<sub>1</sub>), organizational commitment (X<sub>2</sub>), and management control system (X<sub>3</sub>) all have a significant impact on performance-based budgeting at Southwest Aceh Social Service.

## DISCUSSION

### **The Effect of Human Resource Competencies on Performance-Based Budget Effectiveness**

As stated by Azhar (2007), human resources encompass the collective human power within an organization, extending beyond the mere number of employees. Viewing human resources as a cohesive system is essential for employees to work towards organizational goals. Employee performance is evaluated based on their educational qualifications. When it comes to preparing budgets, it is important to have employees with a strong educational background in Accounting and Finance and those with extensive budgeting experience. These individuals play a crucial role in effective budgeting.

Resource quality and reward variables have a notable impact on the implementation of performance-based budgeting. The higher the quality of resources possessed by the organization (SKPD), whether in terms of finances, time, or personnel, the greater the likelihood of successfully implementing a performance-based budget. The findings of this study align with previous research conducted by Izzaty (2011) and Arifah (2012) but differ from the findings of Sembiring (2009), who concluded that resources did not have a significant impact on performance-based budgeting. Similarly, when it comes to rewards, the frequency of their distribution directly impacts the organization's motivation (SKPD) to enhance its performance and address any areas of improvement. A reward is recognized for the efforts to support the successful implementation of performance-based budgeting. The findings of this study align with previous research conducted by Sembiring (2009) and Arifah (2012).

This aligns with the research conducted by Achyani and Cahya (2011), Cholifah (2013), Fitri et al (2013), and Nalarreason et al (2014), which suggest that the competence of human resources has an impact on performance-based budgeting.

### **The Effect of Commitment on Performance-Based Budgeting Effectiveness**

According to the hypothesis testing findings, performance-based budgeting is influenced by factors such as commitment, quality of human resources, and supervision. Organizational commitment reflects an individual's dedication, endorsement, and allegiance to the principles and objectives pursued by the organization (Mowday et al., 1979 in Fitri et al, 2013). Individuals with a strong dedication to their organization will strive to achieve its goals, maintain a positive mindset, and give their best effort. This occurs because individuals within the organization develop a sense of belonging to their respective organizations. On the other hand, when an individual lacks strong commitment to their organization, they prioritize their interests or those of their group.

Consequently, this can result in a decline in their overall organizational performance. The level of commitment leaders demonstrate toward their subordinates and their shared responsibility to fulfill their assigned tasks is a critical factor determining the success or failure of performance-based budgeting implementation. The underperformance of individuals within an organization, caused by a lack of commitment, can hinder the successful implementation of performance-based budgeting (Fitri et al, 2013).

### **Management Control System on Performance-Based Budgeting**

The findings of this second study indicate that the government management control system plays a crucial role in achieving a high level of budget absorption. This suggests that having a system to monitor and regulate activities, programs, and the utilization of budget funds is essential for ensuring effective and efficient utilization of resources.

To achieve a more accountable and transparent regional financial management, all regional leaders and staff need to organize control activities throughout their planning, implementation, supervision, and accountability processes. This will have a positive impact on budget absorption in government agencies.

The findings of this study align with stakeholder theory, highlighting the government's ongoing efforts to garner support from various stakeholders to serve the welfare of the people effectively. As a key stakeholder, the government is crucial in driving regional progress and is committed to making significant development strides. One can gauge the progress of a region by observing how effectively and efficiently the budget is managed.

The acceptance of the proposed hypothesis suggests that the government management control system should be effectively implemented to control program activities and policies related to budget planning. This will ensure that the allocated funds are used to meet the people's needs and welfare and demonstrate good government performance in achieving its vision and mission.

### **CONCLUSION**

Based on the testing, processing, and data analysis outcomes, the following conclusions can be drawn: Human Resources, Organizational Commitment, and the Management Control System all impact Performance-Based Budgeting at Southwest Aceh Regency Social Service. Human Resources partially impact the Southwest Aceh Regency Social Service's Performance-Based Budget. Organizational commitment has little effect on Performance-Based Budgeting at Southwest Aceh Regency Social Service. The Management Control System does not affect Performance-Based Budgeting at the Southwest Aceh Regency Social Service.

### **RESEARCH IMPLICATIONS**

Based on the findings, the researchers would like to make the following proposals to the Southwest Aceh Regency Social Service: It is expected to strengthen the employee's competency by offering education and training and

installing the appropriate apparatus in the sphere of financial management. The findings of this study are expected to add to the advancement of government accounting literature on Performance Based Budgeting. Southwest Aceh Regency Social Service has to strengthen the ability of its equipment and workers in their respective professions. Further research should focus on human resources, organizational commitment, management control systems, and other variables such as financial statement quality, individual performance, and audit role.

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