

# Economics and Bussiness

Volume 1, Number 1, June 2018

<http://journals.ums.ac.id/index.php/mijeb>

---

## INFLUENCE OF CLARITY OF BUDGET TARGET TOWARDS MANAGERIAL PERFORMANCE OF SATUAN KERJA PERANGKAT KOTA (SKPK) OF KOTA BANDA ACEH

**Miranda,**

Fakultas Ekonomi Universitas Muhammadiyah Aceh  
namaku.mira95@gmail.com

**Aliamin,**

Fakultas Ekonomi Universitas Syiah Kuala, Darussalam Banda Aceh  
Aliamin\_singkil@yahoo.com

### Abstract

This study aims to determine the effect of clarity of budget targets with managerial performance of City Government Work Unit (*Satuan Kerja Perangkat Kota/SKPK*) of Banda Aceh. The sample in the study amounts to 90 people from the total population. The data are collected by using questionnaires; and they are analyzed qualitatively and quantitatively. Data analysis is conducted to see the impact of dependent variable towards the independent variable using simple regression equation analysis using SPSS V 22 program. The results of research show positive linear relation and correlation between clarity of budget target and managerial performance. Furthermore, there is positive and significant influence of clarity of budget target variable on managerial performance of City Government Work Unit of Banda Aceh. Lastly, this study aims to determine the effect of accounting information system of the quality of financial statements of the Office of Financial Management Agency of Banda Aceh.

*Keywords: clarity of budget targets, managerial performance*

### Introduction

The clarity of budget target is defined as to the extent to which the budget objectives are clearly and specifically defined with the aim that the budget can be understood by the person responsible for achieving the budget objective. Regional government budget objective should be stated clearly, specifically, and easily understood by those who are responsible to arrange and implement them (Hidayat, 2015:78).

Furthermore, if it is seen through the precision of budget objectives or budgets that have direct relation to the public interest, or programs and agendas to support the overall performance of City Government Work Unit (*Satuan Kerja Perangkat Kota/SKPK*) of Banda Aceh, the programs that have direct influence for people's benefit are still lacking in realization. This could be seen in the following table:

**Realization of Regional Government Budget Plan of Banda Aceh in  
2014, 2015, and 2016**

Year	Description	Budget	Realization	%	Balance
2014	<b>Operational Expenses</b>				
	a. Employees Expenses	592.075.050.217	542.071.853.187	91,55	50.003.197.030
	b. Goods and Services Expenses	266.440.591.922	243.212.451.992	91,28	23.228.139.930
	c. Bank Interest Expenses	4.000.000.000	3.470.451.583	86,76	529.548.417
	d. Grants Expenses	9.360.880.000	8.796.347.701	93,97	564.532.299
	e. Social Aid Expenses	2.035.689.061	1.561.350.000	76,70	474.339.061
	<b>Capital Expenses</b>				
	a. Land	20.254.541.000	14.547.305.050	71,82	5.707.235.950
	b. Equipment and Machineries	38.458.065.124	32.590.654.000	84,74	5.867.411.124
	c. Building	130.450.125.200	115.900.059.020	88,85	14.550.066.180
	d. Irrigation and Network	66.548.210.005	58.985.421.584	88,64	7.562.788.421
	e. Asset	17.895.025.654	15.161.654.200	84,73	2.733.371.454
2015	<b>Operational Expenses</b>				
	a. Employees Expenses	653.203.308.848	566.475.256.049	86,72	86.728.052.799
	b. Goods and Services Expenses	328.141.857.959	312.048.980.051	95,10	16.092.877.908
	c. Bank Interest Expenses	4.000.000.000	3.406.718.237	85,17	593.281.763
	d. Grants Expenses	53.514.637.274	49.994.121.481	93,42	3.520.515.793
	e. Social Aid Expenses	1.710.000.000	1.656.380.000	96,86	53.620.000
	<b>Capital Expenses</b>				
	a. Land	26.521.275.037	16.652.063.050	62,79	9.869.211.987
	b. Equipment and Machineries	46.846.687.549	42.205.995.688	90,09	4.640.691.861
	c. Building	110.124.080.146	105.904.015.500	96,17	4.220.064.646
	d. Irrigation and Network	42.671.908.159	41.296.404.500	96,78	1.375.503.659
	e. Asset	20.131.716.488	15.015.454.256	74,59	5.116.262.232
2016	<b>Operational Expenses</b>				
	a. Employees Expenses	688.480.569.020	678.548.206.600	98,56	9.932.362.420
	b. Goods and Services Expenses	354.874.825.124	302.542.152.800	85,25	52.332.672.324
	c. Bank Interest Expenses	4.000.000.000	3.058.301.200	76,46	941.698.800
	d. Grants Expenses	62.458.005.210	52.698.054.250	84,37	9.759.950.960
	e. Social Aid Expenses	3.085.200.000	1.895.060.000	61,42	1.190.140.000
	<b>Capital Expenses</b>				
	a. Land	69.852.014.520	16.652.063.050	23,84	53.199.951.470
	b. Equipment and Machineries	51.698.542.012	34.659.845.220	67,04	17.038.696.792
	c. Building	114.003.560.360	102.487.563.500	89,90	11.515.996.860
Year	Description	Budget	Realization	%	Balance
2016	<b>Operational Expenses</b>				
	d. Irrigation and Network	48.695.865.623	42.936.045.000	88,17	5.759.820.623
	e. Asset	18.259.864.200	16.568.645.600	90,74	1.691.218.600

