



Budget Absorption: on The Interaction of Organizational Commitment, Budget Planning and Quality of Human Resources of The OPD in Serang City

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Abstract:

This study aims to examine the effect of budget planning, the quality of human resources on budget absorption with organizational commitment as a moderating variable (empirical study Of the OPD on Serang City). This research is a type of quantitative research, data is collected by distributing questionnaires directly with purposive sampling technique to the respondents. While the respondents are functional officials in agencies/work units within the Serang City government who are certainly involved in the budgeting process, with a total of 90 respondents who can be processed. The analytical method used in this study is moderate regression analysis (MRA). From the results of moderate regression analysis (MRA), four hypotheses show their effect on budget absorption, namely: 1) budget planning has a significant effect on budget absorption 2) quality of human resources has a significant effect on budget absorption 3) the interaction between budget planning and organizational commitment as a moderating variable has a significant effect on budget absorption 4) the interaction between the quality of human resources and organizational commitment as a moderating variable has a significant effect on budget absorption.



Introduction

The budget is an important element of financial planning in achieving the company's goals in the future, so that the budget can be used as a benchmark for achieving management planning (Putranto, 2012). Serang City is one of the regions that has 33 Regional Apparatus Organizations (OPD). Each OPD has the authority to develop planning and budgeting. The achievement of budget absorption of the Regional Apparatus Organization (OPD) in Serang City in 2020 reached 90.38% and in 2019 it reached 93.26%.

The low budget absorption poses macroeconomic risks and the non-achievement of economic growth targets. Meanwhile, the slow absorption of the budget or accumulation in the last quarter will pose a risk of state financial accountability, such as forcing the implementation of unnecessary activities, weak activity planning, and decreasing the quality of activity implementation (BPKP, 2012).

In addition to budget planning, the quality of human resources is also a factor that affects the delay in budget absorption. Human resources is the design of formal systems within an organization to ensure the effective and efficient use of human talent to achieve organizational goals (Mathis and Jackson, 2006). Zarinah (2016), Human Resources are the main element in every activity carried out, with competence in the form of experience and motivation that makes HR a key factor in budget management. The main human resource development is to improve the quality of productivity. Because the quality of human resources is a determining factor in determining productivity, which will affect the delay in budget absorption.

Goal-sett theory explains the importance of prioritizing the interests of the organization rather than personal interests. This will encourage employees to achieve budget targets in accordance with the goals to be achieved by the organization. So that it will result in the achievement of absorption of regional revenue and expenditure budgets, employees who are supported by a high commitment to local government organizations (agencies) will prioritize the interests of the organization rather than personal interests. This will encourage employees to achieve budget targets in accordance with the goals to be achieved by the organization so that it will result in the achievement of revenue and expenditure budget absorption.

Organizational commitment plays an important role in moderating the budget planning process. Because each individual will be motivated to prioritize the interests of the organization to achieve organizational goals which will prevent the budget from being absorbed. Conversely, if organizational commitment is low, individuals will not be serious in achieving organizational goals so that there is no absorption of the budget in the organization. The hypothesis in this study include: 1) Budget planning has a positive effect on budget absorption; 2) The quality of human resources has a positive effect on budget absorption; 3) There is an interaction between budget planning and organizational commitment to budget absorption; 4) There is an interaction between budget planning and organizational commitment to budget absorption.

Research Method

1. Population and sample

The population in this study is the manager of the work unit or structural officials involved in the budget planning process, and the budget executive officer at the Regional Apparatus Organization in Serang City. The sample in this study uses purposive sampling, the criteria used in sampling are:

- a. Structural officials in the Serang City Government Regional Apparatus Organization Unit who have a role in the process of preparing, implementing, and reporting the budget (RKA-OPD)
- b. Structural officials in the Serang City Government Regional Apparatus Organization Unit who have a minimum service period of one year in the budget preparation period

2. Data Testing Method

a. Data Quality Test

a.1 Validity Test

Validity test is used to measure the validity or validity of a questionnaire. Testing the validity in this study using Pearson Correlation, namely by calculating the correlation between the values obtained from the questions. If the Pearson Correlation obtained has a significance value below 0.05 then the data obtained is valid (Ghozali, 2016).

