

Role of Organizational Commitment in Mediating between Budget Participation and Managerial Performance

Retno Paryati

Program Studi Akuntansi Politeknik TEDC

Email: retno.paryati@gmail.com

ABSTRACT

The purpose of this study was to examine the role of organizational commitment in mediating the relationship between budgetary participation and managerial performance in academic officials at private universities in Bandung. This type of research is explanatory research. The sample in this study was 132 private university officials in the city of Bandung. In this study, the data collection method was a questionnaire, and the data analysis used in this study was simple linear regression analysis. The results show that. Budget participation, organizational commitment, and managerial performance are in a suitable category and positively affect. While organizational commitment can mediate the relationship between budgetary participation and managerial performance, one of the commitment dimensions does not affect, namely, continuity commitment.

Keywords: Organizational commitment, budget participation, managerial performance

INTRODUCTION

Education is essential for everyone to pay attention to because education can provide much knowledge and is the foundation for developing a nation (Hikmawan, 2017). Likewise with the 1945 Constitution mandates that every citizen has the right to education and teaching. The development of education in Indonesia is very fast, marked by the emergence of private schools both on a national and international scale in various provinces (Sujana, 2019). These private schools' emergence was at the primary and secondary education levels and up to higher education. Higher education is a level of education after secondary education, including diploma, bachelor, master, specialist, and doctoral education programs organized by universities (Niswaty & Arhas, 2019; Suprianto et al., 2020). The increasing need for higher education services from year to year triggers an increase in the intensity of competition between higher education service providers so that each higher education service provider will try to offer high-performance higher education services (Rohmitriasih, 2015). According to (Kotler & Keller, 2012), services are various actions or performances that a person or an organization can offer to other parties and are intangible and do not result in ownership of something. According to the Directorate General of Higher Education, the development number of tertiary institutions (PT) in Indonesia tends to fluctuate, 2020 there was an increase in the number of universities compared to the previous year, but in 2020 there was a decrease where this was because many universities did not meet the accreditation requirements. The decrease in PTS, especially in the city of Bandung, can be seen in table 1:

Table 1.
Number of Higher Education in the City of Bandung

Private Higher Education Forms	2013/2014	2014/2015	2015/2016
University	20	21	21
Institute	5	3	3
High School	54	52	52
Academy	28	25	26
Polytechnic	14	10	10
Total	121	111	112

source: <http://direktori.kopertis4.or.id/> access 05-08-2020/12:17

According to (Awaludin, 2017), the unsatisfactory accreditation rating reflects low managerial performance because accreditation is a good and bad study program management standard. In this study, the managerial performance is academic officials' performance at the Faculty of Economics, Private University in Bandung. According to (Hidayati & Dianawati, 2017), managerial performance is the extent to which managers carry out management functions, which include: planning, investigation, coordination, evaluation, supervision, staffing, negotiation, and representation. The causes of low performance can be caused by internal or external factors or individual weaknesses (Rante et al., 2014).

One of the internal factors that are thought to have a strong influence on performance is the budget preparation process (Hendri, 2019). The budget is one of the tools that can assist managers in planning, coordinating, and controlling. The budget has a function as a performance appraisal tool (Arnold & Artz, 2019)). The budget is a significant component of planning, namely financial planning for the future, used as a guide to assess performance (Libby & Lindsay, 2019). The budget preparation process is a vital activity involving various parties. Subordinates need to be given opportunities in the budget preparation process to increase managerial performance (De Romario et al., 2019). Managers need to prepare a budget properly because the budget is a picture of planning the organization's operational activities (Rante et al., 2014). Research on budgetary participation and its effect on managerial performance is one area of research that has been subject to much debate, so researchers are interested in conducting further research. This inconsistent research result may be due to the absence of a simple direct relationship between budgeting participation and managerial performance (Widyawati & Sari, 2017)(Septiani et al., 2020; Sijaya, 2019). This research shows a need for other variables that mediate the relationship between budget preparation and managerial performance. One of these variables is organizational commitment as a mediating variable (Syaekhu, 2018)(Eliyana et al., 2019; Sarhan et al., 2020). Based on this background, this study tries to determine the role of organizational commitment in mediating the relationship between budgetary participation and managerial performance at private universities in Bandung. The formulations of this study's problems are, (1) Does budget participation affect organizational commitment? (2) Does budget participation affect managerial performance? (3) Does organizational commitment affect managerial performance? (4) Can organizational commitment mediate the relationship between budget participation and managerial performance?