Source: Banda Aceh Government (2017)

Based on the above table, we could see that for the last three years, Banda Aceh government and its work units could only realize the budget plan on its annual programs, such as the operational expenses. On the contrary, the budget plans on capital expenses, the government could not achieve

its budget plans maximally. For example, in 2016, the plan for land acquisition in Kecamatan Ulee Kareng area (SKPK Dinas PU Bina Marga), which will be used for road widening, was only 23.84% completed.

Similar case also occurred on the plan for procurement of equipment and machineries under capital expenses. For this budget plan, the Work Units such as Department of Trade, Industry, Cooperatives, and Small and Medium Enterprises (*Dinas Perdagangan, Perindustrian, Koperasi dan Usaha Kecil dan Menengah*), Department of Education, Youth, and Sports (*Dinas Pendidikan Pemuda dan Olahraga*), as well as Department of Marine, Fishery, and Agriculture (*Dinas Kelautan, Perikanan dan Pertanian*), had planned for the procurement of machineries that would support the public programs. However, from the budget planned and accounted, they could only fulfil 67.04% of the initial plan. In fact, the programs and agendas planned by these Work Units were highly important for the improvement and livelihood of the people in need.

The researchers also conducted a short interview while doing initial survey at Banda Aceh City Hall. Based on the explanation provided by an assistant staff of Economy and Development Division, there were many unfulfilled budget plans, which were caused by several factors including late approval of Banda Aceh Regional Government Budget plan by DPRK Banda Aceh. Furthermore, there were many programs and agendas that lacked clear vision and mission, such as grant and social aid that have the impression of only wasting money, in which the responsible work unit became reluctant in realizing these programs. Sometimes, SKPK had

to conduct field survey to ensure that the programs and/or agendas are well-performed according to its program proposal.

The success of Banda Aceh City Work Unit in conducting public service, development, and government administration as mentioned in the budget work program will be determined by the managerial performance of each Work Unit. The Head of each Work Unit will provide support to organize high quality work program, effectively and efficiently conduct projects, while performing supervision and control to avoid any forms of deviation. These will be determined by the role and managerial performance of various field of work. However, the managerial performance aspect is influenced by various factors including clarity of budget objectives.

Managerial performance is the measurement of the extent of manager's effectiveness and efficiency to achieve the organization's objectives (Gozali, 2012:45). All echelon leaders within Banda Aceh Work Unit are involved in planning, investigation, coordination, evaluation, supervision, staffing, negotiation, and representation as part of government management functions. The realization of this function is the description of managerial performance. Therefore, in order to perfectly fulfill the budget plan realization, the government should have clear description of budget objectives. The level of performance achievement of Banda Aceh government could be seen in Table 1.2.

**Achievement of Banda Aceh Government Work Performance**

No	Year	Budget Plan (IDR)	Realization (IDR)	Achievement (%)
1	2016	1,329,366,899,560.00	1,189,391,758,858.00	89.47
2	2015	1,194,481,738,323.00	1,096,156,567,907.00	91.77
3	2014	985,975,685,419.00	905,808,725,719.00	91.87

Source: LAKIP Kota Banda Aceh, 2017

Table 1.2 explains the level of achievement/realization of budget performance of the Banda Aceh City Government in 2016, reaching an average of 89.47% with the budget realization value up to IDR 1,189,391,758,858 from the budgeted IDR 1,329,366,899,560. Furthermore, in 2014 and 2015, the achievement of budget realization reached 91.77% and 91.87%, which means that these numbers were in very efficient criteria. As the core of the government work program, this level of budget achievement becomes a basis

for identifying the apparatus performance of the Banda Aceh City Government Work Unit.

However, this is a contradiction when we see it from the clarity of budget target in Table 1.1 above, in which there are many budgets that are not realized efficiently. Furthermore, the efficiently realized budgets are only in routine expenditure budgets of the apparatus at the related SKPK office, not on the programs or activity plans, which are directly related to the community's interests. This means that based on ethical accountability, it can

be seen that many budget targets from SKPK in Banda Aceh City are not clear because the regional budget allocations have greater benefits for the apparatus and operational expenditure of each SKPK itself, if compared to the direct spending for the benefits of public or community at large.

This is of course contradictory to the information included within LAKIP of Kota Banda Aceh 2014-2016, that the managerial performance of SKPK in Kota Banda Aceh actually earned excellent performance criteria. This aspect becomes an interesting matter to study, considering that budget clarity and budget realization are still in bad condition, while the managerial performance at SKPK earned excellence in performance criteria. Therefore, more detailed research is needed to explain the effect of budget clarity at SKPK Banda Aceh towards the managerial performance.

Based on the research background, the formulation of problem in this study is how to increase the budget realization through clarity of budget targets in Banda Aceh City Government Work Unit.

