APPLICATION OF PERFORMANCE-BASED BUDGET ON PERFORMANCE MOTIVATION OF ENVIRONMENTAL SERVICE AND FORESTRY BENGKULU PROVINCE

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Abstract   : This study aims to empirically examine the relationship between the application of performance-based budgeting to work motivation in government agencies in the Department of Environment and Forestry of Bengkulu Province. The independent variable is the application of performance-based budgeting using indicators of budget transparency and motivation, budget discipline, budget equity, budget efficiency and effectiveness, while the dependent variable is the performance motivation of government agencies with indicators of motives, expectations and incentives. By using purposive sampling method in sampling and data collection methods by distributing questionnaires to 39 respondents, as for the method in analyzing data using the Spearman Rank Test and hypothesis testing. The results of this study indicate that the three independent variables namely the implementation of performance-based budgeting with indicators of budget transparency and motivation, budget discipline, budget equity, budget efficiency and effectiveness have a positive effect on the work motivation of government agencies.

1   INTRODUCTION

In Indonesia, using a performance-based budgeting system is a budgeting system that emphasizes the utilization of available funds to achieve optimal results from the implementation of development programs and activities. Indonesia uses a performance-based budgeting system as a substitute for the traditional budgeting system. In a traditional budgeting system, performance is measured in terms of inputs. This raises the behavior of employees who always try to spend the budget without regard to results and quality. Weaknesses in the traditional budgeting system are then suppressed through the performance-based budgeting system. With the use of a performance-based budgeting system, the budget is no longer oriented towards budget absorption (input) but on the performance results of budget output and outcomes.

The performance-based budgeting system is implemented by the government in an effort to respond to the high demands of the need to improve the quality of public services, transparency, and public motivation. This demand encourages the government to be able to prepare a budget accurately, accurately and systematically. This budgeting links every funding that is poured in activities with the expected outputs and results including efficiency in achieving the results of these outputs. Through the application of this budgeting system, the link between the value of money and the results of development programs and activities can be identified so that the effectiveness and efficiency of the development programs and activities can be determined. If there are differences between plans and their implementation (realization), an evaluation can be made of the relationship between inputs and outputs and outcomes of these programs and activities, Wijyanti (2012)

Law Number 1 of 2004 concerning the State Treasury and several other government regulations require the use of a different budgeting system, namely the change from budgeting based on input to performance based budgeting (system based budgeting), and budgeting with a medium term expenditure framework. This system replaces the traditional budgeting system (traditional budgeting system) which has many weaknesses, due to overlapping costs so that it has an impact on budget inefficiency, Indriani (2012).

During this time the budget preparation process is generally more focused on the size of the budget. Whereas the preparation, discussion, determination and supervision of budget execution is not enough just by

looking at the size of the budget that is an input, but also must pay attention to the performance of the budget which includes the achievement of performance, outputs, results and benefits as well as the appropriateness of the target group of activities financed by the budget, Natsir in Kurrohman (2013).

2 LITERATURE REVIEW

Agency Theory

Agency relationship is a contract in which one or more people (principal) orders another person (agent) to perform a service on behalf of the principal and authorizes the agent to make the best decision for the principal (Jensen and Meckling, 1976). Principal-agent (agency) relationships occur when an individual's actions affect other individuals (Smith and Mark, 1998). One party (principal) makes a contract, implicitly or explicitly, with the other party (agent) in the hope that the agent will act / do the work as desired by the principal (in this case the delegation of authority occurs). Agreements are formed in institutional structures at various levels, such as behavioral norms and contract concepts.

Agency problems arise when the relationship between principal and agent can lead to asymmetrical information or information imbalance because the agent is in a position that has more information about the company than the principal. Assuming that individuals act to maximize their own interests, then the information asymmetry they have will encourage agents to hide some information that is not known to the principal. When viewed from a government perspective, agency problems arise when executives tend to maximize their personal interests, starting from the budgeting process, decision making, to presenting financial statements that are reasonable to show that their performance has been good, and also to secure positions in legislative and people's eyes, Oktariani (2017).

