

# The Influence Of Good Governance, Government Internal Control System, Budgeting Participation And Remuneration On Managerial Performance with Organizational Commitments Moderating Variable(Empirical Studies In The 8 UPT Directorate General Of Early Childhood Education And Community Education Ministry Of Education And Culture)

Frida Nurcahyani<sup>1</sup>, Endar Pituringsih<sup>2</sup>, Rr. Sri Pancawati<sup>3</sup>

<sup>1</sup>Economic Accounting,Mataram University, Indonesia

<sup>2</sup>Economic Accounting,Mataram University, Indonesia

Corresponding Author: Frida Nurcahyani1

---

**Abstract:** This study aimed to analyze the influence factors on Managerial Performance. The influence factors is Good Governance, Government Internal Control System, Budgeting and Remuneration Participation with Organizational Commitment as a moderating variable in 8 of Technical Implementation Unit Directorate General of Early Childhood Education and Community Education Ministry of Education and Culture. This research is quantitative associative with data analysis techniques using Structural Equation Model -Partial Least Square (PLS-SEM) with Smartpls 2.0. The data used is primer data. Data was collected by using a questionnaire. The results showed that Good Governance, Government Internal Control System and Budgetary Participation Affect on Managerial Performance. While Remuneration has no effect on Managerial Performance. In this study also found that Organizational Commitment can only moderate the relationship between Good Governance with Managerial Performance. Organizational Commitment can not moderate the relationship between the Government's Internal Control System, Budgetary Participation and Remuneration for Managerial Performance. This research may contribute and input to government institutions that managerial performance improvement can be made by applying the enhancement of good governance, participation budgeting, optimal implementation of internal control systems government and remuneration accompanied by a commitment to the organization. The implications of this study are useful for policy holders in government in formulating policies related to performance improvement in the public sector related to the implementation of Good Governance, Government Internal Control System, Participation in Budgeting and Remuneration.

**Keywords:** Good Governance, Government Internal Control System, Budgetary Participation, Remuneration, Managerial Performance, Organizational Commitment

---

Date of Submission: 26-02-2018

Date of acceptance: 17-03-2018

---

## I. Introduction

The performance of the public sector increased in line with the implementation of Reforms in all Ministries /Agencies. Government to answer the demands of society with the reform that has been done since the crisis of 1998 or more multidimensional than the last ten years that has successfully laid the political foundation for democratic life in Indonesia. Various changes in the system of state administration, the revitalization of high state institutions and elections conducted in order to establish the state government that is capable of running (good governance). In the case of the embodiment of a clean government and free from corruption, collusion and nepotism, there are many many things to be done in terms of fighting corruption. This is partly shown by the data of Transparency International in 2009, the Corruption Perceptions Index (CPI) of Indonesia is still low (2.8 out of 10) when compared with countries in Southeast Asia (Presidential Decree 81, 2010).

One important aspect of the reform is the structuring of management bureaucratic central and local governments (provincial, district, city). It is considered important partly because of the success of a policy is determined also by the ability of management in the civil service to implement the policy efficiently and effectively. All activities within the government agencies will be measured in terms of the accountability of performance, both in terms of individual performance, the performance of work units and performance of institutions, and even the overall performance of the government. Thus, the implementation of the activities at a

government agency, from planning, implementation, monitoring, up to the responsibility, should be conducted in an orderly, controlled, and efficient and effective.

This is consistent with the perspective of the theory of goal setting (goal setting) Locke (1968), the purpose plays an important role in the act. Clear objectives and measurable energy is needed to prevent the spread of organizational By detailing long-term goals and short-term organization, the ambiguity of employees to organizational goals will decrease, so as to focus on the completion of a given task. Goal setting clear, measurable, and challenging demands of employees to work better. Employees who know what the objectives of the organization will be motivated to do more business and ultimately improve performance.

Presidential Regulation No. 81 2010 on Grand Design Reforms Year 2010-2025 mandates entire Ministries and Local Government to conduct bureaucratic reform. Ministry / Agency to conduct bureaucratic reform that has been awarded in the form of performance benefits. Performance benefits granted in stages according to the success / achievement of bureaucratic reform. In the grand design of bureaucratic reform wave 2 (two), which attracted the attention of the public in general interpret the remuneration or allowances lively performance given by the agency on the Civil Service, not on area changes proposed in the road map bureaucratic reforms (RMRB). Substantially, the public should be more sensitive to the changes proposed area of reform of the bureaucracy to oversee and examine the extent of success achieved by the government, especially in contact with public services. The essence of bureaucratic reforms expected by the government can realize the delivery of good governance, public service quality, capacity and accountability of bureaucratic performance and professionalism of human resource (regulation 81 th 2010).

In keeping with these ideas, the government faced with the reality that the repercussions of bureaucratic reform is more viscous meaning in essence remuneration, and is implicated in every government agency is no exception either central or regional institutions. The Respond such phenomena will become commonplace when any bureaucratic reform shade agency to pursue the remuneration that supposedly will be the trigger to the performance of the government bureaucracy instead of focusing on improving its performance. If this phenomenon becomes legitimacy to the organizers of the government or the government bureaucracy would be contra-productive, when not offset by significant changes in the organization. Changes need to be made whether each agency has done a good arrangement of institutional, resource management and employees, it is becoming important as -aspek aspect of the untouched and only the pursuit of performance benefits, then the inefficiency of the organization.

The phenomenon of remuneration accompanied by increased public awareness of the public administration of trigger turmoil rooted in dissatisfaction. Higher demands submitted to the accountability provided by the trust state officials mandated to them. In other words, the performance of government agencies are now more under the spotlight, because people are starting to question the benefits they receive for services of government agencies.

The spirit of reform has colored the utilization of state apparatus with demands for realizing the state administration that is able to support the smooth and integration of the tasks and functions of state governance and development, by practicing the principles of good governance. Effective good governance requires the existence of "alignment" (coordination) is good and integrity, professional and work ethic and morale high. The implementation of good governance is a key prerequisite for realizing the aspirations of the community in achieving the goals and ideals of the nation and the state. In order to this, required the development and implementation of appropriate systems of accountability, clear and evident that governance and development can take place in efficient, effective, clean and accountable and corruption-free (Sedarmayanti, 2012). CPC within the financial audit was also conducted an examination of the Internal Control System (SPI) and compliance with laws and regulations. So that the generated report on there are three kinds of financial audit, namely Inspection Report (LHP) to the Financial Statements, LHP on SPI, and LHP on Compliance with Laws and Regulations.

The study also wants to examine further to several studies showing that less significant results using organizational commitment as moderating variables. Trisnarningsih (2007) which concluded that the understanding of Good Governance have no direct impact on the performance of auditors. Desmiyawati and Azkina (2013) also concluded that in partial accounting control system but organizational commitment can not act as a moderating. Denny (2015) concluded that the participation budgeting to a significant negative effect on managerial performance. While the research results Arumawan and Sutikno (2015) also showed that the remuneration does not affect the performance of civil servants.

The first issue is whether the formulation of Good Governance, Government Internal Control System, Participation Budgeting and Managerial Remuneration affect performance. While the second formulation of the problem is whether the Organizational Commitment may moderate the relationship between good governance, Government Internal Control System, Budgeting and Remuneration Participation in Managerial Performance. The purpose of this study is to demonstrate empirically: First, the influence of Good Governance, Government Internal Control System, Budgeting and Remuneration Participation on Managerial Performance.

Second, Organizational Commitment moderate the relationship between good governance, Government Internal Control System, Budgeting and Remuneration Participation on Managerial Performance. The benefits expected to be obtained through this research are: first, to contribute empirically in the field of public sector accounting in particular to the development of literature in the implementation of the concepts of Good Governance, Internal Control System of the Government, Participation Budgeting and remuneration in order to increase Managerial Performance Government as a form of accountability to the people / society.