METHOD

This study uses a quantitative approach with explanatory research type with a series of hypothesis testing instruments. The population in this study were all 202 private university officials in the city of Bandung, as for the sample in this study were 132 people who were obtained using the Slovin formula. The data collection method used a questionnaire by adopting a simple linear regression analysis technique, and a technique for measuring the variables in this study was a Likert scale which had five alternative answers: 1. Strongly disagree (SD) to 5. Strongly agree (SA).

RESULT AND DISCUSSION

RESULT

The characteristics in this study can be seen in Table 1 below:

Table 2.
Characteristics of Respondents

	Respondent Profile	Amount	Percentage
Gender	Male	74	56,06%
	Female	58	43,94%
	Total	132	100%
Age	Under 31 years	13	9,85 %
	31- 40 years	41	31,06 %
	41 - 50 years	59	44,70 %
	51- 60 years	16	12,12 %
	> 60 years	3	2,27 %
	Total	132	100%
Position	Dean	7	5,30 %
	Vice Dean	12	9,09 %
	Head of Program	69	52,27 %
	Secretary of Program	44	33,33 %
	Total	132	100%
Education	Doctoral	28	21,21 %
	Magister	104	78,79 %
	Total	132	100%

Source: The results of the data are processed in 2021

Based on the profile data table 1, the academic officers of economics faculty at the private university in Bandung were dominated by men as 56.06%. Based on age, the most dominant respondents were in the range of 41-50 years, meaning that the economics faculty's academic officers were at a very productive age. Based on the status of the position, Ka was obtained. Departments dominate more with the acquisition of 52.27%. Meanwhile, there is more postgraduate education regarding education status compared to s3 with a total of 78.79%.

Validity and Reliability Test

Based on the validity testing results, each statement item in this study has a Sig alpha level ≤ 0.05 level, meaning that the research variable is valid. The reliability test is as follows:

Table 3.
Reliability Test

Variable	Cronbach's alpha (CA)	Keterangan
Budget Participation	0,887	<i>Reliable</i>
Organizational Commitment	0,885	<i>Reliable</i>
Managerial Performance	0,818	<i>Reliable</i>

Source: The results of the data are processed in 2021

Besides being valid, this statement instrument is also reliable. It can be seen from the Cronbach's Alpha value of the three research variables, which is more significant than 0.6, as shown in Table 2.

Descriptive Analysis

Table 4.
Descriptive Analysis Recapitulation

Variable	Minimum	Maximum	Average	Information
Budget Participation (X1)	1	5	4,00	More Participative
Organizational Commitment (X2)	2	5	3,89	High
Managerial Performance (X3)	1	5	4,22	Very good

Source: The results of the data are processed (2021)

The survey results show that respondents have good perceptions about budget participation, commitment, and managerial performance. The average result of the participation question score is 4.00 on a scale of five. The organizational commitment variable is 3.89, and managerial performance is 4.22. So it can be concluded that each research variable gets a good value

Hypothesis testing

Based on the test results using SPSS version 25 software, the following can be obtained:

Table 5.
Effect of Budget Participation on Organizational Commitment

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,187 ^a	,035	,027	14,52338	,035	4,584	1	127	,034	2,276

Source: The results of the data are processed (2021)

The calculation result shows an adjusted R Square value of 0.027, meaning that the budget participation variable's ability can explain organizational commitment by 2.7%.