a.2 Reliability Test

Reliability test is used to measure a questionnaire which is an indicator of a variable or construct. An instrument can be said to be reliable if it has a Cronbach Alpha value of more than 0.70 (Nunnaly, 1994 in Ghozali 2016).

b. Classical Assumption Test

b.1 Normality

In this study, normal distribution was detected by Kolmogorov-Smirnov Z (1-Sample K-S) non-parametric statistical analysis. The normal distribution is if the value of Asymp.Sig. (2-tailed) more than 0.05 (Ghozali, 2016)

b.2 Multicollinearity

To detect the presence or absence of multicollinearity, it can be seen in the VIF (Variance Inflation Factor) value and the tolerance value. In this test, the multicollinearity-free regression has a VIF value of less than 10 and a tolerance value of more than 0.10. Then there is no multicollinearity between independent variables in the regression model (Amelia et al. 2014).

b.3 Heteroscedasticity

The method used in this study to detect the presence or absence of heteroscedasticity is to look at the graph plot between the predicted value of the dependent variable, namely ZPRED and the residual SPRESID. If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, then there is no heteroscedasticity. (Amelia et al. 2014).

3. Hypothesis Test

a. F Test

The test is carried out using a significance level of 0.05 (α=5%) and Comparing the calculated F value with the F value according to the table

b. T test

The test is carried out using a significance level of 0.05 (α=5%) and Comparing the calculated t value with the t value according to the table

c. Moderated Regression Annalysis-MRA

$$Y = a + b_1X_1 + b_2X_2 + b_3X_1 X_3 + b_4X_2X_3 + e$$

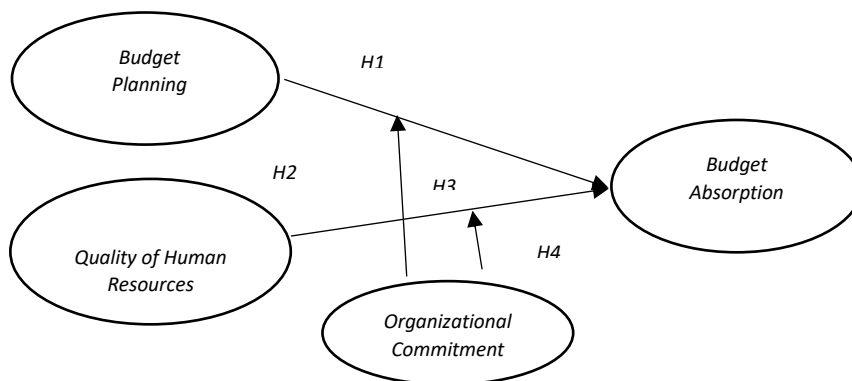


Figure 1. Research Model

Result and Discussion

1. Overview of Respondents

Table 1. Characteristics of Questionnaire Data

Description	Amount
Submitted Questionnaire	100
Returning Questionnaire	90
Questionnaires used in data processing	90

Source: Primary Data Processed

2. Variable Descriptive Statistic

Table 2. Variable Descriptive Statistic

Variable	Empirical Range				
	N	Min	Max	Std. Dev	Mean
Budget Planning	90	11	24	3,133	17,16
Quality of Human Resources	90	13	25	2,793	18,46
Organizational Commitment	90	28	45	3,742	35,90
Budget Absorption	90	9	24	3,687	18,00

Source: Primary Data Processed

3. Data Quality Test

a. Validity Test

Table 3. Validity test

Construct Indicator	Correlated Item – Total Correlation
Budget Planning 1	0,715
Budget Planning 2	0,690
Budget Planning 3	0,781
Budget Planning 4	0,722
Budget Planning 5	0,678
Quality of Human Resources 1	0,779
Quality of Human Resources 2	0,820
Quality of Human Resources 3	0,741
Quality of Human Resources 4	0,471
Quality of Human Resources 5	0,597
Organizational Commitment 1	0,643
Organizational Commitment 2	0,613
Organizational Commitment 3	0,609
Organizational Commitment 4	0,732
Organizational Commitment 5	0,644
Organizational Commitment 6	0,645
Organizational Commitment 7	0,611
Organizational Commitment 8	0,669
Organizational Commitment 9	0,475
Budget Absorption 1	0,791
Budget Absorption 2	0,669
Budget Absorption 3	0,830
Budget Absorption 4	0,724
Budget Absorption 5	0,779