Secondly, as an entry in the leadership of public sector organizations in particular Head of Unit in the Directorate General ECD and Dikmas relating to the implementation of Good Governance, Internal Control System of the Government, Participation Budgeting and remuneration in order to increase Managerial Performance in government agencies in an effort to improve public services optimal, Thirdly, it can be used as input and consideration for policy holders and Leadership Unit in setting policies related to Good Governance, Government Internal Control System, Budgeting and Remuneration participation in order to improve managerial performance. This is in accordance with the mandate of bureaucratic reforms carried out in the Ministry / Agency. Fourth, as a reference for writers and other interested parties circuitry studies on Good Governance, Government Internal Control System, Budgetary Participation, Managerial Remuneration and Performance.

## **II. Theoretical Framework and Development Of Hypothesis**

### ***Theoretical Framework***

Viewed from the standpoint of stewardship theory, the manager will behave according to common interests. When the steward and owner's interests are not the same, the stewards will try to cooperate rather than oppose it, because the stewards felt common interests and behave in accordance with the behavior of the owner (Raharjo; 2007). Stewardship Theory assumes that the interests of the people can be maximized by dividing (shared) powers, rights and obligations between the role of supervisor / investigator and management, resulting in the Stewardship Theory states that executives tend to be more motivated to act in the corporate interests than the interests of their own (Hunger, Wheelen, 2004).

Thus, if the principal and agent pick relationship management (Stewardship), the result is a relationship that really matters that are designed to maximize the potential of group work, as well as the principals choose to create a situation of management oriented to the empowerment and delegation of authority is likely to deliver better performance (Donalson, Davis; 1991).

As a form of accountability for the authority given, the stewards (agent) provide accountability reports to the principal. Mardiasmo (2004) explain that the definition of public accountability as the obligation of a fiduciary (agent) to provide accountability, serving, reporting, and disclose all activities and the activities they are responsible to the grantor trustee (principal) who has the right to ask those responsible.

In the public sector organizations budgeting participation plays an important role in improving organizational performance and to produce high-quality decisions. That's because if the budget is prepared / designed participatory accommodate all the programs contained in the unit, causing a high commitment unit leaders work to achieve organizational goals it has set for his involvement in the budgeting process.

Internal control in the government, including K / L and local governments designed by referring to Government Regulation No. 60 Year 2008 concerning the Government Internal Control System (SPIP). In the implementation of SPIP formed units of the Internal Control Unit (SPI), which serves to monitor the performance of work units to be run effectively and efficiently and accountable in accordance with the regulations. While the strengthening of performance accountability aims to improve the capacity and accountability of the performance of the bureaucracy that is supported by the involvement of the leadership and management accountability. Accountability of performance is the embodiment of the obligations of a government agency to take responsibility for the success / failure of the implementation of programs and activities in achieving the organization's vision, mission and objectives.

Motivated by the awareness at the same time the government's commitment to bring clean and good governance, the government provides remuneration. With the expected remuneration the employee payroll system that is fair and reasonable. Remuneration is income other than the salary given to an employee who is active based on competence and performance. Remuneration of the key to the successful implementation of bureaucratic reform to increase the motivation of employees as a reward for performance to meet the target as an incentive motivation for improving performance. Similarly remuneration, employee welfare improvement linked to individual performance and organizational performance.

This is consistent with the theory of goal setting (goal setting theory) where the person's behavior is determined by two cognitions that values and intentions (or destination). Values are what determine the goal for his behavior in the future and these goals will affect actual behavior. Using a theory goal good employee performance in public service delivery was identified as the destination including managers related to managerial performance (Arifin and Rohman, 2012).

Based on a literature review of the above, it is assumed that good governance, internal control systems of government, budgetary participation and remuneration affect the performance of managerial and organizational commitment is assumed to strengthen the effect of moderating variables as described in the conceptual framework in Figure 2.1.

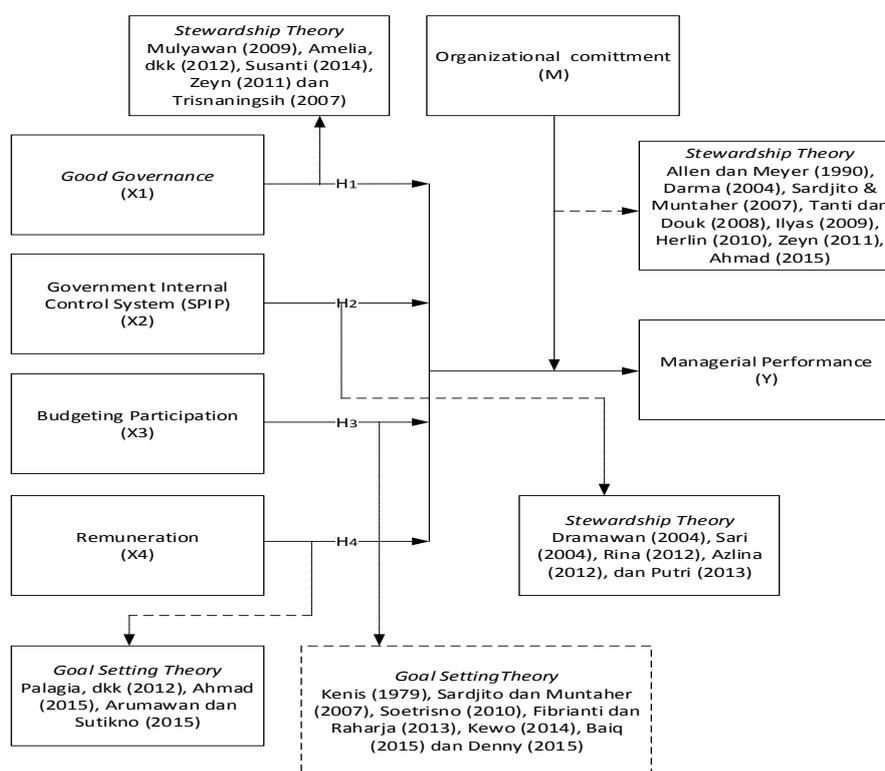


Figure 2.1:conceptual framework

### Development Of Hypothesis

#### Effect of Good Governance to Managerial Performance

In the context of stewardship theory, the relationship between government and society can be described as a relationship Stewardship, where the government serves as an agent who is authorized to perform certain obligations prescribed by the community as the principal, either directly or indirectly through their representatives. In a stewardship relationship standpoint, as a government agent must carry out what the interests of society as a principal.

Implementation of Good Governance in the bureaucracy reform is absolutely necessary in view of good governance requires good management in an organization. One of the benefits that can be learned is the increased performance through the creation process of making better decisions, improve operational efficiency and further improve service to the public. Good governance is a form of government responsibility as an agent of the public as principal.

Mulyawan (2009); Amelia, et al (2012); and Susanti (2014) conducted a study on the Influence of Good Governance on Organizational Performance. The results showed there is an influence on the implementation of good governance on Organizational Performance. While Zeyn (2011) concluded that the Good Governance a significant effect on the financial accountability moderated by organizational commitment. It is different Trisaningsih concluded from the study (2007) which states that an understanding of Good Governance have no direct impact on the performance of auditors.

H1: Good Governance effect to Managerial Performance

#### Effect of Government Internal Control System (SPIP) to Managerial Performance

Internal control in the government, including K / L and local governments designed by referring to Government Regulation No. 60 Year 2008 concerning the Government Internal Control System (SPIP). In the implementation of SPIP formed units of the Internal Control Unit (SPI), which serves to monitor the performance of work units to be run effectively and efficiently and accountable in accordance with the regulations. While the strengthening of performance accountability aims to improve the capacity and

accountability of the performance of the bureaucracy that is supported by the involvement of the leadership and management accountability.

Stewardship Theory assumes that the interests of the people can be maximized by dividing (shared) powers, rights and obligations between the role of supervisor / investigator and management, resulting in the Stewardship Theory states that executives tend to be more motivated to act in the corporate interests than the interests of their own (Hunger, Wheelen, 2004).

Research on Government Internal Control System made by Putri (2013); Rina (2012) and Sari (2011). The results showed that the Government Internal Control System berpengaruh positive to the Managerial Performance. In contrast to that done Darma (2004) and Desmiyawati and Azlina (2012) who studied Accounting Control System on Managerial Performance with Organizational Commitment as moderating variables. It can be concluded that in partial accounting control systems and a significant positive effect on managerial performance but variable commitment not organisasi can not act as a moderating the relationship between accounting control systems and managerial performance.

