

Role of Organizational Commitment to the Factor of Performance of Regional Financial Management

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Abstract--The objective of the research was to discover and analyze the influence of clarity of budget target, quality of human resources, understanding regional governmental accounting system, and accountability on the performance of Regional Financial Management with organizational commitment as moderating variable in Medan Municipality partially. This is a causal research and its object is all OPDs (Regional Governmental Apparatus Organization) in Medan. The research used primary data which were collected through questionnaires distributed to 56 OPDs. It employed quantitative approach, and SEM model was used for data analysis. Partially, the research results demonstrated that clarity of budget target, quality of human resources, and accountability significantly influenced performance of Regional Financial Management while understanding regional governmental accounting system did not significantly influence the performance of Regional Financial Management. The results of hypothesis test showed moderated effects which indicated that Organizational Commitment could moderate the correlation among clarity of budget target, quality of human resources and understanding regional governmental accounting system with the performance of Regional Financial Management in Medan Municipal.

Keywords: Regional Financial Management, Clarity of Budget Target, Quality of Human Resources, Regional Governmental Accounting System, Accountability; Organizationa Commitment

I. INTRODUCTION

Financial management is one of the main administrative activities in government that demands good governance principles and requires each organization to carry out the budget properly and correctly, so that each activity can be accounted for transparently. In addition, the optimal management of finance is also determined by how budget users comply with the stipulated conditions.

Medan Municipality as an the object of research is one of regional government in Indonesia which consists of 56 OPDs that have a function as service units for the community and it has required to carry out good financial management and carry out established regulations. Financial reports become the final product of regional financial management performance for a period of 1 fiscal year. Supreme Audit Institution (BPK) Opinion on the 2012 municipal Medan the Financial Statements up to 2016 can be seen in Table I.

TABLE I. BPK AUDIT OPINION ON LKPD IN MEDAN MUNICIPAL YEARS 2010-2016

<i>Year</i>	<i>BPK Opinion</i>
2012	WTP-DPP
2013	WTP-DPP
2014	WTP-DPP
2015	WDP
2016	WDP

Source: Summary of Results of Examination for Semester II 2017 BPK

Medan municipal opinion have decreased, WTP-DPP (Fair without exception with explanatory paragraphs) become WDP (fair opinions with exceptions). Regarding the WDP opinion in accordance with the results of the examination of the financial statements in Medan municipal in the 2016 fiscal year, BPK also conducted an examination of the Internal control system (SPI) and compliance with law regulations. The one examination results (LHP) report on SPI and LHP for compliance with legislation is presented in the BPK No. 61.B / LHP / XVIII.MDN / 05/2016 and No.61.C / LHP / XVIII.MDN / 05/2016 June 21, 2017. The following are some of the BPK's audit findings that need attention. First, The internal control system has weaknesses and legislation is not complied.

This phenomenon can be best explained by Performance appraisal theory. Performance appraisal can be define as a periodic evaluation of the output of an individual measured against certain expectations (Yong, 1996). Therefore, in this reseach uses the

clarity of budget target, quality of human resources, understanding regional governmental accounting system, accountability as independent variable and organizational commitment as moderation variable.

Clarity of Budget target describe the extent of the budget goals that are stated clearly and specifically and understood by those responsible for their achievements (Putra, 2016). The target budget is the target achieved or the expected results of a program or activity (Minister of Home Affairs No. 13/2006). Wiprastini, Gusti, Ni, Sinarwati, & Nyoman (2014), she find that the clarity of budget targets have a significant effect on managerial performance. The results of (Lintas, 2013) research find that the clarity of budget targets have an effect on performance.

Marwoto (2012) Quality of Human Resources apparatus in the era of autonomy is the professional ability and technical skills of employees, including the elements of staff and implementers within the local government. The quality of human resources has a positive and significant impact on performance (Rahayu, Ni, Ni, Erni & Ni, 2014)

Based on Minister of Home Affairs Regulation No. 21/2011, Understanding Regional Governmental Accounting System is a series of procedures include the process of data collection, recording, summarizing, and financial reporting in the context of accountability for APBD implementation that can be done manually or using a computer application. The accounting system processes input into output (Erlina & Rasdianto, 2013). Input of the regional accounting system is all proof of transactions in the form of documents or forms such as direct with drawal of funds (SP2D-LS), letter of responsibility (SPJ), and general cash book (BKU). The output is financial statements (Erlina & Rasdiyanto, 2013). Apriyanti (2012) in her research in the municipal Bengkulu SKPD stated that understanding the government accounting system has a significant influence on the performance of financial managers.

Implementation of accountability in the form of accountability for work in this case in the form of financial statements. So that the higher the accountability, the better the performance of regional financial management. Auditya & Husaini (2013) also found in his research that the more accountable financial management and financial reporting in OPDs, the performance will increase.

High organizational commitment is one of the most important things in working in an organization or company, especially government organizations. A person with high organizational commitment is expected to have a positive opinion and try to do their best to achieve better goals and performance (Azmi & Darwanis, 2014). The stronger the commitment, the stronger a person's tendency to be directed to actions in accordance with the standards (Rachmawati, 2009). In previous researches examined by (Auditya & Husaini, 2013) and (Putra, 2016), accountability has a significant influence on the performance of local governments.