## Literature Review

### Definition of Clarity of Budget Targets

Regional budgets should be a benchmark for the expected performance achievement; therefore, the regional budget planning should be able to clearly depict performance goals. According to Kenis (1979) in Hidayat (2015), the clarity of budget targets is the extent to which budget objectives are clearly and specifically defined with the aim that the budget can be understood by those responsible for the budget target achievement.

Locke and Lathan (1984) in Amril (2014) state that targets are what employees want to achieve. Therefore, a clarity of budget targets will encourage managers to be more effective and do their best if compared to working with unclear targets. Clarity of budget targets according to Putri (2016) is a budget that can be clearly and precisely defined so that the budget is easier to understand and budget targets can be achieved.

According to Steers and Porter (1976) in Amril (2014), in determining budget targets, they should have main characteristics, as follows:

1. Targets should be specific rather than vague,
2. Targets must be challenging, but can be achieved

The clarity of the budget goal relates to

the extent to which they are stated specifically, clearly, and to be understood by those responsible for these. By focusing on the clarity of goals, they could inform the lower manager about the expectation from the higher managerial parties. On the other hand, the higher managers study the supports and issues encountered by the lower level managers through the reports. Such circumstances will encourage the creation of cost efficiency because additional costs resulting from wrong-decision making can be reduced. In other words, clear budget targets will encourage budget implementers to realize the targets that have been set.

### Benefits of Budget Target Clarity

Locke (1981) in Arifin (2012) states that clarity of budget target will encourage workers to do their best in their work, and they will be able to regulate behaviors, which will ultimately improve their performance and achieve cost efficiency. From his research results, Locke (1984) in Sembiring (2012: 11) states that the benefits of clarity of budget target are as follows:

1. Increases productivity and improves work quality. Clarity of budget target will provide motivation to improve work productivity.
2. Helps to explain the expected result. Clear budget target will give related parties a picture to achieve.
3. Eliminates satiety.
4. Increases satisfaction of the achieved work result
5. Affects the level of spontaneous competition among employees, which will further improve their performance. Every employee will be motivated to compete positively at work because they can understand the direction of the company by having clear targets.
6. Enhances a sense of confidence and pride if targets are met and will take on more challenges.
7. Generates a sense of capability to work, which will improve work performance. Clear targets can generate work motivation that in turn will improve the employee's performance.

### Indicators of Budget Target Clarity

Kridawan Aji and Amir Mahmud (2014) mentions that the effective measurement of budget target involves 7 required indicators, they are:

1. Goals, to make detailed general-purpose

- tasks that must be done
2. Performance, to assign performance in the form of measured questions
  3. Standards, to set standards or targets that want to be achieved
  4. Timeframe, to specify the period of time needed for work processing
  5. Priority Targets, to set prioritized goals
  6. Difficulty level, to set targets based on difficulty and importance level
  7. Coordinate, to determine the need for coordination.

According to Zakiyudin and Suyanto (2015), indicators of clarity of budget targets are:

1. Specific
2. Measurable
3. Challenging but realistic
4. Focuses on the final result
5. Have a time limit

According to Riadi (2014), clarity of the budget target variable is measured by using several indicators developed from some experts; they are:

- a. Clear goal
- b. Performance to be achieved
- c. Standards
- d. Clear timeframe
- e. Clear prioritized goals
- f. Difficulty level that will be encountered
- g. Programs for Coordination.

### **Definition of Performance**

Performance is the overall result or level of success of a person during a certain period in carrying out the task as compared to various possibilities, such as standards of work result, targets or goals or criteria that have been determined in advance and have been mutually agreed. Furthermore, managerial performance is a measurement of how effectively and efficiently managers have worked to achieve organizational goals. Every organization is organized by humans, so the assessment of human behavior in carrying out the role they play in the organization is important (Gozali, 2012: 45).

Kornelius defines managerial performance as “Managerial performance is the ability or achievement of work that has been achieved by the personnel or a group of people within an organization, to carry out their functions, duties and responsibilities in running the company’s

operations” (2012: 17). Similarly, according to Muslimin, the definition of managerial performance is “a managerial activity that includes: planning, investigation, coordinating, evaluation, supervision, staffing, negotiation, and representation or representation” (2012: 451). Furthermore, Agus (2012: 85) suggests that management ability in terms of planning, organizing, actuating (briefing), and controlling can be used as indicators of performance managerial assessment, based on the view that managerial performance will improve if one has the ability to perform its business functions or activities.

### **Indicators of Performance**

According to Darlis and Agrina, the meaning of managerial performance is “performance of individual members of the organization in managerial activities, among others: planning, investigation, coordination, evaluation, supervision, staffing, negotiation and representation” (2013: 1). From the understanding above, there are eight dimensions of managerial performance:

1. Planning; the ability to define objectives, policies and actions or execution, work scheduling, budgeting, designing procedures and programming.
2. Investigation; the ability to collect, convey information for notes, reports and accounts, measure results, determine supplies, and job analysis.
3. Coordination; the ability to exchange information with others in other parts of the organization to link and customize the program, notify other divisions and maintain relation with other managers.
4. Evaluation; the ability to assess and measure proposals and observed performance, assess employees, assess outcome records, valuation of financial statements, and product inspection.
5. Supervision; the ability to direct, lead and develop subordinates and explain work rules to subordinates.
6. Staffing arrangements; the ability to retain the workforce, to recruit, interview, and select new employees, to place, promote and mutate employees.
7. Negotiation; the ability to make a purchase, a sale by bargaining with a seller’s representative, and to bargain in groups.