H2: *Government Internal Control System influence on managerial performance.*

### ***Effect of Budgetary Participation on Managerial Performance***

Budgeting participation in public sector organizations play an important role in improving organizational performance and to produce high-quality decisions. That's because if the budget is prepared / designed participatory accommodate all the programs contained in the unit, causing a high commitment unit leaders work to achieve organizational goals it has set for his involvement in the budgeting process.

In the theory of goal setting one of the factors that influence the goal setting is participation (participation) where the idea of participative management lies in the idea of involving employees in setting goals and making decisions, so as to encourage employees to develop objectives and have the initiative to obtain information about what is happening in elsewhere in organisasi. Dengan that way, employees feel confident that the overall organizational objectives consistent with the vision and mission.

Kenis (1979) test on the effect of budgetary Goal Characteristic of the Behavior and Managerial Performance. The results showed that budget participation has positive influence on managerial performance. Sardjito and Muntaher (2007) found that: (1) a significant difference between partisipasi budgeting to performance governmental authorities and regions there is significant influence between the variables of organizational commitment in moderating the budgeting participation with the performance of local government officials. Variable participation budgeting, organizational commitment, and performance of governmental authorities in the area of research and Muntaher Sardjito (2007) supported this study, where the variable organizational commitment serve as a moderating variable.

Sutrisno (2010) concluded that the simultaneous participation in budget preparation and delegation of authority has a significant positive effect on managerial performance. Fibrianti and Riharjo (2013) concluded that budget participation, decentralization, organizational commitment, and environmental uncertainties significant positive effect on managerial performance. Kewo (2014) concluded that partial and simultaneous budgetary participation, budget goal clarity, and internal control system in a positive effect on managerial performance.

Results Baiq study (2015) showed empirical evidence that the participation budgeting, organizational commitment and work motivation influence on managerial performance work units religious ministry regional office of West Nusa Tenggara province throughout the island of Lombok. While research Denny (2015) showed that simultaneous variable budget participation, budget goal clarity and professionalism of human resources influence on managerial performance SKPD NTB regional government. Partially budget goal clarity and professionalism of human resources is a significant positive effect of participation budgeting while a significant negative effect. The results of different studies where budget participation showed a significant negative effect will be examined further in this study by using the following hypothesis:

H3: *Participation Budgetary effect on Managerial Performance.*

***Effect on Performance Managerial Remuneration*** Remuneration of the key to the successful implementation of bureaucratic reform to increase the motivation of employees as areward for performance to meet the target as an incentive motivation for improving performance. Similarly remuneration, employee welfare improvement linked to individual performance and organizational performance.

This is consistent with the theory of goal setting (goal setting theory) where the person's behavior is determined by two cognitions that values and intentions (or destination). Values are what determine the goal for his behavior in the future and these goals will affect actual behavior. Using a theory goal good employee performance in public service delivery was identified as the destination including managers related to managerial performance (Arifin and Rohman, 2012).

The influence of remuneration to performance has been investigated by Palagia et al (2012) to study the Tax Administration of Makassar. The results showed that (1) the remuneration, motivation and job satisfaction affect the performance of employees at the tax office in the City (2) Rernunerasi, motivation and job satisfaction in a dominant variable influence on the performance of employees at the tax office in Makassar.

Ahmad (2015) conducted research on the influence of participative budgeting on managerial performance: test the role of organizational commitment, locus of control, job relevant information and remuneration. The results of this study indicate that the participatory budget has positive influence on managerial performance, but not statistically significant, mediating organizations komitmcn participative budgeting influence managerial performance. The study found no effect of locus of control and job relevant information pengarnh mediate participative budgeting on managerial performance, while rernunerasi not moderate participative budgeting influence managerial performance, but remuneration has a positive and significant influence statistically on managerial performance.

Arumawan and Sutikno (2015) conducted a study on civil servants in the unes. For educators research results showed that motivation and job satisfaction affect the performance of civil servants, but competence, discipline and remuneration does not affect the performance of civil servants. As for the civil faculty research results demonstrate competence, motivation and job satisfaction affect the performance of civil servants, but the discipline and remuneration does not affect the performance of civil servants. Variable remuneration in this study is used to endorse the study authors where the results of studies showing the remuneration does not affect the performance of civil servants will be examined further in this study by using organizational commitment as moderating variables.

H4: *Remuneration influence on Managerial Performance*

***Organizational commitment moderates the influence of good governance, the Government Internal Control System, Budgeting and Remuneration Participation on Managerial Performance***

In the public sector organizations implement employee commitment on the implementation of the work program that has been determined. Based on the theory of goal setting, employees are committed to the organization will be more concerned with the interests of the organization rather than personal interests. Goal-setting process should be understood to be effective where employees are more likely to have a purpose if you feel as part of the purpose of creation. The process of setting the goal of creating positive conditions when the values of the organization support the development of its employees and their chance to put forward thinking organization (Robbins, 2008: 239). Strong organizational commitment is reflected in the strong commitment of the leadership of the organization and employees in achieving organizational goals as well as more concerned with the interests of the organization above personal interests and interest groups.

Organizational commitment indicates a power of a person to identify his involvement in a part of the organization (Mowday et al. In Vandenberg, 1992). Organizational commitment is built on trust workers on the values of the organization, the willingness of workers to help realize the goals of the organization and loyalty to remain a member of the organization. Therefore, organizational commitment will create a sense of belonging (sense of belonging) to the workers of the organization. If workers feel his soul be bound by organizational values are there then he will feel happy in their work, so it has a responsibility and awareness in running the organization and are motivated to report all activities to implement voluntary public accountability, including financial accountability and performance can be increased.

Research on organizational commitment both as independent variables as well as the moderating variable is done by Ilyas (2009); Tunti and Douk (2008). Results of both studies showed that there is a positive and significant impact on Managerial Performance. It was also confirmed by Keller (1997) in Darma (2004) which states that a high organizational commitment significantly influence performance. Sardjito and Muntaher (2007) concluded that there is significant influence between the variables of organizational commitment in moderating the budgeting participation with the performance of local government officials.

Sumarno (2005) examined the effect of organizational commitment and leadership style on the relationship between budgetary participation and managerial performance. The results showed the effect of organizational commitment on the relationship managerial performance and participation is positive and significant budget. Sardjito and Muntaher (2007) concluded that there is significant influence between the variables of organizational commitment in moderating the budgeting participation with the performance of local government officials.

Ahmad (2015) conducted research on the influence of participative budgeting on managerial performance: test the role of organizational commitment, locus of control, job relevant information and remuneration. The results of this study indicate that the participatory budget has positive influence on managerial performance, but not statistically significant, organizational commitment mediates the influence of participative budgeting on managerial performance.

H5: *Organizational commitment moderates the influence of good governance on Managerial Performance*

H6: *Organizational commitment moderates the influence of Government Internal Control System on Managerial Performance*

H7: *Organizational commitment moderates the influence of Budgetary Participation on Managerial Performance*

H8: *Organizational commitment moderates the influence of Remuneration on Managerial Performance*

### **III. Material and Method**

This research is a quantitative associative. The study was conducted on 8 Technical Implementation Unit (UPT) in the Environment Directorate-General of Education and Early Childhood Education. Basic research is the choice of location is based on the consideration that:

1. An Agenda for Reforms Ministry of Education and Culture form of structuring the management of which is aimed at establishing good governance;
2. Planning and budgeting at Directorate General of Early Childhood Education and Community Education Ministry of Education and Culture and 8 Technical Implementation Unit prepared with a bottom up and top down with the involvement of all the Task Force and all the devices. Top down approach implies that this plan also consider the availability of the budget in accordance with the budget estimates. In terms of implementation, bottom-up approach is made to obtain a picture of the funding needs in order to create ideal conditions;
3. Each Technical Implementation Unit at Directorate General of Early Childhood Education and Community Education Ministry of Education and Culture has established the Internal Audit Unit (SPI);
4. All Technical Implementation Unit at Directorate General of Early Childhood Education and Community Education Ministry of Education and Culture have received performance benefits (remuneration) in accordance with the class positions.

