

## **Budget Governance Factors: A Survey of Lecturers at Private Universities in the South Sumatra Region**

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### **ABSTRACT**

*This study aims to determine the factors that influence budget governance. The verification research method uses to answer the formulation of a predetermined problem. Respondents who sampled were 103 permanent lecturers of private universities in the South Sumatra region. The results showed that all the proposed hypotheses proved significant. The results showed that the increased ease of obtaining a budget and simple budget administration expected to increase the Budget Governance variable.*

*Keywords: budget management, private universities.*

### **INTRODUCTION**

The Indonesian nation's main challenge is to prepare existing individuals to become solid and quality human resources, not only to face current conditions but also to be able to face challenges that arise in the future. (Khan, 2017) In this context, the world of education plays an essential role in creating human resources that are superior, tough, and ready to compete in any condition. (Stachová, Papula, Stacho & Kohnová, 2019)

In this context, the world of education has several functions, such as the world of education

that is obliged to provide graduates, not only in large and significant numbers but also of high quality and discipline and capable of being a dynamic, innovator, motivator, and driver of change. (Hasanefendic, Birkholz, Horta & van der Sijde, 2017; Kioupi & Voulvoulis, 2019) The world of education is obliged to provide educated personnel who are skilled and skilled in carrying out tasks and develop the abilities of other workers. (Rueda, Benitez & Braojos, 2017; Trstenjak & Ćosić, 2018) Optimizing the process and aspects of human resource management lecturers has a vital position in shaping graduates' quality and the institution's quality in

general—this position reinforced by the fact that lecturers have high authority in the academic process. (Yablochnikov, Kuptsov & Yablochnikova, 2017)

Budget Governance is also a significant factor influencing the realization of a sound education system. According to Louwers, Sinason, Strawser, Thibodeau & Blay (2018), a Budget is a detailed plan formally stated in quantitative measures to show how the resources will be obtained and used during a specific period, generally one year. The budget is a work plan expressed quantitatively, measured in standard monetary units and other units covering one year (Arens, Elder & Mark, 2012). Knechel & Salterio (2016) states that the budget is a statement regarding the estimated performance to be achieved during a specific time expressed in financial terms, while budgeting is a process or method for preparing a budget. Meanwhile, according to Lonsdale, Wilkins & Ling (2011) the budget is a detailed plan formally stated in quantitative measures to show how the resources will be obtained and used during a specific period, generally one year.

In order for the budget to be following its objectives and allocation, good Budget Management needs. From top management to staff, all organizational components play an important role starting from the planning process, implementation to budget evaluation. BPKP (2007; 2014) states that budgeting is a financial plan that systematically shows the allocation of human, material, and other resources. Various variations in the budgeting system develop to serve various purposes, including financial control, management plans, prioritization of the use of funds, and accountability. Among other things, performance-based budgeting is the answer to be used to measure and to account for performance.

If the factors of accountability and budget transparency, budget discipline, budget equity, budget effectiveness and efficiency, and performance-based budgets, of course, will affect job satisfaction and can further improve performance. Good Budget Governance is Budget Governance that refers to these factors and makes it an indicator of good Budget Governance. This situation is in line with what is stated by the BPKP, wherein implementing Performance-Based Budgeting, some principles can use as guidelines (BPKP, 2007; 2014), namely: (1) Budget transparency and accountability, (2) Budget discipline, (3) Fairness budget, (4) Budget effectiveness and efficiency, and (5) Compiled with a performance approach.

Based on PTS Budget Management data in South Sumatra Province budget effectiveness and efficiency, budget discipline is one of the factors that is quite dominant to indicate the cause of this is the absence of standard procedures regarding budget management for universities, especially budget management private universities. Another factor that encourages this is the lack of optimal competence of the resources used as budget managers so that the budget is not managed professionally. In implementing Performance-Based Budgeting, some principles can be used as guidelines (BPKP, 2007; 2014): budget transparency and accountability, budget discipline, budget justice, budget efficiency, and effectiveness, and formulated with a performance approach. Performance-Based Budgeting allocates resources based on the achievement of outcomes that can be precisely measured. Outcomes define through a strategic planning process that considers critical issues facing the institution, institutional capabilities, and input from stakeholders.