The concept of motivation can be explained using agency theory, which in the broadest sense of motivation can be understood as the obligation of the holder of the mandate in this case the government (agent) to provide accountability, present, report, and disclose all activities and activities that are its responsibility to the trustee in this is the people represented by the DPRD (principal) who have the right and authority to hold them accountable. The concept of agency theory supports the performance motivation variable in this study, Wibiseno (2016).

Policy Implementation Theory

Wibasono (2016), explained that policy implementation is a study of policy studies that lead to the process of implementing a policy. In practice policy implementation is a process that is so complex that it is often politically charged with the intervention of various interests. To illustrate the complexity of the implementation process can be seen in the statement put forward by a policy study expert Eugene Bardach in Wibasono (2016), it is enough to make a program and general policy that looks good on paper. Even more difficult to formulate it in words and slogans that sounded wearing to the ears of the leaders and voters who listened to them. It is even more difficult to implement it in a way that satisfies everyone, including those who think they are clients.

Daniel Mazmanian and Paul Sabatier in his book Implementation and Public Policy in Wibasono (2016), defined Policy Implementation as the implementation of basic policy decisions, usually in the form of laws, but can also take the form of important executive orders or decisions or judicial body's decision. Typically, the decision identifies the problem to be addressed, states explicitly the goals or objectives to be achieved, and various ways to structure or regulate the implementation process.

Contingency Theory

Contingency Theory asserts that the control system design is contingent on the contextual setting of the organization where the control system will operate (Sisaye: Wibisono, 2016). Organizational effectiveness is a function of conformity between organizational structure and the environment in which the organization operates, (Duncan and Moores in Seto Wibisono, 2016). Better fit between the control system and contingency variables is hypothesized to result in improved organizational performance. The use of the concept of conformity (fit) in contingency theory shows the level of correspondence between contextual factors (contingencies) and management accounting systems (such as budgeting systems) will enable managers to improve company

performance. Within the government sphere the suitability between contextual factors such as performance and management accounting systems in this case the budgeting system will enable increased performance.

Basis for Preparing the Budget

Indriani (2012) explains that planning and budgeting in Indonesia is based on:

1. 1945 Constitution
2. Law No. 17 of 2003 concerning State Finance
3. Law No. 1 of 2004 concerning the State Treasury
4. Law No. 25 of 2004 concerning the National Development Planning System
5. Law No. 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments
6. Government Regulation No. 20 of 2004 concerning Government Work Plans (RKP)
7. Government Regulation No. 21 of 2004 concerning the Compilation of Work Plans and Budgets of State Ministries / Institutions

In the 1945 Constitution the 4th Amendment to Article 23 paragraph (1) explains that the APBN as a manifestation of the management of the State finances is stipulated annually by law and carried out openly and responsibly for the greatest prosperity of the people. Furthermore, in Article 23 paragraph (2) it is explained that the RUU APBN is proposed by the President to be discussed with the DPR by taking into account the views of the Regional Advisory Council (DPD). Meanwhile, Article 23 paragraph (3) states that if the DPR does not approve the Draft State Budget proposed by the President, the Government must carry out the previous year's State Budget.

In Law No. 17 of 2003 in Article 14 explained several things as follows:

1. In the framework of preparing the Draft State Budget, ministers / heads of institutions as budget users / users of goods prepare work plans and budgets of state ministries / institutions the following year.
2. The work plan and budget as referred to in paragraph (1) shall be prepared based on the work achievements that will be achieved.
3. The work plan and budget as referred to in paragraph (1) shall be accompanied by the estimated expenditure for the following year after the fiscal year that is being prepared.
4. The work plan and budget referred to in paragraph (1) to be discussed in the preliminary discussion of the draft APBN.
5. The results of the work plan and budget discussion are submitted to the Minister of Finance as material for drafting a law on the next year's APBN

Performance-Based Budgeting

Bastian (2006) argues that performance-based budgeting is a budgeting system that is oriented towards organizational output which is very closely related to the organization's vision, mission, and strategic plan. Performance-based budgeting allocates resources to programs not only to organizational units and uses output measurement as an indicator of organizational performance. Performance-based budgeting has indicators which according to Abdul Halim (2007: 178) these indicators are (1) budget transparency and motivation, (2) budget discipline, (3) budget fairness, (4) budget efficiency and effectiveness, and (5) prepared with a performance approach.