8. Representation; the ability to attend meetings with other companies, to attend business association meetings, and to make speeches for community events and socialization.

Based on some of these opinions, Gozali (2012: 45) describes the assessment aspects of managerial performance are:

1. The ability of managers to create plans. A good planning can increase the focus and flexibility of managers in handling their work. Problems in focus and flexibility are two important aspects within a dynamic and highly competitive environment. The manager's ability in making plan can be one indicator to assess managerial performance.
2. The ability to reach the target. Managerial performance can be assessed from their ability to achieve the planned target. Targets should be fairly specific, involving participants, realistic and challenging, with clear span of time
3. Managers' achievement outside the company. Manager's intensity in representing the company to maintain connection with outside parties shows the company's confidence in the manager. This trust can emerge for several reasons, such as good performance. The manager's role in representing the company shows the level of performance.

Bernandin and Rusel (1995) in Darmawan (2013: 192) suggest that there are six criteria that can be used in assessing managerial performance; they are:

1. *Quality*; the extent to which the process or the results of the activity's implementation close to perfection or close to the expected goal.
2. *Quantity*; the generated amount such as monetary value, number of units, or number of completed activity cycles.
3. *Timeliness*; the period of time a completed activity needed within the desired time by considering the amount of other outputs and time available for other activities.
4. *Cost effectiveness*; the amount of organizational resources used to achieve the maximum results or reduction of losses from the use of resource of each unit.

5. *Need for supervision*; the ability of employees to perform job functions without the need for supervision to prevent undesirable actions.
6. *Interpersonal impact*; the ability of an employee to maintain self-esteem, good reputation, and cooperative ability among colleagues and subordinates.

**Framework**

The efforts to attain targets is the function of the four objective attributes: the difficulty and clarity of purpose, the acceptance of purpose and the commitment of purpose. The clarity of purpose is the clarity and precision of the goal. The performance or productivity of the organization will not increase if the goals are vague. If there is a clear goal, the organization's performance or productivity will increase by 3% for the next six months. Ineffective and non-performance-oriented budgets can balk at the plan that has been set. Therefore, clarity of budget targets becomes highly relevant and important in the scope of government due to the impact of government accountability, in relation to its functions in providing services to the community (Zakiyudin and Suyanto, 2015).

Based on the description of the framework above, the concept of correlation between variables can



**Figure 2.1 Framework of Relation between Variables**

**Research Methodology**

**Population**

The populations of this research are all of the Head of Finance and Sub Division of Finance at Banda Aceh City Government including PPK and Treasurer.

**Sample**

Since the population is less than 100 then the entire population is used as data sample, which is in accordance to Arikunto's (2013: 134) who states that if the population is less than 100, it would be better to take all related parties as samples. Therefore, this research is a population study with the number of 90 people or each SKPK represents 3 people. This could be seen in the following table:

### Population and Research Samples

No	SKPK	SAMPLE
<b>Departments</b>		
1	Dinas Pengelolaan Keuangan Dan Aset Daerah	3
2	Dinas Syariat Islam	3
3	Dinas Pendidikan, Pemuda Dan Olahraga	3
4	Dinas Kesehatan	3
5	Dinas Pekerjaan Umum	3
6	Dinas Perhubungan, Komunikasi Dan Informatika	3
7	Dinas Sosial Dan Tenaga Kerja	3
8	Dinas Kependudukan Dan Pencatatan Sipil	3
9	Dinas Perindag, Koperasi Dan UKM	3
10	Dinas Kelautan, Perikanan Dan Pertanian	3
No	SKPK	SAMPLE
<b>Departments</b>		
11	Dinas Kebudayaan Dan Pariwisata	3
12	Dinas Kebersihan Dan Keindahan Kota	3

**Additional Table 1**

<b>Agency</b>		
1	Badan Kesbangpolinmas Dan PB	3
2	Badan Pemberdayaan Masyarakat	3
3	Inspektorat	3
4	Bappeda	3
5	Badan Kepegawaian, Pendidikan & Pelatihan	3
6	Badan Penanggulangan Bencana Kota	3
7	Sekretaris DPRK Kota Banda Aceh	3
8	RSU Meuraxa	3
9	KIP	3
<b>Secretary/ Office</b>		
1	Sekretaris Majelis Pendidikan Daerah	3
2	Sekretaris Majelis Permusyawaratan Ulama	3
3	Sekretaris Baitu Mal	3
4	Sekretaris Majelis Adat Aceh	3
5	Kantor Pelayanan Terpadu Satu Atap	3
6	Kantor Pemberdayaan Perempuan & KB	3
7	Kantor Perpustakaan Dan Arsip	3
8	Kantor Lingkungan Hidup	3
9	Satuan Polisi Pamong Praja Dan WH	3
Total		90

### Data and Data Collection Techniques

The data used in this research are primary data consisting of clarity of budget target, public accountability and managerial performance. Primary data was collected by division of questionnaire (questionnaire list). Questionnaires used in this study are enclosed that is the designed questions have a form of option that has been provided.

