

# Influence of Budgetary Participation, Supervision and Remuneration on Managerial Performance: Study on Ministry of Religious Affairs Work Units in North Aceh Regency

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**Abstract:** This study aims to examine the effect of budgetary participation, supervision and remuneration on managerial performance. This study used primary data collected through questionnaires. The population in this study is the Ministry of Religious Affairs work units in North Aceh Regency, with a total target of 52 work units. The method of analysis used in this study is multiple linear regression. The results showed that the variables of budgetary participation, supervision and remuneration both partially and simultaneously have an effect on managerial performance in Ministry of Religious Affairs work unit in North Aceh Regency. In subsequent research the researcher recommended to expand the research area not only one district but whole Aceh province to get more comprehensive result.

**Key words:** budgetary participation; supervision; remuneration; managerial performance.

## I. INTRODUCTION

Performance is an important issue in the public sector, especially in the government sector. The performance of public organizations is a measure in assessing the success of the organization concerned in carrying out the public service function, which is closely related to managerial performance. One tool that can be used to assess performance is to use a budget. The performance of public managers can be assessed based on how much success has been achieved in relation to a defined budget. Achieving the set budget target indicates good performance, and vice versa (Mardiasmo, 2004: 65).

In its development, the organization began to implement a participative budgeting process that is a combination of top down budgeting system with bottom up budgeting system (Anthony and Govindarajan, 2005: 13). In this approach, employees are involved in the preparation of budgets related to their work, including in determining performance targets and the magnitude of incentives (Abdullah, 2008). Subordinate involvement in budget making is seen to create a sense of responsibility for employees to align organizational goals with the purpose of its employees. The responsibilities and challenges in the process provide nonfinancial incentives that lead to opportunities for achieving higher levels of performance.

In addition to budgetary participation other factors related to managerial performance are supervision. Supervision is an activity that compares or measures what is or has been carried out with the standard norms or plan criteria set

(Sami'an and Aprilian, 2013: 45). Therefore, if there is any irregularities in the process of achieving the objectives, then the supervision can minimize the deviation and can be done corrective action quickly (Manullang, 1996).

One form of government attention to employees is the provision of compensation in the form of remuneration. Remuneration is a reward given to employees based on the grading or position and the resulting performance. The policy of providing remuneration to civil state apparatus is one of the government's efforts to improve employee performance (Rusli, 2010). With the increase in employee performance is expected to improve overall managerial performance.

The issue of the performance of public sector organizations also occurs in government-owned schools, including those under the management of the Ministry of Religious Affairs of the Republic of Indonesia. This assignment is delegated to the regional level including in North Aceh conducted by the Office of the Ministry of Religious Affairs of North Aceh Regency. There are 52 work units in the form of madrasah / school (6 MAN, 10 MTsN, 36 MIN). For schools, the issue of participation in budgeting, supervision and remuneration is very important because there are funds managed by schools in the form of BOS (School Operational Assistance) funds and routine funds.

This article aims to examine the effect of budgetary participation, supervision and remuneration on managerial performance (a study of the ministry's religious units in the district of North Aceh). The systematic discussion of this

paper begins with a literature review that explains issues of budgetary participation, supervision and remuneration on managerial performance. The next section describes the research method used. Then proceed to the discussion of the results of the study that closed with conclusions and some suggestions.

## II. LITERATURE REVIEW

Budgetary participation is a process in which lower-level management is given the opportunity to engage, have an influence on the budgeting process (Brownell, 1982). The participation of the government apparatus in the budgeting process is to show how much involvement of the government apparatus involved in the budgeting process is given the opportunity to take part in decision-making through budgetary negotiations (Kenniss, 1979).

As for the benefits of budgetary participation it can lead to respectful attitudes of subordinates to work as well as to the budgetary system imposed (Milani, 1975). In addition, budget participation is considered important because government officials will feel productive and satisfied with their work to enable the emergence of feelings of achievement that will improve their performance (Primary, 2011).