Source: Primary Data Processed

From table 3 it can be seen that the value of r calculated Corrected Item-Total Correlation for indicators of budget planning, quality of human resources, organizational commitment, and budget absorption constructs $>$ from r table 0.2072. So it can be concluded that all indicators of budget planning, quality of human resources, organizational commitment, and budget absorption are valid.

b. Reliability Test

Table 4. Reliability Test Result

No	Variable	Nilai Cronbach Alpha	Description
1	Budget Planning	0,765	Reliabel
2	Quality of Human Resources	0,703	Reliabel
3	Organizational Commitment	0,799	Reliabel
4	Budget Absorption	0,816	Reliabel

Source: Primary Data Processed

From the results above, it can be concluded that the questions that measure the variables of Budget Planning, Human Resources Quality, Organizational Commitment, Budget Absorption are reliable.

4. Classical Assumption Test

a. Normality

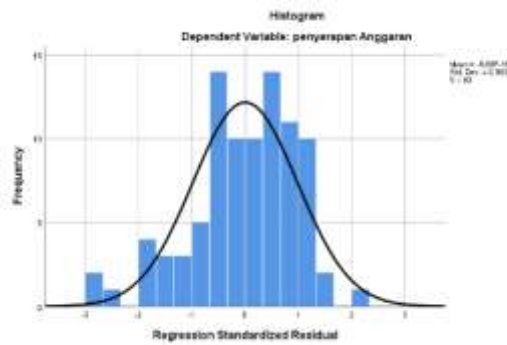


Figure 2. Normality Test Results using Histogram Graph
Source: Primary Data Processed

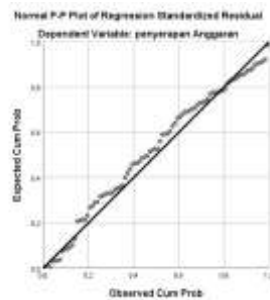


Figure 3. Normality Test Results using Grapik P-Plot
Source: Primary Data Processed

b. Multicollinearity

Table 5. Multicollinearity Result

Independent Variable	Collinearity Statistics		Description
	Tolerance	VIF	
Budget Planning	0,572	1,747	No multicollinearity
Quality of Human Resources	0,568	1,762	No multicollinearity
Organizational Commitment	0,825	1,211	No multicollinearity

Source: Primary Data Processed

The results of the calculation of the tolerance value show that there is no independent variable that has a tolerance of less than 0.10, which means that there is no correlation between the independent variables whose value is more than 95%. The results of the calculation of the Variance Inflation Factor (VIF) value also show the same thing that there is no one independent variable that has a VIF value of more than 10. So it can be concluded that there is no multicollinearity between independent variables in the regression model.

c. Heteroscedasticity

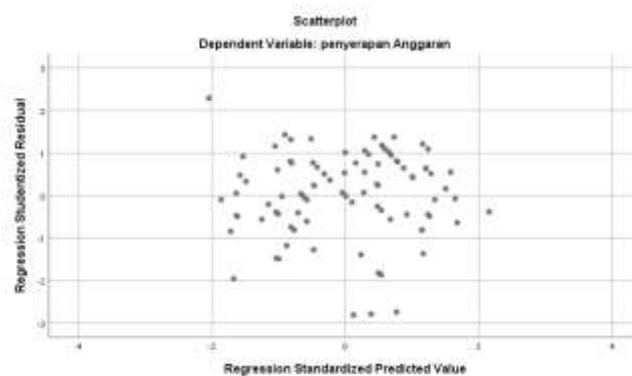


Figure 4. Scatterplot Graph

5. Hypothesis Test

a. Budget Planning on Budget Absorption

Table 6. Regression Result
Effect of Budget Planning on Budget Absorption

	Coefficient Value	Standar Error	t – value	p-value
Constant	2,196	1,361	1,613	0,110
Budget Planning	0,921	0,078	11,804	0,000
R Square = 61,3% F = 139,326 p = 0,000				

Source: Primary Data Processed

The results of this study indicate that budget planning has a positive effect on budget absorption as indicated by t-count 11.804 > t-table 1.987 with a significance level of 0.000 0.05. Absorption can be seen as a performance goal to be achieved. If the budget planning is carried out in accordance with the objectives, then this will affect all these actions and

consequences. The target in question is budget absorption, meanwhile budget planning can be said as a process to determine the right future through choices, taking into account available resources.