**Study Duration:** Marc to April 2017

**Population:** The population in this study are all Echelon II, III and IV Structural Officials who perform managerial function at 29 Technical Implementation Unit at Directorate General of Early Childhood Education and Community Education which amounted to 105 people.

**Sample size:** 46 Structural Officer

**Sample Classification:** The sampling technique in this study using nonprobability sample selection sampling by purposive sampling, the sample selection techniques with particular consideration (Sugiyono, 2013: 85). The criteria in the selection of samples in this study are:

1. The structural Officials on the Technical Implementation Unit at Directorate General of Early Childhood Education and Community Education that who have applied the principles of good governance;
2. The structural Officials on the Technical Implementation Unit at Directorate General of Early Childhood Education and Community Education who has performed the Government Internal Control System (SPIP) function;
3. The structural Officials on the Technical Implementation Unit at Directorate General of Early Childhood Education and Community Education who has made the budget;
4. The structural Officials on the Technical Implementation Unit at Directorate General of Early Childhood Education and Community Education who has received remuneration;

All structural officer (Echelon II, III and IV) is the organizer of managerial functions in good working unit level managerial functions top, middle and lower.

Based on the criteria of the sample in this study amounted to 46 people :

**Table 1:** Structural Position in 8 Technical Implementation Unit at Directorate General of Early Childhood Education and Community Education

No	Structural Officer	Number of Responden
1	Eselon II	2
2	Eselon III	10
3	Eselon IV	34
	Amount	46

#### **Research Variable**

The research variables in this study can be classified into:

1. Exogenous variables are variables that are not influenced by other variables in the model. Exogenous variables in this study are Good Governance (GG) and Government Internal Control System (SPIP). Budgetary Participation (PPA) and Remuneration (R).
2. Endogenous variables are variables that are influenced by other variables in the model. Endogenous variable in this research is Managerial Performance (KM).
3. Moderating variables are variables that can strengthen or weaken the influence of exogenous variables on endogenous variables. The moderating variable in this research is Organizational Commitment (KO).

### ***Procedure methodology***

In this study, the data used are primary data. Primary data is the source of data that directly provide data to data collectors (Sugiyono, 2013; 137). Primary data collection was obtained by giving a questionnaire (mail questioner) which contains a list of structured questions addressed to the respondents namely Echelon III and IV officials in the Directorate General of Early Childhood Education and Community Education. Data collection using a questionnaire containing a list of structured questions directed to respondents.

Measurement of instruments in each variable Good Governance and Government Internal Control System, Budgetary Participation, Remuneration, Organizational Commitment and Managerial Performance by using Likert Scale. With the scale of assessment (score) 1 to 5 to measure the extent to which the influence of independent variables on the dependent variable. Each variable is given a list of questions taken from the questionnaire. Then each answer option is given a value of 1 for negative extreme answers and a 5 for a positive extreme answer.

### ***Statistical analysis***

This study uses a technical analysis of SEM (Structural Equation Modeling) approach Partial Least Squares (PLS). Data analysis and hypothesis testing in this research using Structural Equation Model - Partial Least Square (SEM-PLS) method with Smartpls 2.0. Partial Least Square is a powerful factor indeterminacy analysis method because it does not assume data must be by a certain scale measurement, the number of small samples. PLS can also be used to confirm the theory (Gozali, 2006; 30). Stages analysis using PLS-SEM through five (5) stages wherein each stage of the process will affect the next stage (Ghozali and Latan, 2015: 47), namely:

1. Conceptualization models. At this stage, researchers must develop and construct measurement. At this stage, steps are designing models structural (inner model) and a measurement model (outer model).
2. Determine the method of analysis of algorithms There are three schemes provided that factorial, and the path or structural centroid weighting. PLS algorithm scheme suggested by Wold is the path or structural weighting.
3. Determine the resampling method. Generally there are two (2) resampling methods used by researchers in the field of SEM are bootstrapping and jacobiefijing to determine the value of t. This study uses bootstrapping method is more often used in the model equations structural to perform resampling. Bootstrapping method using all the original samples to perform resampling.
4. Draw a path diagram. Path diagram in this study can be described as follows:

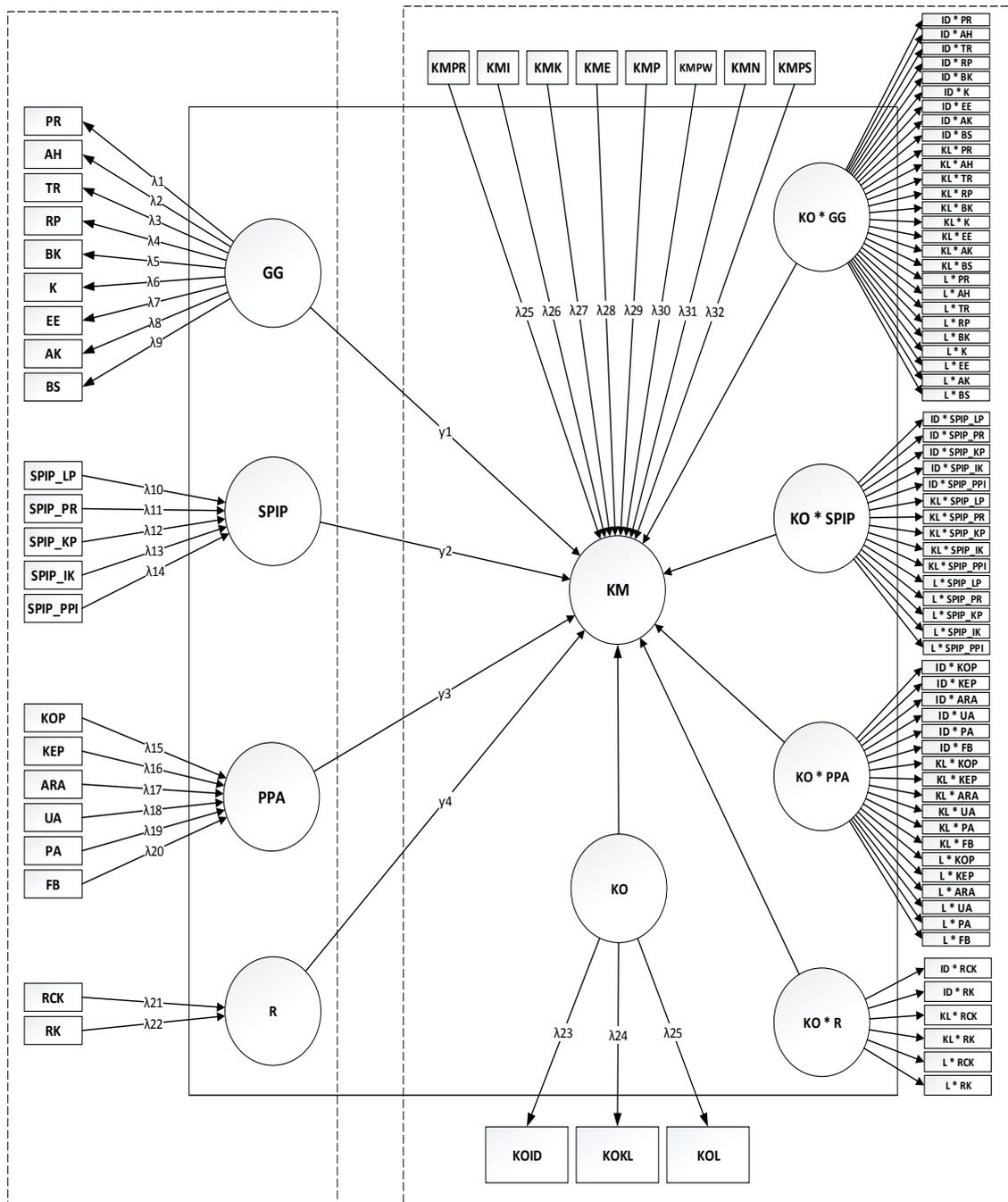


Figure 2 Structural Model and Measurement

Information:

- GG = latent variable of Good Governance
- SPIP = latent variable of SPIP
- KM = latent variable of Managerial Performance
- KO = variable precondition of organizational commitment
- PR = indicator of Partispasion
- AH = indicator of The Rule of Law
- TR = indicator of Transparancy
- RP = indicator of Responsiveness
- BK = indicator of Consensus Oriented
- K = indicator of Justice
- EE = indicator of Effective and Effisiens
- AK = indicator of Accountability

BS	=	indicator of Strategy Oriented
SPIP_LP	=	indicator of Control Environment
SPIP_PR	=	indicator of Risk Assessment
SPIP_KP	=	indicator of Control Activity
SPIP_IK=		indicator of Information and Communication
SPIP_PPI	=	indicator of Monitoring of Internal Control
KMPR	=	indicator of Planning
KMI	=	indicator of Investigation
KMK	=	indicator of Coordination
KME	=	indicator of Evaluation
KMP	=	indicator of Controlling
KMPS =		indicator of Selection Staff
KMN	=	indicator of Negotiation
KMPW =		indicator of Representative
KOP	=	indicator of Contribution in the Preparation
KEP	=	indicator of involvement of budget preparation
ARA	=	indicator of Reasons for budget revision
UA	=	indicator of Suggestions to your boss
PA	=	indicator of Influence in the Final Settlement
FP	=	indicator of Frequency of opinion submission
RCK	=	indicator of Job Achievement
RK	=	indicator of Presence
KOID	=	indicator of Identification
KOKL	=	indicator of Involvement
KOL	=	indicator of Loyalty

Based on the research model made, The equation for inner model can be written as follows:

$$KM = \gamma_1 GG + \gamma_2 SPIP + \gamma_3 PPA + \gamma_4 R + \gamma_5 KO$$

The equations for the reflective model outer can be written as follows:

$$GG = \lambda_1 PR + \lambda_2 AH + \lambda_3 TR + \lambda_4 RP + \lambda_5 BK + \lambda_6 K + \lambda_7 EE + \lambda_8 AK + \lambda_9 BS + \varepsilon_1$$

$$SPIP = \lambda_{10} SPIP\_LP + \lambda_{11} SPIP\_PR + \lambda_{12} SPIP\_KP + \lambda_{13} SPIP\_IK + \lambda_{14} SPIP\_PPI + \varepsilon_2$$

$$PPA = \lambda_{15} KOP + \lambda_{16} KEP + \lambda_{17} ARA + \lambda_{18} UA + \lambda_{19} PA + \lambda_{20} FB + \varepsilon_3$$

$$R = \lambda_{21} RCK + \lambda_{22} RK + \varepsilon_4$$

$$KO = \lambda_{23} KOID + \lambda_{24} KOKL + \lambda_{27} KOL + \varepsilon_5$$

**Information:**

$\gamma$ = Gamma (small), coefficient of influence of exogenous variable to endogenous variable

$\beta$  = Beta (small), coefficient of influence of endogenous variable to endogenous variable

$\zeta$ = Zeta (small), galat model

$\varepsilon$ = Epsilon (small), measurement error on the latent variable

**5. Evaluation Model**

- a. Evaluation of the measurement model or models outer performed to assess the validity and reliability of the model. Outer models with reflexive indicators evaluated through convergent and discriminant validity of indicators and composite forming latent constructs reliability and combach alpha to block the indicator (Chin, 1998, in Ghozali and Latan, 2014 (2014; 73)
- b. inner structural model evaluation models aim to predict the relationship between latent variables. Inner models evaluated by looking at the magnitude of the percentage of variance explained by looking at the value of R-Square for endogenous latent constructs.

**IV. Result**

***Evaluation of Reflexive Measurement Model***

The measurement model with reflexive indicator is evaluated through convergent validity and discriminant validity of latent construct indicator, and composite reliability and cronbach alpha for its indicator block (Ghozali and Latan, 2015: 87). Evaluation reflexive measurement model is done twice because some indicators do not meet the validity and reliability requirements so that must be dropped from the model. The results of evaluation of reflexive measurement model of this research are as follows:

**Table 2. Overview Algoritma**

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
GG	0.5	0.8		0.6	0.5	
GG * KO	0.6	0.9		0.9	0.6	
KM			0.7		0.3	-0.4
KO	0.6	0.8		0.7	0.6	
PPA					0.4	
PPA * KO	0.6	1.0		1.0	0.6	
R					0.8	
R * KO	0.7	0.9		0.9	0.7	
SPIP					0.5	
SPIP * KO	0.7	1.0		1.0	0.7	

**Table 3 . Outer Loadings**

	GG	KM	KO	PPA	R	SPIP
ARA				0.366891		
BK	0.764819					
FB				0.429221		
KEP				0.647895		
KME		0.671025				
KMI		0.534392				
KMK		0.701276				
KMN		0.222827				
KMP		0.607168				
KMPR		0.781525				
KMPS		0.428093				
KMPW		0.551948				
KOID			0.810542			
KOK			0.776373			
KOKL			0.722969			
KOP				0.740966		
PA				0.944953		
PR	0.508132					
RCK					0.902761	
RK					0.883416	
RP	0.719833					
SPIP_IK						0.940262
SPIP_KP						0.545738
SPIP_LP						0.814172
SPIP_PP						0.643853
I						0.664014
SPIP_PR						0.664014
TR	0.697927					
UA				0.274543		

Source: PLS Analysis

Table 3. shows that all constructs with reflective indicators result in a loading factor greater than 0.5 which means that all constructor indicators are valid. Validity test can also be seen from discriminant validity test. For discriminant validity test can be seen on table cross loading below:

**Table 4. Cross Loading**

	GG	KM	KO	PPA	R	SPIP
ARA	0.013749	0.252412	0.423822	0.366891	0.014986	0.016439
BK	0.764819	0.327123	0.441141	0.389718	0.479467	0.421164
FB	-0.026737	0.295295	0.213189	0.429221	0.17707	0.082689
KEP	0.37853	0.44574	0.348666	0.647895	0.177828	0.335262
KME	0.271312	0.671025	0.413923	0.428589	0.479177	0.459517
KMI	0.062269	0.534392	0.197175	0.398755	0.336085	0.264183
KMK	0.19169	0.701276	0.41954	0.482111	0.410885	0.553342
KMN	0.217472	0.222827	0.111474	0.23733	-0.222529	0.247133
KMP	0.260753	0.607168	0.490281	0.305155	0.463502	0.244117
KMPR	0.323213	0.781525	0.442329	0.582726	0.521852	0.321745
KMPS	0.291219	0.428093	0.472068	0.201453	0.286297	0.339846
KMPW	0.088992	0.551948	0.543843	0.388486	0.223561	0.138806
KOID	0.303258	0.519241	0.810542	0.365921	0.397266	0.418001
KOK	0.401049	0.499181	0.776373	0.417426	0.470777	0.27718
KOKL	0.292942	0.422895	0.722969	0.180192	0.222299	0.330159
KOP	0.258634	0.509769	0.227433	0.740966	0.175882	0.278774
PA	0.417451	0.650109	0.390936	0.944953	0.320303	0.440677
PR	0.508132	0.298264	0.090623	0.154258	0.179696	0.323904
RCK	0.19924	0.487758	0.410782	0.312455	0.902761	0.40701

RK	0.33572	0.477304	0.449424	0.183097	0.883416	0.298306
RP	0.719833	0.245669	0.390337	0.1994	0.184609	0.441756
SPIP_IK	0.546856	0.537088	0.477874	0.360621	0.410376	0.940262
SPIP_KP	0.603474	0.31173	0.360009	0.23612	0.483899	0.545738
SPIP_LP	0.654805	0.465062	0.294517	0.622144	0.374806	0.814172
SPIP_PPI	0.57299	0.367775	0.292829	0.305474	0.308378	0.643853
SPIP_PR	0.517219	0.379292	0.381985	0.441393	0.292433	0.664014
TR	0.697927	0.285748	0.241585	0.432896	-0.088987	0.509462
UA	0.177094	0.188879	0.17639	0.274543	0.248226	0.048469

Source: PLS Analysis

Based on Table 4. above can be concluded that each indicator that exist in a latent variables have differences with indicators in other variables indicated by higher loading scores in its own construct so it can be concluded that the valid model because it meets discriminant validity.