In the preparation of budget communication required between superiors and subordinates to give each other information in addition to provide opportunities to enter local information because subordinates more know the conditions directly on the part. Participation can allow subordinates to choose. The act of choosing can build commitment and be held responsible for what has been chosen (Greenberg and Folger, 1983 in Wasisto and Sholihin, 2004). In addition, budgetary participation is considered important because government officials will feel productive and satisfied with their work to enable the emergence of feelings of achievement that will improve their performance (Primary, 2011). Some previous research results (Brownell, 1982; Dewimayangsari, 2009; Purwanto, 2009; Pratama, 2011) indicate that budgetary participation has a positive and significant influence on managerial performance.

Generally, what is meant by supervision is all activities and actions to ensure that the operation of an activity does not deviate from the objectives and plans outlined (Santosa and Pambelum, 2008). The supervision on the Ministry of Religious Affairs is in accordance with the Regulation of the Minister of Religious Affairs (PMA) number 41 of 2016 on Internal Control at the Ministry of Religious Affairs which includes:

"The whole process of audit activity, review, evaluation, monitoring, and other supervisory activities on the organization of duties and functions in order to provide reasonable assurance that the activities have been carried out in accordance with the benchmarks that have been

established effectively and efficiently for the benefit of leadership in realizing good governance".

Supervision is very important task by government agencies because supervision is a continuous managerial activity in the activities of government agencies. The expected effect of the implementation of the supervisory function in government institutions is to increased managerial performance of the agency / government agency. Improvement of managerial performance of an institution begins with the improvement of employee performance. The explanation is in line with the results of previous research conducted by Primary (2011), Riady (2014), Ardansyah and Wasilawati (2014) and Abyad (2010) which shows the result that supervision has a positive and significant influence on the performance of government agencies. If this supervision is linked to supervision of the state budget, it can be argued that all activities related to budget planning, implementation and accountability are ensured not to deviate from the plans, policies and rules outlined. Similar opinion was also expressed by Mardiasmo (2001) which states that with the supervision done in the implementation of APBN / APBD and Accountability covering every stages of state / regional financial management, it is expected that the financial management process of the State / region especially in the process of budget preparation will enlarge its influence on the managerial performance of government agencies.

The term remuneration is often equated with the term compensation. The term remuneration is a well-known term after a bureaucratic reform program in which one of its programs is the implementation of remuneration (Fitria, et al, 2014). In the Minister of Manpower and Transmigration Regulation No. 20 of 2010, the term "remuneration" is "all forms of remuneration the employee receives for his contribution to the organization". Handoko (2008: 155) also argues that "remuneration is everything that employees receive in return for their work. The compensation program reflects the organization's efforts to maintain its human resources".

The Ministry of Religious Affairs of the implementation of remuneration comes into force since 2014 for structural employees and functional personnel other than teachers / educators. While teachers / educators do not get remuneration because they already get a certification allowance which in this case also includes one form of compensation received by employees. Therefore, remuneration must be managed effectively and in accordance with the prevailing laws and regulations in order to become the driving force for the realization of employee professionalism and performance improvement (Bappenas, 2011). This is in line with research conducted Riyanto, et al. (2014) to members of Babinsa, KODIM 0101 / BS Banda Aceh and Aceh Besar where remuneration can increase the employee's motivation to perform the main tasks optimally so as to improve their performance. Ashari Research (2015)

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at the Directorate of Loans and Grants of the Ministry of Finance also concluded the same thing that remuneration is able to improve employee performance.

In the government sector, performance can be interpreted as an achievement achieved by government employees or government agencies in carrying out services to the community within a period. Sihalo and Halim (2005: 774) affirmed "measuring the performance of government agencies to improve accountability, transparency, organizational management and improvement of services to the community".

The purpose of measuring the performance of government agencies is to motivate the government in improving its performance, especially in realizing good governance and providing public services. In addition, performance measurement is very important to assess the accountability of organizations and managers in producing better public services.

From the description above can be explained that the assessment of managerial performance in a government agency is very important, especially in the work unit of the Ministry of Religious Affairs of North Aceh District in the framework of the implementation of government activities and educational activities in the area, therefore the managerial performance of the Ministry of Religion work unit is strived to run efficient and effective. The managerial performance referred to here is the performance of budget managers consisting of the Budget Authority (KPA / PPK), and the treasurer of expenditure.