### Measurement Scale

Likert scale is designed to examine how strong a subject agrees or disagrees with statements on a 5-point scale (Sekaran, 2011:32). Likert scale arrangement can be seen in Table 2

No	Answer Option	Score
1	Strongly Disagree	1
2	Disagree	2
3	Slightly Disagree	3
4	Agree	4
5	Strongly Agree	5

Source: Sekaran, (2011:32)

### Definition and Operational Variables

This research consists of two variables: one independent variable and one dependent variable. The dependent variable is managerial performance

(Y), while the independent variable is clarity of budget targets (X). The independent variable will affect the dependent variable (Y). The definition of the used variables can be seen in Table 3.3.

### Definition and Operationalization of Variables

No	Variable	Definition Variable	Indicator	Scale	Measurement	Question Item
<b>Independent</b>						
1	The Clarity of Budget Targets (X)	The extent of whether the budget targets stated clearly and specifically and understood by the party responsible for its realization (Kenis, 1979)	Goals Performance Standard Time Period Priority Targets Difficulty Level Coordination	Likert	1-5	B1 B2 B3 B4 B5 B6 B7
<b>Dependent</b>						
2	Managerial Performance (Y)	Managerial performance is the measure of how effectively and efficiently managers have worked to achieve organizational goals (Gozali, 2012).	Planning Investigation Coordination Evaluation Supervision Selection of Staff Negotiation Representative	Likert	1-5	C1 C2 C3 C4 C5 C6 C7 C8



**Results of Validity and Reliability Test**

Statement Items	Variable	r count	r table	Status
Item 1	X	0.514	0.207	Valid
Item 2		0.481	0.207	Valid
Item 3		0.519	0.207	Valid
Item 4		0.551	0.207	Valid
Item 5		0.489	0.207	Valid
Item 6		0.495	0.207	Valid
Item 7		0.469	0.207	Valid
Item 1	Y	0.328	0.207	Valid
Item 2		0.411	0.207	Valid
Item 3		0.381	0.207	Valid
Item 4		0.358	0.207	Valid
Item 5		0.352	0.207	Valid
Item 6		0.374	0.207	Valid
Item 7		0.277	0.207	Valid
Item 8		0.418	0.207	Valid

Source: Primary Data (processed), 2017

**Data Analysis Tools**

To discover the effect of clarity of budget target on managerial performance in Banda Aceh City Government, we use simple linear regression analysis with the following formula:

$$Y = \alpha + \beta X + \varepsilon$$

In which:

- Y = Managerial Performance
- X = Clarity of budget target
- $\alpha$  = *Intercepts/Constants*
- $\beta$  = Regression parameters or regression coefficients
- $\varepsilon$  = Estimation error

**Testing for Validity and Reliability**

Validity testing is done to test the accuracy of the compiled research instruments, in which they could be used to measure the variables (key variables being studied). Validity in this case is an accuracy of research findings that reflect the truth even though the object of testing is different (Ghozali and Ikhsan, 2011). Validity test is calculated using Pearson correlation with the help of *Statistical Package for the Social Sciences* (SPSS) software Version 19. After the measurement with SPSS is conducted, it will show the significance level of all questions. Validity test of the research instruments can also be done by comparing the *Corrected Item-Total Correlation* column. If the obtained correlation number is

greater than the critical number ( $r \text{ count} > r \text{ Table}$ ), then the instrument is said to be valid.

Reliability test is done to test the consistency of respondent's answer to all used questions or statements. Reliability testing is useful to know whether the instrument, in this case the questionnaire, can be used more than once, at least by the same respondent (Husen Umar, 2010). The statistical technique used for the test is done by *Cronbach's alpha* coefficient with the help of SPSS. *Cronbach's Alpha* is reliability test for more than two alternative answers. According to Arikunto (2013: 168), in general an instrument is said to be reliable if it has *Cronbach's alpha* coefficient  $> 0.6$ .

**Hypothesis testing**

- Ho: The clarity of budget targets has no effect on managerial performance at Banda Aceh City Government Work Unit.
- Ha: The clarity of budget targets affects managerial performance at Banda Aceh City Government Work Unit.

Hypothesis testing on independent variable is done to see whether the independent variable has an influence on the dependent variable by using the t-test statistic test, with the help of computer program SPSS program (*Statistical Product and Service Solution*) V.22 For Windows. The basis of decision-making is by comparing the calculated statistical value with the statistical value of the

table. Alternative hypothesis ( $H_a$ ) is accepted if the statistical value of  $t\text{-count} > t\text{-table}$ , and  $H_0$  hypothesis accepted if the statistical value of  $t\text{-count} < t\text{-table}$ , with 95% confidence level.