In government financial management reforms there are three approaches to budgeting implementation, namely the Unified Budgeting, Performance-based Budgeting, and the Medium Term Expenditure Framework. Of the three budgeting approaches the performance-based budgeting approach is considered the most important approach. The performance-based budgeting approach focuses on the outputs and outcomes of activities carried out by the government. Implementation of the Performance-Based Budget approach will lead to efficiency, effectiveness and rationality in budget management. Two other approaches namely unified budgeting and the Medium Term Expenditure Framework are a form of implementation for the perfect implementation of the Performance Based Budget Noor Cholis, Hasan.A (2013).

The application of performance-based budgeting in budget planning has indicators namely; Budget expenditure is based on the outcome to be achieved, There is a relationship between inputs and outputs and outcomes, the role of efficiency indicators in the budget preparation process, the preparation of performance targets in the budget, Anita Wahyu Wijayanti (2012). The implementation of performance-based budgeting on budget implementation has indicators; Completeness of Budget Compilation Rules, understanding of the concept of Performance-Based Budgeting, consistency in the Implementation of Performance-Based Budgeting, Noor Cholis Madjid and Hasan Ashari, (2013). Implementation of performance-based budgeting has indicators; input, output and results, Etriyanto (2015).

Work Motivation

The strength of the workforce's motivation to work / perform directly is reflected in his efforts at how far he works hard. This effort might produce good performance or vice versa, because there are 2 factors that must be true if the effort will be converted into performance. First, workers must have the skills needed to do their jobs properly. Without ability and high effort, it is impossible to produce good performance. Second is the perception of the workforce concerned about how their efforts can be turned to the best possible performance, it is assumed that the perception is learned from previous experience in the same situation (Hadiwiryo, 2003).

According to Hamzah B. Uno (2009) indicators of motivation come from inside / internal and from outside / external. Motivation that comes from externally is up:

1. *Motive*

Motive is a stimulant of desires and certain driving forces to be achieved. Motive is the power or strength that exists in (inner potential) someone. This power directs and maintains people's behavior in carrying out certain activities. Motive is a driving force from within individuals to carry out certain activities in order to achieve a goal. It can be said that a person's motivation depends on the strength of motives.

This motive is the reason why someone strives to achieve goals, whether consciously or unconsciously. This motive also causes someone to do something that can control and maintain activities, and which sets the general direction that must be taken by someone. Motives in the context of this material are manifested in the form of providing stimuli to increase employee desires and become a driving force so that employees work optimally to achieve the expected results.

2. *Expectation*

The second indicator of employee work motivation is expectancy, which is a chance given because of behavior to achieve goals. Expectations are opportunities that are estimated by someone that the activities to be carried out can achieve the desired results. That is, someone will be motivated if he assesses the work to be done has the opportunity to be able to provide something useful for him. Expectations in the context of this research are realized in the form of providing opportunities to advance so that the employee concerned can work as they should.

3. *Incentives*

Incentives, namely to stimulate subordinates by giving rewards (rewards) to those who excel above the standard. Thus the morale of subordinates will increase because most people are happy to accept the good. Incentives are rewards obtained by someone as a remuneration from the results of the work he has done. If someone considers that the reward is in accordance with the workload and responsibilities that he has done, he will be more enthusiastic at work. Incentives can take the form of material and non-material. The incentives in the context of this research are manifested in the form of giving cash as a result of more work productivity.

The theory also received reinforcement support from the theory put forward by Sitohang (2007) that employees have potential energy reserves. How energy is released and used depends on the strength of one's motivational drive and the available situations and opportunities. Energy is utilized by employees because it is driven by motives, expectations and incentives.

Motive is a stimulant of desire and the driving force of a person's willingness to work. Each motif has a specific goal to be achieved. Expectancy is an opportunity that is given to occur because of the behavior to achieve goals. Incentives that motivate subordinates by giving rewards to those who excel above standard performance. Thus the morale of subordinates will increase because most people are happy to accept the good.