### III. RESEARCH METHODS USED

The population in this study is the madrasah unit of the Ministry of Religious Affairs in North Aceh Regency, on the grounds that the work unit is a government work unit that manages the APBN in the field of education. Respondents in this study are Budget Authority. Selection of respondents is based on the main tasks, functions, and responsibilities of respondents as a government apparatus that is directly involved in planning, budgeting, implementation, accountability and financial reporting activities. This study uses census method that is to examine all elements of the population that is all units of religious ministry of Ministry of Religious Affairs in North Aceh Regency amounting to 52 work units.

The research used primary data sources obtained from questionnaires distributed to research respondents and secondary data sources obtained from various documents of the Ministry of Religious Affairs unit in North Aceh Regency, laws and regulations, online media, articles and journals. In this research, data collection technique is done by questionnaire and documentation technique.

Data analysis techniques used in testing the hypothesis of this study is to use multiple linear regression analysis technique which is a statistical technique used to test the

effect between two or more variables and to see the effect simultaneously and partially. The variables studied in this study consist of three independent variables, namely: budget participation, supervision and remuneration (X1, X2 and X3) and one dependent variable, namely: managerial performance (Y). The multiple linear regression equation used in this research is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

### IV. RESEARCH RESULT AND DISCUSSION

To test the effect of budgetary participation, supervision, remuneration and managerial performance both simultaneously and partially used multiple linear regression analysis. With the help of SPSS 23.0 program, the results obtained are presented in Table 1 below:

**Table 1.** Results of Multiple Linear Regression Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,243	,731		-,332	,740
	Budget Participation	,077	,043	,067	1,798	,075
	Supervision	,573	,055	,686	10,372	,000
	Remuneration	,242	,063	,248	3,861	,000

a. Dependent Variable: Managerial Performance

The result of SPSS output gives unstandardized beta of Budget Participation equal to 0,077 Supervision equal to 0.573, whereas Remuneration equal to 0,242 means that Budgetary Participation, Supervision and Remuneration in this research have an effect on Managerial Performance in Madrasah Work Unit of Ministry of Religious Affairs of North Aceh Regency. The form of regression equation is:

$$Y = (- 0,243) + 0,077X_1 + 0,573X_2 + 0,242X_3 + e$$

The three independent variables have an effect on managerial performance. Based on SPSS output can be known R2 (Coefficient of Determination) is used to find out how big the ability of independent variables in explaining comprehensively to the dependent variable. The value of R2 (Coefficient of Determination) has a range between 0-1. The greater the R2 indicates the greater the ability of the independent variable in explaining the dependent variable.

Based on the result of regression, R2 (Coefficient of determination) 0,915 means that the dependent variable Y in model is Managerial Performance in Madrasah Work Unit of Ministry of Religious Affairs of North Aceh Regency explained by independent variable (X) ie Budget Participation (X1) Supervision (X2), and Remuneration

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(X3) of 91.5%, while the rest is explained by other factors not included in the model.

**Tabel 2.** Hasil Koefisien Determinasi  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,956 <sup>a</sup>	,915	,912	,796

a. Predictors: (Constant), Remunerasi, Partisipasi Anggaran, Pengawasan

The result of regression analysis shows that budget participation has a positive effect on managerial performance in Madrasah Work Unit of Ministry of Religious Affairs of North Aceh Regency. These findings are consistent with the results of previous studies (Brownell, 1982; Dewimayangsari, 2009; Purwanto, 2009; Primary, 2011; Othman, 2012) which have positive and significant results in the relationship between budgetary participation and managerial performance indicating that employees involved in planning budgets will improve their managerial performance.

In practice, the North Aceh District Ministry of Religious Affairs, especially the madrasah, prepares their own budget needs through the application of Sidangcana, which is then discussed in the RKA-SK (Coordination Meeting of Work Units) at the district and provincial levels. The results of this discussion continues to the Ministry of Religious Affairs at the central level, where at this stage the proposed budget plan will be approved or not. While members of the work units especially financial managers can participate in the process of preparing the budget only to the district level only.

The result of regression analysis shows that supervision has a positive effect on managerial performance in Ministry of Religious Affairs Unit of North Aceh Regency. This finding is in line with Primary research results, 2011; Riady, 2014; Ardansyah and Wasilawati, 2014) who argued that monitoring variables positively affect the performance of government agencies. The same can be seen in the results of Mardiasmo (2001) research which states that with the supervision done in the implementation of APBN / APBD and accountability covering every stages of state / regional financial management, it is expected the process of state / regional financial management especially in the process budgeting will increase the effect on the managerial performance of government agencies.