In addition to the validity test, a measurement model is also performed to test the reliability of a construct. Reliability test is performed to prove the accuracy, consistency and accuracy of the instrument in measuring the construct. To measure the reliability of a construct with reflexive indicators can be done in two ways: Cronbachs Alpha and Composite Reliability are often called Dillon-Goldstein's (Ghozali and Latan, 2015: 75).

Table 2. above shows that the AVE value generated by the construct with reflexive indicator is above 0.50 so that it meets the reliability requirements. The value of the resulting cronbachs alpha construct below 0.7 so it can be concluded that the constructor indicator is not reliable. Nevertheless, the value of alpha cronbachs generated by PLS is slightly under estimate so it is preferable to use composite reliability or Dillon-Goldstein's (Ghozali and Latan, 2015: 102). Composite reliability value of construct constructed construct very well that is above 0,70 so it can be concluded that construct indicator is reliable or fulfill reliability test.

**Evaluation of Formative Measurement Model**

The output test results formative measurement model as in the table below :

**Tabel 5.** Total Effect (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ((O/STERR))
ARA -> PPA	0.082706	0.108037	0.148506	0.148506	0.556923
FB -> PPA	-0.095498	-0.103594	0.179076	0.179076	0.53328
KEP -> PPA	0.053441	0.073807	0.191416	0.191416	0.27919
KME -> KM	0.267933	0.187042	0.142893	0.142893	1.875063
KMI -> KM	0.123412	0.124543	0.099938	0.099938	1.234889
KMK -> KM	0.149524	0.15746	0.138144	0.138144	1.08238
KMN -> KM	0.391012	0.293264	0.161293	0.161293	2.424231
KMP -> KM	0.370702	0.391202	0.148843	0.148843	2.49056
KMPR -> KM	0.401786	0.339136	0.23013	0.23013	1.745911
KMPS -> KM	0.045306	0.094532	0.105885	0.105885	0.427876
KMPW -> KM	0.006875	0.038989	0.160345	0.160345	0.042878
KOID <- KO	0.466039	0.467881	0.07972	0.07972	5.845939
KOK <- KO	0.448035	0.445569	0.064677	0.064677	6.92724
KOKL <- KO	0.379565	0.366667	0.073365	0.073365	5.173638
KOP -> PPA	-0.138759	-0.251157	0.378448	0.378448	0.366654
PA -> PPA	1.244116	1.233315	0.231779	0.231779	5.367689
RCK -> R	0.583538	0.463889	0.302174	0.302174	1.931134
RK -> R	0.535653	0.608984	0.240459	0.240459	2.227623
SPIP_IK -> SPIP	0.726288	0.676883	0.203983	0.203983	3.560528
SPIP_KP -> SPIP	-0.208762	-0.11683	0.234704	0.234704	0.889468
SPIP_LP -> SPIP	0.348996	0.283849	0.258812	0.258812	1.348454
SPIP_PPI -> SPIP	0.192027	0.200955	0.119731	0.119731	1.603822
SPIP_PR -> SPIP	0.035013	0.02847	0.179657	0.179657	0.194886
UA -> PPA	-0.352566	-0.336879	0.14416	0.14416	2.44565

Source: PLS Analysis

Based on Table 5. above, it can be seen that the PPA construction indicators, ie ARA, FB, KEP, KOP, PA and UA each produce a weight value of 0.082, -0.095, 0.053, -0.138, 1.244 and -0.352 with a T statistics of 0.556, 0.533, 0.279, 0.366, 5.637 and 2.445 so it can be concluded there are two valid indicators (PA and UA) as PPA construct gauge because it has a statistical T value greater than 1.65. The SPIP construction indicators SPIP\_IK, SPIP\_KP, SPIP\_LP, SPIP\_PPI and SPIP\_PR each produce weight values of 0.726, -0.208, 0.348, 0.192 and 0.035 with T statistics 3.560, 0.889, 1.348, 1.603, and 0.194 values so it can be concluded that one valid SPIP\_IK indicator as a SPIP construct gauge because it has a statistical T value greater than 1.65. The construct indicators R are RCK and RK, each yielding the weight value of 0.583 and 0.535 with the statistics T statistics 1.931 and 22227 so it can be concluded that all indicators (RCK and RK) are valid as constructors' R measure because it has a statistical T value greater than 1.65.

While the KME construction indicators KME, KMI, KMK, KMN, KMP, KMPR, KMPS and KMPW each yield the weight value of 0.267, 0.123, 0.149, 0.391, 0.370, 0.401, 0.045 and 0.006 with the T statistics 1.875, 1.242, 1.082, 2.424, 2.490, 1.754, 0.427 and 0.042 so it can be concluded that the KME, KMN, KMP and KMPR indicators are valid as a KM construct gauge because it has a statistical T value greater than 1.65. The KOID, KOK and KOKL construct indicators each produce a weighted value of 0.466, 0.448 and 0.379 with T statistics of 5.845, 6.927 and 5.173 227 so it can be concluded that all indicators (KOID, KOK and KOKL) are valid as constructors KO because it has a statistical T value greater than 1.65.

**Structural Evaluation Models**

**a. R-Square**

The limit to reject and accept the proposed hypothesis is 1.65 (T-table), where if the value of T statistics > 1.65, then the hypothesis will be accepted and otherwise will be rejected. In other words accept the null hypothesis (H0) at the level of error 10%. The limit for R-square is 1.00. The R-square value is said to be high if it approaches 1.00 (0.7 to 1.00), and is said to be low if it goes away from 1.00 (<0.50). R-square test output results as shown in the table below.

**Tabel. 6.R-Square**

	R Square
KM	0.70
KO	
GG	
PPA	
SPIP	
R	

Based on Table 6. it can be concluded that the relationship model of all positive variables with the value of R-square 0.70 approaching 1.00. The construct of Managerial Performance variables can be explained by construct of variable GG, SPIP, PPA and R by 70% while 30% is explained by another variable not examined. Variable Good Governance (GG), Government Internal Control System (SPIP), Budgetary Participation (PPA) and Remuneration (R) enter into high category to explain Managerial Performance variable (KM) because R-square value <0,50.

**b. Goodness of Fit Index**

Based on the value of communality and R2 in table 2. above, the resulting GoF Index of 0.5. The recommended communality value = 0.50 (Fornel and Larcker, 1981) and the value of R2 small = 0.22, medium = 0.13, and large = 0.26 (Cohen, 1988), so the GoF small = 0.10, GoF medium = 0.25, GoF large = 0.36 (Ghozali and Latan, 2015: 83), then the model in this study fall into the large category, because the GoF index is between above 0.36.

**c. Hypothesis Test**

To test the proposed hypothesis, it can be seen from the amount of T-statistics obtained from the bootstrapping result. Summary of hypothesis testing results can be seen in Table 7. below this.

**Tabel 7.Total Effect (Mean, STDEV, T-Values)**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
GG -> KM	-0.746039	-0.583472	0.431203	0.431203	1.730133
GG * KO -> KM	1.258902	0.90363	0.724211	0.724211	1.738308
KO -> KM	-0.273429	-0.042711	0.40972	0.40972	0.667356

PPA -> KM	0.530799	0.49848	0.092173	0.092173	5.758743
PPA * KO -> KM	-0.066912	-0.057769	0.086678	0.086678	0.771955
R -> KM	0.098786	0.200506	0.429428	0.429428	0.230042
R * KO -> KM	0.356641	0.196259	0.666276	0.666276	0.535275
SPIP -> KM	0.360685	0.329664	0.132924	0.132924	2.713457
SPIP * KO -> KM	-0.591494	-0.462578	0.26972	0.26972	2.192992

Source: PLS Analysis

Tabel 8 Conclusion Hypothesis Testing				
No.	Hypothesis	Hypothesis Statement	t-Value	Conclusion
1.	H <sub>1</sub>	GG -> KM	1.730133	Accepted
2.	H <sub>2</sub>	SPIP -> KM	2.713457	Accepted
3.	H <sub>3</sub>	PPA -> KM	5.758743	Accepted
4.	H <sub>4</sub>	R -> KM	0.230042	Rejected
5.	H <sub>5</sub>	GG * KO -> KM	1.738308	Accepted
6.	H <sub>6</sub>	SPIP * KO -> KM	2.192992	Rejected
7.	H <sub>7</sub>	PPA * KO -> KM	0.771955	Rejected
8.	H <sub>8</sub>	R * KO -> KM	0.535275	Rejected