Research on the performance of regional financial management is interesting to do because the performance of financial management is predominant to produce good government financial reports. Good input will produce good output too. Factors that are likely to influence the performance of regional financial management are also interesting things to be studied considering the performance of regional financial management is the result of the achievement of the work of financial managers in carrying out their duties and functions. In addition to the above phenomena there are also differences in the results of previous studies related to the independent variables on the performance of regional financial management.

II. METHODS

A. *Sample*

The population in this research were the financial managers in all OPDs in the Medan municipal with a total of 56 OPDs. The participation was budget User (PA), financial administration officer OPDs (PPK-OPDs), acting technical officer OPDs (PPTK-OPDs), revenue treasurers, and expenditures treasurers as many as 5 respondents per OPDS so that the amount of research data as many as 280 research data. The number of questionnaires returned was 257. it was used as a sample on this research. The survey used the questionnaire measuring performance of regional financial management, clarity of budget starget, quality of human resources, understanding regional governmental accounting system, accountability and organizational commitment.

B. *Measurement*

All variable used the interval measurement scale. The items were measured with 5-point likert scale (1=strongly disagree, 2=disagree, 3=slightly agree, 4=agree, 5= strongly agree). Financial Management Performance had 6 indicators, namely the quality of work, the quantity of work, timeliness, the using energy according to ability, independence, and work commitment. Clarity of budget target had 7 indicators, namely the objectives, performance, standards, duration, priority objectives, difficulty levels, and coordination. Quality of human resources had 5 indicators, namely formal education background, technical training, skills, attitudes and behavior, and work experience. Accountability had 3 indicators, namely financial integrity, disclosure, and compliance with legislation. Organizational commitment had 4 indicators, namely the vision and mission of the organization, trust between employees, collaboration between fields, and loyalty.

C. Analysis

Data analysis in this study used the SEM method. The Application that be used in SEM method was LISREL. This method used path analysis and multiple regression. Data processing processed include the measurement of model testing ; validity and reliability, while structural model testing by using the testing the significance of the influence of independent or exogenous variables on dependent or endogenous variables. The Testing the significance of this structural model also used the Goodness of Fit Index Criteria (GOFI). The hypothesis testing of the research are test of the coefficient of determination, significant test and moderation test of the interaction approach.

III. FINDING AND DISCUSSION

A. Descriptive Statistical Analysis

TABLE II. DESCRIPTIVE STATISTICS

<i>Variable</i>	<i>N</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Std. Dev</i>
Performance of regional financial management (Y)	257	22.00	55.00	45.0895	10.56027
Clarity of budget target (X1)	257	14.00	35.00	27.9494	6.28439
Quality of human resources (X2)	257	10.00	25.00	20.9144	3.59694
understanding regional governmental accounting system (X3)	257	10.00	25.00	21.2257	3.81860
Accountability (X4)	257	10.00	25.00	20.5447	3.54532
Organizational commitment (Z)	257	12.00	30.00	23.3268	4.12526

Source: Processed by researchers (2018)

In descriptive statistical analysis, the standar deviation of all variables is higher than the mean, indicating that all variables are already good.

B. Goodness of Fit Index Criteria

TABLE III. GOODNESS OF FIT INDICES

<i>GOFI Test</i>	<i>Value</i>	<i>Standard of GOFI test</i>	<i>Match Model to Data</i>
RMSEA	0.0710	< 0.1	Fit
NFI	0.8658	> 0.8	Fit
NNFI	0.9108	> 0.8	Fit
CFI	0.9180	> 0.8	Fit
IFI	0.9185	> 0.8	Fit

Source: Processed by researchers (2018)

The results Reliability and validity are met by all indicators fulfill the requirements of the test. The results of the Goodness of Fit Index (GOFI) that shows in Table III also meet the criteria for SEM testing.

C. Significant Test

TABLE IV. THE RESULTS OF MULTIPLE REGRESSION

<i>Influence</i>	<i>Path Coefficient</i>	<i>Statistics t (t-Calculate)</i>	<i>Value of t Table</i>	<i>Information</i>	<i>R-Square</i>
X1 -> Y	0.20	3.12	1.96	t Calculate > t Table, Significant	0.3848
X2 -> Y	0.20	2.01	1.96	t Calculate > t Table, Significant	
X3 -> Y	0.04	0.50	1.96	t Calculate < t Table, insignificant	
X4 -> Y	0.28	3.09	1.96	t Calculate > t Table, Significant	

Source: Processed by researchers (2018)

Table IV show the value of *r-square* is 0.3848. The results of testing the effect of clarity of the budget target is positive, it means that each additional clarity of the budget target of 1% will increase the performance of the next year's financial management by 0.2% assuming, in other variables are constant. A positive influence indicates the meaning that the clarity of the budget target is in line with the performance of regional financial management, where the increasing clarity of budget targets will improve the performance of regional financial management. Clarity of regional budget target have a significant positive effect on the performance of regional financial management, this is due to the performance of regional financial management being a priority from financial statement so that the success of the clarity of budget targets can be improve the performance of regional financial management the following year.