Internal monitoring of the Ministry of Religious Affairs Unit in North Aceh District is conducted by Itjen Kemenag based in head office. However, due to the large number of work units, the selection of which work unit will be supervised is usually done by using random sampling technique, so not all work unit get proper supervision. While the monitoring and evaluation function is performed by authorized officials at

the district level based on a letter of duty signed by the Head of the Ministry of Religious Affairs of North Aceh district, either directly or through electronic media. In addition, the monitoring and evaluation function is also carried out by provincial / regional officials based on a letter of duty signed by the Aceh Provincial Ministry of Religious Affairs on infrastructure development projects.

The result of regression analysis shows that remuneration has positive effect to managerial performance in Ministry of Religious Affairs Unit in North Aceh District. The remuneration given to Ministry of Religious Affairs Unit in North Aceh District is based on a predetermined grade. One aspect of his assessment is attendance and discipline. The advantages of using the above aspects in determining the amount of remuneration received is able to spur employee spirit to always attend to the workplace and come and go home on time (discipline time). While the drawback is because only look at aspects of discipline alone while performance performance or workload of employees less attention. This means that when an employee arrives and goes home on time and absences full, then he will get the amount of allowances in accordance with the amount set by his grade in full, the same with employees who work with high workload. From the findings, it can be said that the remuneration based on the competence and the resulting performance can improve the performance of apparatus who served as KPA and Expenditure Treasurer at Ministry of Religious Affairs Unit in North Aceh District.

This finding is in line with the results of research studies conducted Riyanto, et al. (2014) to members of Babinsa, KODIM 0101 / BS Banda Aceh and Aceh Besar where remuneration can increase the employee's motivation to perform the main tasks optimally so as to improve their performance. Ashari Research (2015) at the Directorate of Loans and Grants of the Ministry of Finance also concluded the same thing that remuneration is able to improve employee performance. Fitriah et al. (2015) conducted research on the effect of remuneration, motivation and leadership style on work ethic as well as the implication to the performance of LPMP employee (education quality assurance institution) of Aceh province. The results showed that the variable remuneration, motivation and leadership style affect the work ethic and affect the performance of employees either partially or simultaneously.

### V. CONCLUSIONS AND SUGGESTIONS

Through the analysis of data and discussion of the results of the analysis that has been implemented in this study, can be formulated several things as the conclusion of the study. First, budgetary participation, supervision and remuneration together affect the managerial performance at the Ministry of Religious Affairs Unit of North Aceh Regency. This shows that the higher level of budgetary participation, supervision and remuneration will further improve

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managerial performance at the satker of the Ministry of Religious Affairs of North Aceh Regency. Second, budget participation positively affects the managerial performance of the Ministry of Religious Affairs Unit of North Aceh Regency. This indicates that the higher level of budget participation will increase the managerial performance at the satker of the Ministry of Religious Affairs of North Aceh Regency. Third, supervision has a positive effect on managerial performance in the Ministry of Religious Affairs Unit of North Aceh Regency. This indicates that the higher level of supervision will further improve the managerial performance at the satker of the Ministry of Religious Affairs of North Aceh Regency. Fourth, remuneration positively affects the managerial performance in the Ministry of Religious Affairs Unit of North Aceh Regency. This shows that the higher the remuneration, the more will improve the managerial performance at the satker of the Ministry of Religious Affairs of North Aceh Regency.

Some of the limitations in this study are that this research is only conducted on work units within the office of the ministry of religion of North Aceh Regency, so the results can not be generalized to all cities in Aceh Province; the conclusions drawn are based on primary data collected through questionnaires, whose filling is largely unaccompanied by the researcher. Therefore, the possibility of misperception is uncontrollable because it is beyond the ability of the researcher; and researchers used self-developed questionnaires, so they have not been tested in many cases or types of organizations, so they need to be further developed.

As for suggestions that can be given is the need to make improvements in terms of supervision to further improve the managerial performance of financial managers, especially to the inspectorate general as the internal supervisor kemenag and need to do education and training related to the implementation of duties and functions of financial managers, due to their partial education large background in addition to management and accounting.

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