Source: PLS Analysis

Based on hypothesis testing can be summarized as follows:

1. The results of the first hypothesis testing, Good Governance has a significant positive effect on Managerial Performance, obtained by the coefficient of estimation of -0.746 and the value of T statistics of 1.730. The result shows that the value of T statistics is greater than the T-table value (1.65). Thus the first hypothesis (H1) of this study is received at a level of error of 10%. So it can be concluded that Good Governance variable has an effect on managerial performance variable;
2. The result of the second hypothesis testing, Government Internal Control System (SPIP) has a significant positive effect on Managerial Performance, obtained the estimated coefficient value of 0.360 and the value of T statistics of 2.713. The result shows that the value of T statistics is greater than the T-table value (1.65). Thus the second hypothesis (H2) of this study is received at the level of error of 10%. So it can be concluded that the variable Internal Control System Government has a significant positive effect on Managerial Performance variables;
3. The result of the third hypothesis testing, the Budget Participation Participation has a significant positive effect on Managerial Performance, obtained the estimated coefficient value of 0.530 and the T statistics of 5.758. The result shows that the value of T statistics is greater than the T-table value (1.65). Thus the third hypothesis (H3) of this study is received at the level of error of 10%. So it can be concluded that the variable participation budgeting has a significant effect on managerial performance variables;
4. The result of the fourth hypothesis testing, Remuneration has a significant positive effect on Managerial Performance, obtained value of coefficient estimate of 0.098 and T statistics value of 0.230. The result indicates that the value of T statistics is smaller than the T-table value (1.65). Thus the fourth hypothesis (H4) of this study is rejected at the level of error of 10%. So it can be concluded that the variable remuneration does not affect the variable of managerial performance.
5. The results of the fifth hypothesis testing, Organizational Commitment moderate the relationship between Good Governance with Managerial Performance, obtained the estimated coefficient value of 1.258 and the value of T statistics of 1.738. The result shows that the value of T statistics is greater than the T-table value (1.65). Thus the fifth hypothesis (H5) of this study is received at the level of error of 10%. So it can be concluded that organizational commitment can moderate the relationship between Good Governance variable with Managerial Performance variable.
6. The results of the sixth hypothesis testing, Organizational Commitment moderate the relationship between the Government Internal Control System (SPIP) with Managerial Performance, obtained the estimated coefficient value of -0.591 and the value of T statistics of 2.192. The result shows that the value of T statistics is greater than the T-table value (1.65). Although the statistical T value is greater than the T-table value but the value is lower than the value of the test result without using organizational commitment as the moderating variable. Thus the sixth hypothesis (H6) of this study is rejected at the level of error of 10%. So it can be concluded that Organizational Commitment variable can not moderate the relationship between Government Internal Control System with Managerial Performance variable.
7. The result of the seventh hypothesis testing, Organizational Commitment moderate the relationship between Budgeting Participation with Managerial Performance, obtained the estimated coefficient value of -0.066 and the value of T statistics of 0.535. The result indicates that T statistics are smaller; of the T-table value

(1.65). Thus the seventh hypothesis (H7) of this study is rejected at the level of error of 10%. So it can be concluded that organizational commitment variable can not moderate the relationship between budgetary participation with managerial performance variable.

8. The results of the eighth hypothesis testing, Organizational Commitment moderate the relationship between Remuneration with Managerial Performance, obtained the estimated coefficient value of 0.356 and the value of T statistics of 0.535. The result indicates that the value of T statistics is smaller than the T-table value (1.65). Thus the eighth hypothesis (H8) of this study is rejected at the level of error of 10%. So it can be concluded that organizational commitment can not moderate the relationship between remuneration variables and managerial performance variables.

Based on the evaluation of measurement and structural model, we can compile mathematical equations as follows:

a. Equation of structural model (inner model)

$$KM = 1,730 GG + 2,713 SPIP + 5,758 PPA + 0,230 R + 0,667 KO + \zeta$$

b. Equations for formative measurement models

$$GG = 0,764 BK + 0,508 PR + 0,719 RP + 0,697 TR$$

c. Equations for formative measurement models

$$SPIP = 0,940 SPIP\_IK + 0,545 SPIP\_KP + 0,814 SPIP\_LP + 0,643 SPIP\_PPI + 0,664 SPIP\_PR$$

$$PPA = 0,366 ARA + 0,429 FB + 0,647 KEP$$

$$R = 0,902 RCK + 0,883 RK$$

$$KO = 0,810 KOID + 0,776 KOK + 0,722 KOKL$$

$$KM = 0,671 KME + 0,534 KMI + 0,701 KMK + 0,222 KMN + 0,607 KMP + 0,781 KMPR + 0,428 KMPS + 0,551 KMPW$$

## V. Discussion

### **The Effect of Good Governance on Managerial Performance**

Based on the results of hypothesis testing, obtained evidence that Good Governance (GG) variable has an effect on managerial performance variable (KM). The results of this study support the one-hypothesis (H1) that Good Governance has an effect on managerial performance. This means that the implementation of good governance can affect managerial performance. The results of this study are in line with the results of research conducted by Mulyawan (2009); Amelia, et al (2012); and Susanti (2014).

Implementation of Good Governance in the implementation of bureaucratic reform is absolutely necessary considering good governance requires good management in an organization. One of the benefits to be gained is increased performance through the creation of better decision-making processes, improving operational efficiency and further improving services to the public. Good governance is a form of government accountability as an agent to society as principal.

### **Influence of Government Internal Control System on Managerial Performance**

Based on the results of hypothesis testing, obtained evidence that the Government Internal Control System (SPIP) variables affect the variable of Managerial Performance (KM). The results support the second hypothesis (H2) that the Government Internal Control System (SPIP) has an effect on managerial performance. This means that the implementation of government internal control system can affect managerial performance. The results of this study are in accordance with the results of research conducted by Putri (2013); Rina (2012), Sari (2011), Darma (2004), Desmiyawati and Azlina (2012) and Labni (2015).

### **The Influence of Budgetary Participation Participation on Managerial Performance**

Based on the results of hypothesis testing, obtained evidence that the variable Participation Arrangement Budget (PPA) effect on managerial performance variable (KM). The results of this study support the third hypothesis (H3) that Participation Budget Arrangement (PPA) effect on managerial performance (KM). This means that budgetary participation can affect managerial performance. Participation in budgeting in public sector organizations plays an important role in improving organizational performance and producing high quality decisions. This is because if the budget that is formulated / designed in a participatory manner has accommodated all the programs contained in the work unit so as to generate a high commitment of the leaders of the work unit to achieve organizational goals that have been established together for being involved in the process of budget preparation.

In the goal setting theory one of the factors influencing goal setting is participation where the participative management idea lies in the idea of involving employees in setting goals and making decisions, thus encouraging employees to develop goals and having initiatives to obtain information about what is

happening in elsewhere in the organization. In this way, employees feel confident that the organization's overall goals are consistent with its vision and mission.

This is also corroborated by Brownell and Mc's research. Innes (1986) stating that the participation of all levels of management from the budgeting process to budget execution can have a positive effect on the achievement of organizational objectives. The results of this study are in line with the results of research conducted by Kenis (1979), Sumarno (2005), Sardjito and Muntaher (2007), Soetrisno (2010), Fibrianti and Riharjo (2013), Kewo (2014), Baiq (2015) and Denny (2015)

#### **The Effect of Remuneration on Managerial Performance**

Based on the results of hypothesis testing, obtained evidence that variable Remuneration (R) does not affect the variable of Managerial Performance (KM). The results of this study contradict the third hypothesis (H4) that Remuneration (R) has an effect on managerial performance (KM). This means that remuneration can not affect managerial performance. The results of this study are in line with the results of research conducted by Arumawan and Sutikno (2015) but contrary to the results of research Palagia et al (2012). This is possible because in this study only use 2 indicators based on Permendikbud Number 14 Year 2016 that is work achievement and attendance whereas previous research use 4 indicator.