### Research Methodology

Based on Table 4.2, it can be explained that all the variables used in this study are valid,

because the value of validity is greater than the critical value of product moment that is 0.207 at the level significance  $\alpha = 5\%$ , so that the data instrument is feasible for further discussion. Therefore, the questions contained in the questionnaire of this study are valid to be analyzed for more in-depth study,

Reliability Test

No	Variable	Alpha Value	Criteria	Status
1.	Clarity of Budget Target (X)	0.641	0.60	Reliable
2.	Managerial Performance (Y)	0.696	0.60	Reliable

Source: Primary Data (processed), 2017

Based on the reliability test for two question attributes involved in the variables: clarity of budget target (X) and managerial performance (Y) at SKPK Kota Banda Aceh as shown in Table 4.3 above, the alpha values of 0.641 and 0.696

are acquired. Thus, the values of the attributes involved in measuring these variables fulfill the Cronbach's Alpha credibility as the alpha value exceeds 0.60.

### The Effect of Independent Variables on Dependent Variables

The Influence of Independent Variable on Dependent Variables

Variable Name	$\beta$	Standard Error	$t_{\text{count}}$	$t_{\text{table}}$	Sig
Constants (a)	2.350	0.298	7.873	1.987	0.000
Clarity of Budget Target (X)	0.408	0.078	5.217	1.987	0.000

Source: Primary Data (processed), 2017

Based on the results of computer output through SPSS program, the following multiple regression equation is obtained:

$$Y = 2.350 + 0.408X$$

From the regression equation above the result of research can be explained as follows:

#### Regression Coefficient ( $\beta$ )

- The coefficient of constant is 2.350. This means that if the variable clarity of budget

targets is considered as constant, the amount of managerial performance is equal to 2.350 or by 235%.

- The coefficient amount of clarity variable of budget target is 0.408, meaning that every 100% change in clarity of budget target variable will relatively improve managerial performance equal to 40.8%.

Based on the above analysis it can be seen that the clarity of budget targets has a very dominant influence on managerial performance in SKPK Kota Banda Aceh.

**The Correlation of Coefficient (R) and Determination (R2)**

**Table Model Summary**

R	R2	Adjusted R2	Std. Error of the Estimate	Annotation
0.486	0.236	0.228	0.296	Positive Correlation

Source: Primary Data (processed), 2017

- Correlation coefficient (R) = 0.486 which indicates that the degree of relationship between independent variable with dependent variable is 48.6. This means that the managerial performance (Y) in SKPK of Kota Banda Aceh has a fairly close relationship with the clarity of the budget target factor (X).
- Coefficient of determination (R2) is 0.236. This means that the 23.6% of managerial performance changes in SKPK Kota Banda Aceh can be explained by changes in the clarity of budget target factor. Whereas, 76.4% is influenced by other factors not included in this research variables, such as quality of human resources, employee education and training, working environment and work culture, and other factors deemed appropriate in influencing managerial performance.

t-count value of 5.217 and t-table of 1.987. This means t-count > t-table, with a significant value of 0.000.

On the other hand, the amount of influence or contribution given by the clarity of budget targets variable on managerial performance at SKPK Kota Banda Aceh can be discovered from the value of coefficient of determination or R<sup>2</sup>. Based on the calculation results, R2 value = 0.236 is obtained, which means that budget target clarity has 23.6% influence on managerial performance at SKPK Kota Banda Aceh. The results show that in addition to the clarity of the budget target variable, the managerial performance at SKPK Kota Banda Aceh is also influenced by other variables that are not included in this research, as much as 69.1%. These external factors include participation in the process of budget preparation, quality of human resources, educational background, employees training, working environment and work culture, and other factors deemed appropriate in influencing managerial performance.

**Findings and Discussion**

The analysis used for hypothesis testing is by using simple linear regression analysis. Based on the results of simple linear regression analysis using computerized calculation program SPSS version 22.0, the regression equation is obtained:

$$Y = 2.350 + 0.408X$$

Based on Table 4.6, the clarity of budget target variable has a positive regression coefficient value of 0.408. This value indicates that, every 100% increase in the clarity of the budget target variable will relatively improve managerial performance by 0.408 or 40.8%. Furthermore, since the value of the regression coefficient of budget target clarity is not equal to zero (0.408 ≠ 0), H<sub>a</sub> is accepted. That is, the clarity of budget targets affects managerial performance.

In addition, the impact of budget target clarity on managerial performance at SKPK Kota Banda Aceh can also be seen in t test results, in which at n 90-2 with 5% confidence level, the study obtains

Abel and Tanda (2012) argue that a clear and specific setting of budget goal will be able to deliver results for the organization if compared to unclear and unspecific goals. Clear goals motivate employees to do the best they can. Unclear budget targets will cause confusion, tension and dissatisfaction among employees.

Similar notion is also stated by Hidayat (2015: 78), who mentions that the clarity of the budget target is the extent to which the budget goals are set clearly and specifically with the aim that the budget can be understood by the person responsible for achieving the budget target. The target of regional budgets should be clearly stated, are specific and understandable to those responsible for formulating and implementing them.