Previous Research

Wiwik Andriani (2012) with the title "Analysis of the Implementation of Performance Based Budgeting in the Central Government" and the results of his research said that performance-based budgeting is a systematic approach in budgeting that links spending by public sector organizations by using performance information as outlined in the form of indicators the performance. Febrina Astria Verasvera (2016) with the title "Effect of Performance-Based Budgeting on the Performance of Local Government Apparatus" results of this study 1). Performance Based Budgeting in the West Java Provincial Social Service has been well implemented and the performance of the Local Government Apparatus in the West Java Provincial Service has been well implemented.

Venni Avionita (2013), in her research entitled "Effect of Performance Based Budget Implementation on Performance of Government Institution Apparatus Improvement Program" the results of her research said that the correlation between implementation of performance-based budgeting on program performance improvement in the discipline apparatus of local government agencies was R = 0.88 which is included in the category of a very strong relationship. It can also be seen that the magnitude of the implementation of performance-based budgeting on the performance of the program to improve the discipline of local government agencies is 77.4%. Based on the background description of the problem, the formulation of the problem in this study is how the relationship between the application of performance-based budgeting to the motivation of the performance of government agencies in the Department of Environment and Forestry of Bengkulu Province.

This study aims to empirically examine the relationship between the application of performance-based budgeting to the motivation of the performance of government institutions in the Department of Environment and Forestry of Bengkulu Province. By using independent variables, namely, the Implementation of Performance Based Budgeting and the dependent variable are the performance motivations of government agencies

3 METHODOLOGY

Method of Collecting Data

The type of data used in this study is quantitative data in the form of scores or scores on the answers given by respondents to the questions contained in the questionnaire. The data source is primary data and secondary data. Data collection techniques can be done by distributing questionnaires. This data collection technique is done by giving a set of questions or written questions to the respondent to be answered. In this case the researchers used primary data sources, data sources obtained directly from the head of department, secretary, head of section, head of subdivision, and sub-work units in the Department of Environment and Forestry of Bengkulu Province.

Data Analysis Methods

a. *Spearman Rank Test*

Spearman rank correlations are used to look for relationships or to test the significance of hypotheses if each of the variables raised is in the form of an original. The Spearman Rank Correlation Formula (ρ = rho) according to (Sugiyono, 2013) is:

$$\rho = 1 - \frac{6\sum b_i^2}{n\,(n^2 - 1)}$$

P	= Spearman rank correlation coefficient
n	= Total Sample
$\sum b_i^2$	= The sum of the squares of the difference between the rank X and Y variables

To be able to provide an interpretation of the correlation coofesien found large or small, it can be guided by the following conditions:

Table 1. Guidelines for Correlation / Relationship Interpretation

No	Interval	Correlation
1.	0,000 – 0,199	Very low
2.	0,200 – 0,399	Low
3.	0,400 – 0,599	Medium
4.	0,600 – 0,799	Strong
5.	0,800 – 1,000	Very strong

Source: (Sugiyono, 2013)

B. Hypothesis Testing

In order to prove the truth of the calculation results and to find out the significance or not, a hypothesis test with t test is used:

1. *T Test*

$$t_{count} = \frac{r_{xy} \sqrt{(n-2)}}{\sqrt{(1 - r_{xy}^2)}}$$

Information:

t arithmetic   = arithmetic test

r   = correlation coefficient

r2   = correlation coefficient of determination

n   = number of samples

2. The statistical hypothesis used:

Ho1: There is a significant relationship between the implementation of performance-based budgeting and performance motivation in government agencies.

Ha1: There is no significant relationship between the implementation of performance-based budgeting and performance motivation in government agencies.

3. Next determine the level of significance of 5% or = 0.05 dk = 39 - 3 = 36 with testing criteria as follows:

Ho is accepted if tcount <ttable means that there is no positive relationship and Ha is accepted if tcount> ttable means there is a positive relationship.

4   FINDINGS AND DISCUSSION

Sample Selection

To determine whether an hypothesis is accepted or rejected, then it is compared between the calculated rho and rhotable values and then consulted with the criteria for the presentation of the hypothesis with the following conditions:

1. Determine the value of tcount and ttable
2. Ho is rejected and Ha is accepted; if the value of Hohitug> Hotabel means that there is a significant relationship between performance-based budgeting (X) and the motivation of the performance of government agencies (Y) in the Department of Environment and Forestry of Bengkulu Province.