b. Quality of Human Resources on Budget Absorption

Table 7. Regression Result
Effect of Quality of Human Resources on Budget Absorption

	Coefficient Value	Standar Error	t – value	p-value
Constant	0,297	1,804	0,165	0,870
Quality of Human Resources	0,959	0,097	9,921	0,000
R Square = 52,8% F = 98,425 p = 0,000				

Source: Primary Data Processed

The test results show that the quality of human resources has a positive effect on budget absorption as evidenced by the t-count value t-table ($9.921 > 1.987$) and the t-significance value equal to 0.000 (sig t 0.05). Based on the research results that have been explained there are components that include ability, experience, skills, training and education dominate in improving the quality of human resources. This means that the focus of the government, especially the City of Serang in improving the quality of human resources based on the components it has will be effective for achieving organizational goals. For the government, the goal to be achieved is the welfare of the community, the achievement of which is carried out through absorption of the budget for programs and activities that have been budgeted for in the APBD.

c. Interaction Between Organizational Commitment and Budget Planning on Budget Absorption

Table 8. Interaction Organizational Commitment and Budget Planning
on Budget Absorption

	Coefficient Value	Standar Error	t – value	p-value
Constant	-3,394	2,242	-1,514	0,134
Budget Planning	0,408	0,183	2,224	0,029
PA x KO	0,582	0,190	3,061	0,003
R Square = 65,1% F = 80,975 p = 0,000				

Source: Primary Data Processed

The test results show that the t-count value is greater than the t-table ($3.061 < 1.987$) with a significant level of 0.003 which is smaller than 0.05. These results show that organizational commitment moderates the relationship between budget planning and budget absorption. Organizational commitment is a strong belief and support for the values and goals to be achieved by the organization. Strong organizational commitment will encourage budget managers who participate in the budget planning process and will direct all their abilities to plan budgets accurately. High organizational commitment from a budget manager will

strengthen the influence of budget planning on budget absorption, this is because the budget planning process that is carried out fully involves all related units. This overall involvement will of course affect their organizational commitment to the organization. With this involvement, it will encourage each level of a person's position to be responsible for each task carried out, so that employees from top to bottom levels will increase the organizational goals achieved, namely absorption budget.

d. Interaction Between Organizational Commitment and Quality of Human Resources on Budget Absorption

Table 9. Interaction Between Organizational Commitment and Quality of Human Resources on Budget Absorption

	Coefficient Value	Standar Error	t – value	p-value
Constant	-5,511	2,596	-2,122	0,037
Quality of Human Resources	0,418	0,203	2,061	0,042
Quality of Human Resources x KO	0,615	0,205	2,997	0,004
R Square = 57,2% F = 58,166 p = 0,000				

Source: Primary Data Processed

The test results show that the t-count value is greater than the t-table ($2.997 > 1.987$) with a significant level of 0.004 which is smaller than 0.05. These results show that organizational commitment significantly moderates the relationship between the quality of human resources and budget absorption. Strong organizational commitment in a person will cause someone to strive to achieve organizational goals in accordance with the goals and interests of the organization and will have a positive outlook and try to do the best for the benefit of the organization. Conversely, someone with low organizational commitment will have low attention to achieving organizational goals and tend to try to fulfill their personal interests. This means that organizational commitment greatly influences every budget manager in each OPD to give maximum effort to the organization in order to achieve organizational goals.

In terms of budget absorption properly, the Serang City Government requires professional human resources who have high commitment, quality and competence, especially for those who sit in positions. Therefore, in good absorption of local budgets, Regional Apparatus Organizations (OPD) in the Serang City Government area must have quality human resources, supported by educational backgrounds, often attend education and training, and have experience in the financial sector.

Conclusion

Budget planning has a significant positive effect on budget absorption in the Serang City Government. The quality of human resources has a significant positive effect on budget absorption in the Serang City Government. There is an interaction between organizational

commitment and budget planning on budget absorption. There is an interaction between organizational commitment and human resources quality on budget absorption.

Future research is expected to develop different research methods, such as by conducting direct interviews with respondents to better reflect the answers to actual conditions. Further research can add other factors by including other variables, such as including regulatory variables, politics, individual capacity, environmental uncertainty, budget adequacy, budget emphasis, clarity of budget targets and information asymmetry.

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