The irresponsibility of regional financial managers' accountability to the budget, it made this variable very supportive in the success of achievement the performance targets of an OPDs especially for the performance of financial managers, they were directly related to the budget. Clarity of budget target goal was the one way that can be use to see whether the objectives of the budget are clearly, precisely and specifically defined, in order word the budget can be understood by the managers responsible for achieving the budget.

The results of testing effect of quality of human resources on the performance of regional financial management by 1% would improved the performance of regional financial Management in the following year by 0.20% by assuming other variables are constant. This value can be interpreted as the positive effect on the variables of regional financial management performance. It was known that the Probabality value of the quality of human resources variable was $2.01 > 1.96$, so quality of human resources variable had the significant effect (statistically) on the variables of regional financial management performance.

The quality of human resources affected the performance of OPDs, therefore the success of an OPDs depended on the quality of human their resources . The high quality of human resources who worked at OPDs would produced the ideas, creativity and productivity that were realized with a good performance results. If the financial manager's performance was good, it would also be able to contribute optimally to an OPD, in which case the quality of human resources played an the important role. The trainings conducted were also the way for managers to update the latest information, especially regarding the performance of financial managers. This method can improved the quality of human resources.

Understanding regional governmental accounting system has a t value $<$ the t table of 1.96 so that it does not affect the performance of regional financial management likely due to the sample of this study mostly non-accounting education. Understanding regional governmental accounting system on the Path Coefficient worth 0.04 or 4% will affect every 1 point increase in performance of regional financial managers. According to Minister of Home Affairs number 13 of 2006, one of the financial managers is PPTK, while not all PPTKs are appointed based on the sub-work of each OPDs which are different from the main activities of the OPDs and not all are directly related to the finance department. influence on the performance of regional financial management.

Minister of Home Affairs No. 64 of 2013 states the regional governmental accounting system (SAPD) was a systematic series of procedures, organizers, equipment and other elements to realize the accounting function since the analysis of transactions up to financial reporting within the local government organization. Understanding of SAPD allowed the smooth implementation of regional financial management activities. This study also used the indicators such as accounting procedures for cash receipts, accounting procedures for cash disbursements, fixed asset accounting procedures, double entry recording systems, and accrual-based accounting procedures which were more likely to lead to accounting records while the majority of researchers were PA and PPTK were not directly involved in the accounting recording process, even though the sample was included in the financial manager at the Ministry of Home Affairs No. 13 of 2006.

The results of testing the effect of Accountability on the performance of regional financial management by 1% will improve the performance of regional financial management in the following year 0.28%, by assuming other variables are constant. The results of this study will improve the performance of regional financial management in the following year by -0.28% assuming other variables are constant. It is known that the Probabality value of Accountability variable is $3.09 > 1.96$, so the Accountability variable has a significant effect (statistically) on the variables of regional financial management performance.

Based on the results of descriptive statistics obtained from answers to respondents' perceptions about the accountability of PA, PPK, PPTK and treasurer of expenditures and receipts on OPDs can be categorized as good, it means that the more accountable financial management and financial reporting in municipal Medan OPDs, the more performance of regional financial management. High accountability on regional financial management was expected to create a good work climate. The application of financial management accountability in municipal Medan has been carried out in accordance with existing guidelines and regulations, and can be accounted for. So that the Medan Municipal is expected to increase the acquisition of opinion to become a WTP from the BPK as a benchmark for government performance in regional financial management for the upcoming fiscal year.

D. Moderation Test

TABLE V. THE RESULTS OF THE MODERATING EFFECT TESTING

<i>Moderation</i>	<i>Path Coefficient</i>	<i>Statistics t (t Calculate)</i>	<i>Value of t Table</i>	<i>Information</i>
X1.Z	- 0.260	-4.132	1.96	t Calculate> t Table, Significant
X2.Z	- 0.385	-5.021	1.96	t Calculate> t Table, Significant
X3.Z	- 0.403	-5.855	1.96	t Calculate> t Table, Significant
X4.Z	- 0.310	-4.209	1.96	t Calculate> t Table, Significant

Source: Processed by researchers (2018)

Based on Table V indicate that the organizational commitment variable is a moderating variable that can moderate the influence between the clarity of budget targets, quality of human resources, understanding regional governmental accounting system and accountability with the performance of regional financial managers. Path coefficient value is negative and t count > t table is 1.96 which has a significant effect. In an organization, especially government organization, organizational commitment is the most important thing who has a high commitment is expected to have a positive mindset and always try to work with the best effort to meet the best goals and performance.

IV. CONCLUSIONS

Clarity of budget targets, quality of human resources, understanding the regional accounting system, and accountability had the partial effect on the Performance of regional financial management in the municipal Medan. While understanding the regional accounting system did not significantly influence the performance of regional financial management. The Organizational commitment can moderated then influence between clarity of budget targets, quality of human resources, understanding regional governmental accounting system and accountability with the performance of regional financial managers.

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