Based on the background that has been described, then the identification of problems is

carried out, there is an indication that budget implementation in private universities is not optimal, budget discipline in private universities is not optimal, and the effectiveness and efficiency of the budget in private universities is not yet optimal as for the formulation of the problem of what factors formation Budget Governance. This study aims to examine and analyze what factors formation Budget Governance.

## RESEARCH METHODS

The research method used is an associative quantitative research method with a causal study approach, namely analyzing the pattern of relationships between variables to determine the direct or indirect effect of a set of independent variables on the dependent variable. In this study, 103 respondents who will be studied include STIE lecturers in the South Sumatra region. Based on respondents' recapitulation, it knows that the characteristics of respondents based on gender indicate that male respondents are 58 or 56.31% and women are 45 or 43.69%. It can also see that male respondent are more dominant in this study.

In the performance-based budgeting guidelines, BPKP (2007; 2014) states that programs in performance-based budgets are defined as policy instruments that contain one or more activities to be carried out by government agencies/institutions to achieve goals and objectives and obtain budget allocations or community activities—coordinated by government agencies.

Factors that thought to affect Budget Governance, namely

1. Accountability and budget transparency with the following indicators:

- It can justify through physical evidence

- Fund flows are traceable
- The suitability between the realization and the budgeted one
- Be transparent in managing budgets

2. Budget discipline with the following indicators:

- The budget is following the specified post
- The budget does not exceed the specified limit
- The budget preparation process is following the SOP
- Budget reporting according to SOP

3. Budget justice with the following indicators:

- Total budget
- Budget distribution
- According to the designation

4. Budget effectiveness and efficiency with the following indicators:

- On-time
- Indicator
- Right on target
- Easy
- Simple
- Benefit principle

5. Performance-based budget with the following indicators:

- Measurable performance
- Budgets prepared based on performance
- Providing rewards for good performance
- Providing punishment for poor performance

The instrument test conduct to test the validity and reliability. The researcher uses the instrument test because the use of a data collection tool in the form of a questionnaire is hazardous to the occurrence of invalid and

unreliable data. This situation can happen if the sample taken does not match the sample's criteria or if the respondent is dishonest in filling out the answers to the questions.

In interpreting and analyzing data, verification analysis uses. Verification analysis intends to test the research hypothesis using relevant statistical tests. The verification analysis used in this study is multiple regression analysis.

## RESULTS AND DISCUSSION

Instrument testing includes testing the instrument's validity and reliability testing, in this case, the questionnaire used in the study. In essence, testing the validity and reliability of this instrument is to test that the instrument or questionnaire used has met the study's requirements.

Validity was measured using the correlation technique between the item scores and the total variable score. The criterion that a questionnaire item is said to be valid is if the item has a validity coefficient above 0.3 and an Alpha more significant than 0.7. The following are the results of the validity test of the research instruments that have been conducted. The instrument test was carried out for each question item contained in each variable.

Table 1. Validity and Reliability Test Results

Instrument	Correlations	Cronbach Alpha
X <sub>1.1</sub>	0,541	0,823
X <sub>2.2</sub>	0,400	
X <sub>1.3</sub>	0,496	
X <sub>1.4</sub>	0,579	
X <sub>2.1</sub>	0,421	0,834
X <sub>2.2</sub>	0,467	
X <sub>2.3</sub>	0,518	
X <sub>2.4</sub>	0,505	
X <sub>3.1</sub>	0,437	0,887
X <sub>3.2</sub>	0,494	

X <sub>3.3</sub>	0,544	0,887
X <sub>4.1</sub>	0,578	0,815
X <sub>4.2</sub>	0,359	
X <sub>4.3</sub>	0,657	
X <sub>4.4</sub>	0,590	
X <sub>4.5</sub>	0,526	
X <sub>5.1</sub>	0,403	0,825
X <sub>5.2</sub>	0,421	
X <sub>5.3</sub>	0,431	
X <sub>5.4</sub>	0,580	
Y <sub>1.1</sub>	0,393	0,806
Y <sub>1.2</sub>	0,509	
Y <sub>1.3</sub>	0,404	
Y <sub>1.4</sub>	0,404	
Y <sub>1.5</sub>	0,444	
Y <sub>1.6</sub>	0,369	
Y <sub>1.7</sub>	0,372	

The instrument for measuring research variables has a correlation value of more than 0.300 and a reliability value of more than 0.700. Thus the question item can be valid and reliable; namely, the Cronbach Alpha coefficient is more than 0.70.