3. Ho is accepted and Ha is rejected; if the Hohitug value <Hotabel means that there is no significant relationship between performance-based budgeting (X) and the performance motivation of government agencies (Y) in the Bengkulu Province Environment and Forestry Service.
4. Determination of the level of significance of 95% alau alpa (α) 5%

After spearman rank correlation analysis (ρ), which is to determine the relationship between performance-based budget variables (X) and the performance of government agencies (Y) in the Bengkulu Province Environment and Forestry Service, hypothesis testing is then performed using the t test to determine the hypotheses submitted significant or not. The following is a calculation of the hypothesis test of the relationship of performance-based budget (X) with the motivation of the performance of government agencies (Y) in the Department of Environment and Forestry of Bengkulu Province:

$$t_{count} = r\sqrt{\frac{n-2}{1-r^2}}$$

Information

r = Spearman Rank Correlation Value (ρ) which has been analyzed is 0.98
t_{table} = 1,687

From this value the hypothesis test can be calculated as follows:

$$t_{count} = r\sqrt{\frac{39-2}{1-r^2}}$$

$$= 0.98\sqrt{\frac{37}{1-(0.4)^2}}$$

$$= 0.98\sqrt{\frac{37}{0.84}}$$

$$= 0.98\sqrt{44,0476}$$

$$= 6,504$$

Based on the calculation above, it is known that the t test results obtained tcount 6.504 and t table 1.687 That means tcount> t table (6.504> 1.687) then Ho is rejected and Ha is accepted it means that the performance-based budget has a significant relationship to the motivation of the performance of government agencies in the Office of the Environment and Bengkulu Province Forestry.

Discussion

Based After being tested using the Spearman rank test it is known that the number of samples is 39 people and the sum of the squares of the difference in the rank variables X and Y variables is 894. This number is in the interval 0.8 - 00. The results of this test indicate that the implementation of performance-based budgeting on the performance motivation of government agencies has a very close or very strong relationship.

Hypothesis testing obtained by calculating the value of t count is greater than the t table, which is t count of 6.504 and t table of 1.687. What if t arithmetic is greater than t table then it can be concluded that the application of performance-based budgeting to the performance motivation of government agencies has a significant relationship or hypothesis (Ha) is accepted.

Implementation of work-based budgeting (performance-based budgeting) in the Department of Environment and Forestry of Bengkulu Province on transparency and budgetary motivation has used the development plan document that outlines the vision, mission and regional work programs, SKPD financial statements in accordance with government accounting standards consisting from the budget plan report, balance sheet, and notes to the financial statements. Budget discipline refers to budget execution documents and cash budget plans. Budget justice relates to the trust of organizational members in procedures and fairness of results, and not to procedures or results. The Budget Work Plan (RKA) in the Bengkulu Province Environment and Forestry Office is in accordance with the Provisional Budget Ceiling Priority (PPAS). In managing its finances,

the Bengkulu Province Environment and Forestry Office has compared spending and revenue realization, where expenditure is the maximum allowable expenditure. In the performance approach, the budget is prepared based on the work performance to be achieved.

Motivation of the performance of government agencies in the Department of Environment and Forestry of Bengkulu Province has had a smooth program, where activities / programs take precedence over the efficient use of existing funding sources. Implementation of clear performance between the objectives of an activity / program that will or is being carried out where performance measures. In measuring performance in the Department of Environment and Forestry Bengkulu Province has used internal and external data with performance indicators to measure the level of success of an activity / program.

From the results of the above data it can be concluded that the implementation of work-based budgeting (performance-based budgeting) has a significant influence on the motivation of the performance of government agencies in the Department of Environment and Forestry of Bengkulu Province.

5   CONCLUSION

From the relationship of the application of performance-based budgeting to the motivation of the performance of government agencies in the Department of Environment and Forestry of Bengkulu Province obtained rHo count value (ρ) of 0.98 at intervals of 0.600 - 0.799, which means that performance-based budgetary relations to the performance motivation of government agencies is strong. From the hypothesis testing between the relationship between the implementation of performance-based budgeting on the motivation of the performance of government agencies, the value of tcount was 6.504 and t table 1.687. It means that tcount> t table (6.504> 1.687), then rHo was rejected and rHa accepted. government at the Bengkulu Province Environment and Forestry Service.

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