Table 6.
Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficient Beta	t	Sig.	Correlations		Collinearity Statistics	
	B	Std. Error				Zero-order	Partial Part	Tolerance	VIF
1 (Constant)	33,374	11,389		2,930	,004				
1	PAto ,838	,391	,187	2,141	,034	,187	,187	1,000	1,000

Source: The results of the data are processed (2021)

The coefficient table shows that the coefficient test results are significant at the 5% level, meaning that budget participation positively affects managerial performance, and hypothesis 1 is accepted.

Table 7.
The Effect of Budget Participation on Managerial Performance

Model	R	R ²	Adj. R Square	Std. Error	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,176 ^a	,031	,024	9,92166	,031	4,081	1	127	,045	2,521

Source: The results of the data are processed (2021)

The calculation result shows an adjusted R Square value of 0.024, meaning that the budget participation variable's ability can explain organizational commitment by 2.4%.

Table 8.
VIF

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta				Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	21,955	7,781			2,822,006						
PAtot	,540	,267	,176		2,020,045	,176	,176		,176	1,000	1,000

Source: The results of the data are processed (2021)

The coefficient table shows that the coefficient test results are significant at the 5% level, meaning that budget participation positively affects organizational commitment, and hypothesis 2 is accepted.

Table 9.
The effect of Organizational Commitment on Managerial Performance

Model	R ²	Adj. R Square	Std. Error	Change Statistics					Durbin-Watson
				R ² Change	F Change	df1	df2	Sig. F Change	
1	,887 ^e	,787	,785	4,65533	,787	468,4001	127	,000	2,234

Source: The results of the data are processed (2021)

The calculation result shows an adjusted R Square value of 0.785, meaning that the budget participation variable's ability can explain organizational commitment by 78.5%.

Table 10.
VIF

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta				Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	2,736	1,661			1,647 ,102						
Kotot	,605	,028	,887		21,643,000	,887	,887		,887	1,000	1,000

Source: The results of the data are processed (2021)

The coefficient table shows that the coefficient test results are significant at the 5% level, meaning that budget participation positively affects managerial performance, and hypothesis 3 is accepted.

Table 11.
Dimensions of Organizational Commitment to Managerial Performance

Model	R	R ²	Adj.R Square	Std. Error	Change Statistics				Durbin-Watson
					R ² Change	F Change	df1	Sig. F Change	
1	,890 ^e	,793	,788	4,62733	,793	159,209	3	,000	2,276

Source: The results of the data are processed (2021)

The regression model test results are significant at the 5% level, meaning that the three dimensions of organizational commitment (affective commitment, continuance commitment, normative commitment) can explain managerial performance variations. The ability of the three dimensions of organizational commitment in explaining managerial performance is 78.8%.

Table 12.
Coefficients

Model	Unstandardized Coefficients		Stand. Coef.				Correlations		Collinearity Statistics	
	B	Std. Error					Zero-order	B	Std. Error	Beta
1 (Constant)	3,801	1,745		2,178	,031					
KA _{tot}	,717	,123	,534	5,809	,000	,874	,461	,237	,196	5,091
KC _{tot}	,251	,193	,099	1,302	,195	,773	,116	,053	,289	3,463
KN _{tot}	,722	,237	,294	3,042	,003	,849	,263	,124	,178	5,623

Source: The results of the data are processed (2021)

The regression coefficient test results show that two dimensions, namely affective commitment, and normative commitment, are significant at the 5% level. While continuance commitment results are not significant, meaning that the dimensions of affective commitment and normative commitment positively affect managerial performance (hypothesis is accepted), continuance commitment does not affect managerial performance (hypothesis is rejected).