The results of regression analysis testing can see in Table 2, and it is known that:

Table 2. Results of regression analysis testing

Hypothesis	B	Beta	tvalue	pvalue	Conclusion
H1 : X <sub>1</sub> -> Y	1.07	.238	3.331	.001	Accept
H2 : X <sub>2</sub> -> Y	.547	.162	2.080	.039	Accept
H3 : X <sub>3</sub> -> Y	.791	.198	2.770	.006	Accept
H4 : X <sub>4</sub> -> Y	.637	.206	2.183	.030	Accept
H5 : X <sub>5</sub> -> Y	.493	.127	1.982	.049	Accept
R <sup>2</sup> = 0,557					

F = 47.028					
Sig. = .000					

From table 2 above, it knows that all of the proposed hypotheses can accept with the indicated p-value below 0.05. And simultaneously an effect of 55.7% on budget governance.

Referring to the results of data processing and analysis of the research results, it can see that five factors influence budget governance. This result shows that budget governance still needs to be improved. The most significant factor that dominates this Budget Governance variable's value is the Measurable Performance indicator and the Budget Size indicator, adjusted for the Level of Performance. The performance factor can be measured, and the budget amount adjusts to the performance level are the advantages of budget governance.

Performance is Measurable, and Budget Size adjust to Performance Levels are the most significant contributing factors for value or the main factor shaping budget governance. Therefore, these two factors are the top priority to increase the governance variable's value; however, if it is complicated to increase the value of these items, then at least by maintaining it so that the value of the item does not decrease.

Next is a discussion of problems regarding weaknesses or shortcomings, namely factors that consider weakening Budget Management's value. There are at least two factors with the lowest score, namely the Ease of Obtaining Budget indicator and the Simple Budget Administration indicator. This result implies that the Ease of Obtaining Budget and Simple Budget Administration's factor is a Budget Management weakness.

These two weaknesses or shortcomings, among others, are due to limited budget sources (primarily relying on student tuition fees), government regulations, which sometimes become an obstacle to the entry of campus budget sources (for example, government regulations on restrictions on distance study), and no less important is the limiting factor of the budget application system that has not integrated. Because these two factors have the lowest score, the improvement of these two factors is a top priority in improving the condition of Budget Governance. Strategies to increase Ease of Obtaining Budget and Simple Budget Administration indicators include the following ways.

In connection with limited budget sources (primarily relying on student tuition fees), the policymakers and higher education management should empower other income sources (such as LPPM, laboratories, and other campus facilities or infrastructure). In connection with government regulatory issues, which sometimes become an obstacle to the entry of campus budget sources (for example, government regulations on distance study restrictions), higher education policymakers provide input or suggestions to related parties, for example, through LLDIKTI and APTISI.

Meanwhile, related to the limitations of the budget application system that has not been integrated, this can overcome by fixing the system to be more integrated with collaboration with third parties or information technology consultants. Conceptually, the description of Budget Governance above is in line with BPKP (2007; 2014), which states that budgeting is a financial plan that systematically shows the allocation of human, material, and other resources. Various variations in the budgeting system develop to serve various purposes, including financial control, management plans,

prioritization of funds, and accountability. Among other things, performance-based budgeting is the answer to be used to measure and to account for performance.

## CONCLUSIONS

Of all the factors that affect Budget Governance described earlier, there are some inadequate aspects, namely the ease of obtaining a budget and simple budget administration. This result implies that from the perspective of indicators, the ease of obtaining a budget and simple budget administration is a Budget Management weakness. By improving the two indicators mentioned, it is hoped that it can leverage or improve the condition of Budget Governance. To increase the Ease of Obtaining Budget factor and Simple Budget Administration factor, the method taken can empower units on campus (cooperatives, LPPM, laboratories). Besides, it is necessary to cooperate with third parties to make applications related to budgets so that the mechanism is more precise and more transparent. With the increasing factor of Ease of Obtaining Budget and Simple Budget Administration factor, it is hoped that it will increase Budget Effectiveness and Efficiency, which will increase the Budget Governance variable. In other words, increasing the Ease of Obtaining Budget factor and Simple Budget Administration factor will increase Budget Effectiveness and Efficiency.

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