In theory, the results of this study is also supported by previous research results conducted by Hazmi (2012). The findings show that the influence between the clarity of budget targets on the performance managerial apparatus is the

fact that regional budget should be a benchmark of the expected performance achievement and planning. Thus, the characteristics of budget targets may have implications for the performance of the participating local government apparatuses, both in the preparation and implementation of the budget. Public accountability will improve managerial performance.

Besides Hazmi, Deki Putra (2013) in his research proves that the clarity of budget targets have a significant positive effect on the managerial performance of the Regional Device Work Unit (Empirical Study at the Regional Government Work Unit of Padang City).

In Banda Aceh, there are 30 SKPK consisting of 12 Department, 9 Agencies and 9 Secretaries/offices. Each SKPK is led by a Head of department, Head of agency, and Head of office. The results of this study prove that there is an influence of clarity of budget targets on managerial performance in SKPK Banda Aceh.

The initial data results also show that most SKPK Kota Banda Aceh are often unable to realize the budget plan that has been drafted through APBD regional regulations on the expenditures of capital programs and development programs. As it is known that based on *Peraturan Menteri Dalam Negeri Nomor 13 tahun 2006* concerning Guidelines on Regional Financial Management, it is stated that Cash Expenditures resulting in burden for APBD cannot be done before the Draft for APBD Regional Regulation is determined; unless the expenditure is for compulsory costs determined by Peraturan Kepala Daerah. Most of these Work Units could only realize the activities of routine budget plan such as operational expenditure. This is caused by an obscurity within budget targets

In fact, the expenditure budgets for activity modes and development programs have been agreed together with the DPRK as Qanun Anggaran Pendapatan dan Belanja Daerah (APBD) of 2017, which states that the proposed Regional Revenue and Expenditure Budget (APBD) as referred to in letter a, is a manifestation of the Local Government Work Plan outlined in APBD general policies along with Budget Priority and Plan that have been agreed between the Regional Government and DPRK.

The impact of inadequate realization of budget plan is the loss of program plans at the beginning of fiscal year that cannot be fulfilled and implemented, while in fact these programs and

activities by the Work Units are very important for the sustainability and livelihood of people in need.

The efficiently realized budgets are only within the regular budget expenditure for apparatus at the relevant SKPK office, rather than on the program plans or activities directly related to the public interest. This means that based on ethical accountability, it appears that many of the budget targets of SKPK in Banda Aceh are not stated clear enough because many of the allocation of local budget has greater benefit for the apparatus and operational expenditure of each SKPK itself if compared to the direct expenditure for the benefit of the public or the community.

## Conclusion

Based on the research result and discussion of the impacts of budget target clarity towards managerial performance of SKPK Banda Aceh, it could be concluded that there is positive and significant influence between the two variables.

The implication of research result show that as the clarity of budget target becomes higher, it will have positive influence towards the managerial performance of SKPK Banda Aceh. This research also supports prior theories and studies that were conducted under similar topic of the influence of budget target clarity towards managerial performance.

Based on the above conclusion, researchers could provide several suggestions, as follows For government management division, they should be able to maintain the concept of budget target clarity and should have direct involvement in preparation and budget planning in accordance with the applicable government standards. Also, they should be able to improve internal control and supervision in order to improve the managerial performance.

For other researchers, it is hoped that they will continue and advance this research in the future, with more comprehensive content, through advanced research about other factors that might have impact on managerial performance such as human resource quality, education, employee training, and other related factors.

## References

Arifin, Johan (2012). The Influence of Characteristics of Budgeting Styles on Cost Efficiency, **Study Business and**