Hypothesis testing

Based on the test results using SPSS version 25 software, the following can be obtained:

Table 13.
Effect of Budget Participation on Organizational Commitment

Model	R	R ²	Adj. R Square	Std. Error	Change Statistics				Durbin - Watson
					R ² Change	F Change	df1	df2	Sig. F Change
1	,187 ^a	,035	,027	14,52338	,035	4,584	1	127	,034

Source: The results of the data are processed (2021)

The calculation result shows an adjusted R Square value of 0.027, meaning that the budget participation variable's ability can explain organizational commitment by 2.7%.

Table 14.
Coefficients

Model	Unstandardized Coefficients		Stand. Coef.	t	Sig.	Correlations		Collinearity Statistics	
	B	Std. Error				Zero-order	B	Std. Error	Beta
1 (Constant)	33,374	11,389		2,930	,004				
Part	,838	,391	,187	2,141	,034	,187	,187	1,000	1,000

Source: The results of the data are processed (2021)

The coefficient table shows that the coefficient test results are significant at the 5% level, meaning that budget participation positively affects managerial performance, and hypothesis 1 is accepted.

Table 15.
The Effect of Budget Participation on Managerial Performance

Model	R	R ²	Adj. R Square	Std. Error	Change Statistics				Durbin-Watson
					R ² Change	F Change	df1	df2	Sig. F Change
1	,176 ^a	,031	,024	9,92166	,031	4,0811		127	,045

Source: The results of the data are processed (2021)

The calculation result shows an adjusted R Square value of 0.024, meaning that the budget participation variable's ability can explain organizational commitment by 2.4%.

Table 16.
Coefficients

Model	Unstandardized Coefficients		Stand. Coef.	t	Sig.	Correlations		Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	B	Std. Error	Beta
1 (Constant)	21,955	7,781		2,822	,006				
PA _{tot}	,540	,267	,176	2,020	,045	,176	,176	,176	1,000

Source: The results of the data are processed (2021)

The coefficient table shows that the coefficient test results are significant at the 5% level, meaning that budget participation positively affects organizational commitment, and hypothesis 2 is accepted.

Table 17.
The Effect of Organizational Commitment on Managerial Performance

Model	R	R ²	Adj. R Square	Std. Error	Change Statistics				Durbin-Watson
					R ² Change	F Change	df1	df2	
1	,887 ^a	,787	,785	4,65533	,787	468,400	1	127	,000

Source: The results of the data are processed (2021)

The calculation result shows an adjusted R Square value of 0.785, meaning that the budget participation variable's ability can explain organizational commitment by 78.5%.

Table 18.
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Tolerance	VIF
1 (Constant)	2,736	1,661		1,647	,102				
Kotot	,605	,028	,887	21,643	,000	,887	,887	1,000	1,000

Source: The results of the data are processed (2021)

The coefficient table shows that the coefficient test results are significant at the 5% level, meaning that budget participation positively affects managerial performance, and hypothesis 3 is accepted.

Table 19.
Dimensions of Organizational Commitment to Managerial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,890 ^a	,793	,788	4,62733	,793	159,209	3	125	,000	2,276

Source: The results of the data are processed (2021)

The regression model test results are significant at the 5% level, meaning that the three dimensions of organizational commitment (affective commitment, continuance commitment, normative commitment) can explain managerial performance variations. The ability of the three dimensions of organizational commitment in explaining managerial performance is 78.8%.

Table 20.
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta				Zero-order	B	Std. Error	Beta	
1 (Constant)	3,801	1,745			2,178	,031					
KA _{tot}	,717	,123	,534		5,809	,000	,874	,461	,237	,196	5,091
KC _{tot}	,251	,193	,099		1,302	,195	,773	,116	,053	,289	3,463
KN _{tot}	,722	,237	,294		3,042	,003	,849	,263	,124	,178	5,623

Source: The results of the data are processed (2021)

The regression coefficient test results show that two dimensions, namely affective commitment, and normative commitment, are significant at the 5% level. While continuance commitment results are not significant, meaning that the dimensions of affective commitment and normative commitment positively affect managerial performance (hypothesis is accepted), continuance commitment does not affect managerial performance (hypothesis is rejected).