- Management Vol. 9 No. 1 (January) 23-35.
- Arikunto, Suharsimi (2013). *Research Procedure*, Rineka Cipta, Jakarta
- Amril Vonny Nofisa (2014). The Effect of Public Accountability, Participation of Budgetary Arrangement and Clarity Budget Target on Managerial Performance of SKPD (Empirical Study on Device Work Unit in Sijunjung District) *Journal of Accounting Sciences*, Faculty of Economics, Universitas Negeri Padang
- Agency of Regional Supervisory (2012). *Implementation Implementation of Capital Expenditure Budget*
- Darma, E.S (2005). The Effect of Clarity of Budget Target and Accounting Control System on Managerial Performance with Organizational Commitment as Moderator Variable to Local Government *Journal SNA VII Denpasar*.
- Darlis, Edfan and Agrina Cahayani (2013). The Clarity Of Role And Psychological Empowerment In Improving Managerial Performance, *Journal of Economics* Volume 21, Number 3, Accounting Department Faculty of Economics Universitas Riau
- Darmawan (2013). *Principles of Organizational Behavior*. Pena Semesta: Surabaya.
- Ghozali and Ikhsan (2011). *Research Methodology*. Medan: Madju.
- Gozali, Mareta Chrisna (2012). The Impact of Information Characteristics of Management Accounting Systems On Managerial Performance, *Scientific Journal of Accounting Students – Vol. 1, No. 3*
- Hazmi Yusri (2012). The Effect of Clarity of Budget Targets and Public Accountability on Managerial Performance of Lhokseumawe City Government Apparatus, Empirical Study at Lhokseumawe City Device Working Unit *Journal of Economics and Business* Volume 13, No.2 Commerce Major Politeknik Negeri Lhokseumawe.
- Heptariani Susi et.al (2013). The Effect of Budget Target Clarity, Culture
- Hidayat Taufik (2015), The Effect of Budget Target Clarity, Structure of Decentralization and Locus of Control on Managerial Performance *Journal of Accountability* Vol. VIII No.2
- Organization, And Reporting System to Performance Accountability (Empiric Stusy at Universitas Riau, *Journal SOROT* Vol 8 No 1, Master Program in Accounting Post-Graduate
- Husen Umar (2010). *Methods of Business Research*. Jakarta: PT Gramedia Pustaka Utama
- Ilmiati Feny and Yohanes Suhardjo (2012) The Effect of Audit Accountability and Competence to Quality of Audit (Empirical Study at Public Accounting Firm in Semarang) *Juraksi* Vol.1 January ISSN 2301-9328
- Komariah et.al (2012) Anti Corruption Management In the implementation of SMP Negeri 5 Bandung City, *Scientific Journal Faculty of Educational Administration*
- Kornelius, Harefa (2012) Analysis of the effect of participation in budgeting on managerial performance with communication as a moderating variable at PT. Bank Negara Indonesia, *tbk Medan, Thesis, USU Sumatera Utara*
- Kridawan, Aji. (2014) The Effect of Target Clarity on Budget Gaps with Information Asymmetry as Moderation Variables, *Accounting Analysis Journal*, Vol. 3, No. 2, May.
- Mardiasmo (2012). *Autonomy and Regional Financial Management*. Yogyakarta: Andi.
- Mahmudi (2013). *Management of Public Sector Performance*, Yogyakarta: UPP STIM YKPN
- Muslimin (2012). The Effect of Accounting Control, Behavior Control and Personal Control on Managerial Performance at PT Berkat Agung Jaya Abadi (Gresik). *Journal of Management Application*. Vol.5, No.3.
- Training Module of Auditor Establishing Expert Team Member (2012), *Management Control Systems*, Pusdiklatwas BPKP.
- Nasucha Chaizi (2013). *Public Administration Reform Theory and Practice*, Jakarta: Grasindo
- Pitasari, K.K.A., Sulindawati, N.L.G.E., and Atmadja, A.T.A. 2014. The Effect of

- Clarity of Budget Targets and Procedural Justice on Budgetary Slack in SKPD as in the District Government of Klungkung. Universitas Pendidikan Ganesha: *Journal of Accounting*, 2 (1)
- Prima, Hilarius and Sri Widodo (2012). The Effect of Public Accountability Implementation on Managerial Performance at Starred Hotel in Special Region of Yogyakarta (Survey on 2-5 Star Hotel in Yogyakarta Special Region) *Journal of Accounting Study Program*, Faculty of Economic, Universitas Atma Jaya Yogyakarta
- Putra, Deki. (2013) The Influence of Public Accountability and Clarity of the Budget Target on the Managerial Performance of the Regional Devices Work Unit (Empirical Study at Padang City Device Work Unit), Essay, Unpublished, UNP, Padang
- Raba Manggaukang (2014). "Accountability: Concepts and Implementation", UMM Press, Malang
- Riadi, 2014. *The Effect of Participatory Budget and Motivation on Managerial Performance*. Essay. Universitas Diponegoro.
- Rizka Wahyuni et.al (2014) The Effect of Clarity of Budget Targets, Decentralization and Public Accountability to Managerial Performance of the Device Work Unit (Empirical study on SKPD Pekanbaru Municipal Government) *Journal of FEKON* Vol 1 No. 2 Faculty of Economics Universitas Pekanbaru, Indonesia.
- Sari Metha Kurnia (2016) The Influence of Public Accountability, Clarity of Budget Targets and Management Control System to managerial performance in SKPD Kabupaten Sukoharjo *Scientific Journal of Accounting Study Program Faculty of Economics and Business Universitas Muhammadiyah Surakarta*
- Sekaran, Uma (2011) *Research Methodology for Business*, Jakarta: Salemba Empat.
- Sembiring Abel, Samuel Tanta, (2012) The Effect of Budget Participation and Clarity of Managerial Budget Targets with Motivation as Intervening Variables in Industrial Zones. Thesis Not Published. Medan: Universitas Sumatera Utara.
- Sekaran, Uma (2011) *Research Methodology for Business*, Salemba Empat, Jakarta
- Tanta, Samuel Abel S. 2012. The Effect of Budget Participation And Clarity of Managerial Budget Targets With Motivation As Intervening Variables. *Journal of Accounting Universitas Sumatera Utara: Medan*
- Widarsono, Agus (2012) The Effect of Management Information Quality to Managerial Performance (Survey on go-public companies in West Java). *Journal of Accounting FE Unsil*, Vol. 2, No.2. Bandung
- Zakiyuddin, Muhammad Ali, Suyanto (2015) The Clarity of Budget Targets, Accounting Controls, Reporting Systems, and Performance Accountability of Government Institutions at the Indonesia's Inspectorate General of the Ministry of Religious Affairs. *Journal of Accounting Research and Taxation*, Vol. 2 No.1