Discussion

Application of budgetary participation, organizational commitment, and managerial performance in academic officials of the economics faculty of private universities in the city of Bandung

Based on the results of data processing obtained from respondents of academic officials from the Faculty of Economics, Private University in Bandung, namely in the form of questionnaire answers, it shows in general that the implementation of budget participation in the Faculty of Economics, Private University of Bandung has been going well. The descriptive research results for budget participation variables show that the statement respondents to budget participation are good, with an average score of all frequently stated questions. These results suggest that the Private University Faculty of Economics' academic officials are more participative in budgeting. The results of descriptive research for the variable organizational commitment show that the respondent's statement on commitment is said to be high, with the highest average score of respondents in spending a career in an institution, is proud of the institution, has an emotional attachment to the institution, has meaning in the institution and a strong sense of belonging to the institution.

Effect of budget participation on organizational commitment

Based on the results of data processing, it can be said that the budget participation variable has a positive effect on organizational commitment. It means that variations in budget participation variables can explain variations in organizational commitment variables. These results indicate that hypothesis 1 is accepted, meaning that budget participation positively affects organizational commitment. The level of budget participation, the higher the level, the higher the organizational commitment of the employees. This study's results support research conducted by Junita et al. (2018), explaining that participation in the budget preparation process allows employees to be more in line with organizational goals. The goals and values of the organization are indirectly believed to increase organizational commitment.

Effect of budget participation on managerial performance

Based on the results of data processing, it can be said that the budget participation variable has a positive effect on managerial performance. It means that variations in budget participation variables can explain variations in managerial performance variables. These results indicate that hypothesis 2 is accepted, meaning that there is a positive influence on managerial performance, but it has a weak relationship.

The influence of organizational commitment on managerial performance

Based on the results of data processing, it can be said that the variable organizational commitment has a positive effect on managerial performance. It means that variations in organizational commitment variables can explain variations in managerial performance variables. These results indicate that hypothesis 3 is accepted, meaning that organizational commitment positively influences managerial performance. This result is supported by research by Ida and Maria (2017), which states that the higher the organizational commitment, the manager feels that he belongs to the organization where he works to produce better performance.

The mediating effect of organizational commitment on the relationship between budgetary participation and managerial performance

Based on the results of data processing, it can be said that the variable organizational commitment can mediate the relationship between budget participation and managerial performance. It means that variations in organizational commitment variables can bridge the relationship between variations in budgetary participation variables with variations in managerial performance variables. This study shows that organizational commitment has a significant positive effect on the relationship between budgetary participation and managerial performance. It means that high organizational commitment will affect the desires of individuals who participate in budgeting to affect a manager's performance. Suharto and Suyanto (2019) supported this result, stating that the organizational commitment variable can mediate the relationship between budget participation and managerial performance.

CONCLUSION

Based on this research, the following conclusions can be drawn: 1) Budget participation, organizational commitment, and managerial performance are in a suitable category; this shows that the academic officials of the Faculty of Economics, Private Universities have participated well in budgeting; 2) Budget participation has a positive and significant effect on organizational commitment. Organizational commitment is influenced by the Faculty of Economics officials' involvement in the formulation of work plans and preparation of budget-related proposals; 3) Budget participation has a positive and significant impact on managerial performance; 4) Organizational commitment has a positive and significant effect on managerial performance; 5) Organizational commitment can mediate the relationship between budget participation and managerial performance.

As for the suggestions in this study are, Based on hypothesis testing, if we want to improve the managerial performance of academic officials at the Faculty of Economics, Private University in Bandung, it is necessary to increase budgetary participation and organizational commitment. Budget participation that needs to be increased, especially in contributing to the preparation of work plans and budgets, and to build a high organizational commitment needs to be increased regarding compensation, because academic officials of the Faculty of Economics, Private University in Bandung still have many opportunities to work elsewhere and have other job alternatives. with better compensation.

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