The results of this study are not relevant to goal setting theory where one of the factors affecting goal settings is feedback. Feedback provides an opportunity for employees to improve performance and gain recognition. This is due to the phenomenon that the bureaucracy reformation is more viscous in the essence of remuneration rather than focusing on improving its performance. Such a phenomenon will become commonplace when every agency has a bureaucratic reform scheme to pursue remuneration that supposedly will trigger the performance of government bureaucracy instead of focusing on improving its performance. If the phenomenon becomes a legitimacy for government administrators or government bureaucracy will be contra productive, when not offset by making significant changes to the organization so that the remuneration does not fully improve the performance of the organization.

#### **Organizational Commitment moderates the relationship between Good Governance and Managerial Performance**

Based on the results of hypothesis testing, obtained evidence that Organizational Commitment (KO) variable can moderate the influence of Good Governance (GG) with Managerial Performance (KM). The results of this study support the fifth hypothesis (H5) that Organizational Commitment (KO) can moderate the relationship between Good Governance (GG) and Managerial Performance (KM). It is shown from the data processing where T statistics has increased from 1.730 to 1.738 after moderated by Organizational Commitment.

The successful implementation of Good Governance in the implementation of bureaucratic reform should be accompanied by adequate organizational commitment. In public sector organizations, the commitment of employees is implemented in the implementation of the work program that has been determined. Based on goal setting theory, employees who are highly committed to the organization will be more concerned with the interests of the organization than personal interests.

#### **Organizational Commitment moderates the relationship between the Government's Internal Control System and Managerial Performance**

Based on the results of hypothesis testing, obtained evidence that Organizational Commitment (KO) variable can moderate the influence between Government Internal Control System (SPIP) with Managerial Performance (KM). The results on T statistics show that the indices of t count  $2.192 > 1.65$  which means that organizational commitment moderate the influence of SPIP on Managerial Performance so as to support the sixth hypothesis (H6). The results of this study differ from the results of research conducted by Darma (2004) and Desmiyawati and Azlina (2012).

#### **Organizational Commitment moderates the relationship between Budgetary Participation with Managerial Performance**

Based on the result of hypothesis testing, it is found that Organizational Commitment (KO) variable can moderate the relationship between Participation Budget Arrangement (PPA) with Managerial Performance (KM). The results of this study do not support the seventh hypothesis (H7) that Organizational Commitment (KO) can moderate the influence of Budgetary Participation (PPA) on Managerial Performance (KM). The results of this study differ from the results of research that has been done by Sardjito and Muntaher (2007) where the results of his research concluded that there is a significant influence between organizational commitment variable in moderating the participation of budget preparation with the performance of local government apparatus. The results of this study through testing the third hypothesis (H3) indicates that organizational commitment is not able to moderate the influence of budgetary participation on managerial

performance where the value of t arithmetic influence of budgeting participation on managerial performance of 5.758743 but after moderated by organizational commitment show the value t count lower only of 0.771955.

### **Organizational Commitment moderates the relationship between Remuneration and Managerial Performance**

Based on the results of hypothesis testing, obtained evidence that the Organizational Commitment (KO) variable does not moderate the relationship between Remuneration (R) with Managerial Performance (KM). The results contradict the eighth hypothesis (H8) that Organizational Commitment (KO) can moderate the relationship between Remuneration (R) and Managerial Performance (KM). The results of this study are in line with the results of research that has been done by Sardjito and Muntaher (2007) where the results of his research concluded that there is a significant influence between organizational commitment variable in moderating the participation of budget preparation with the performance of local government apparatus.

## **VI. Conclusion**

This study aims to examine the influence of Good Governance, Government Internal Control System, Budgetary Participation and Remuneration Participation on Managerial Performance by using Organizational Commitment as a moderating variable. The sample in this research is all structural officers in 8 Technical Implementation Unit of Directorate General of Early Childhood Education and Public Education. Test results in this study can be concluded, among others:

1. Good Governance has an effect on managerial performance. The results show that public sector performance has increased along with the implementation of Bureaucracy Reform in all Ministries / Institutions. Implementation of Good Governance in the implementation of bureaucratic reform is absolutely necessary considering good governance requires good management in an organization. One of the benefits to be gained is increased performance through the creation of better decision-making processes, improving operational efficiency and further improving services to the public. Good governance is a form of government accountability as an agent to society as principal.
2. The Government's Internal Control System has a positive effect on Managerial Performance. In the implementation of SPIP established units of Internal Control Unit (SPI) which function to monitor the performance of work units to run effectively and efficiently and accountable in accordance with the regulations. Implementation of SPIP to government agencies in order to strengthen performance accountability. It shows that the application of SPIP will have an impact on the improvement of managerial performance.
3. The participation of budget preparation has a positive effect on managerial performance. This is in line with the goal setting theory that is one of the factors affecting goal setting is participation where the participative management idea lies in the idea of involving the employee in setting goals and making decisions, thus encouraging employees to develop goals and having initiatives to obtain information about what happens elsewhere in the organization.
4. Remuneration has no effect on managerial performance due to the phenomenon that the bureaucracy reformation tone is more viscous in the essence of remuneration rather than focusing on improving its performance. Such a phenomenon will become commonplace when every agency has a bureaucratic reform scheme to pursue remuneration that supposedly will trigger the performance of government bureaucracy instead of focusing on improving its performance. If the phenomenon becomes a legitimacy for government administrators or government bureaucracy will be contra productive, when not offset by making significant changes to the organization so that the remuneration does not fully improve the performance of the organization. In addition, in fact the new remuneration is based on attendance levels so that it can not fully measure employee performance.
5. Organizational commitment to moderate the relationship between Good Governance and managerial performance indicates that organizational commitment can moderate the relationship between Good Governance and managerial performance. The successful implementation of Good Governance in the implementation of bureaucratic reform should be accompanied by adequate organizational commitment. In public sector organizations, the commitment of employees is implemented in the implementation of the work program that has been determined. Based on goal setting theory, employees who are highly committed to the organization will be more concerned with the interests of the organization than personal interests.
6. Organizational commitment to moderate the relationship between Government Internal Control System and managerial performance indicates that organizational commitment can moderate the relationship between Government Internal Control System and managerial performance.

7. Organizational commitment moderating the relationship between Budgetary Participation and managerial performance indicates that organizational commitment can not moderate the relationship between Budgetary Participation and managerial performance.
8. Organizational commitment to moderate the relationship between Remuneration and managerial performance indicates that organizational commitment can not moderate the relationship between Remuneration and managerial performance.

## **VII. Research Implications and Suggestions**

### ***Research Implications***

The results of the findings in this study have three implications, namely theoretical, practical and policy implications. Theoretically this research implies that Good Governance, Government Internal Control System and Budgetary Participation are factors that can influence the improvement of managerial performance. This finding is in harmony with the Goal Setting Theory where there is a link between a person's goals and performance. The purpose-setting theory in this study can be used to explain the behavior of both superior and subordinate in an effort to achieve organizational goals that is achievement of good performance. Achieving optimal performance should be supported by a robust planning process. Participation in the preparation of budgets by all elements in government agencies can improve the performance of the organization optimally. The Government's Internal Control System that adequately runs can help provide reasonable assurance that the organization of activities at a government agency can achieve its objectives effectively and efficiently, reporting the country's financial management reliably, securing state assets, and promoting compliance with laws and regulations. A high organizational commitment creates a sense of belonging to the organization. It encourages to carry out the job responsibly and accountably so as to improve the performance of individuals that impact on improving organizational performance.

This study also supports the concept of Stewardship Theory, which relates to the relationship between the government (agent) and the community (principal) in the relationship management (Stewardship). In this connection the government must give accountability of its performance to the public through public accountability. Public accountability can be fulfilled when government agencies have applied the principles of Good Governance, a reliable Internal Control System and Planning involving all elements (Participation of Budget Arrangement)

Practically, this research has implication on 8 Technical Implementation Unit in Environment Directorate General of Early Childhood and Community Education, that is as input and consideration material for stakeholders in making strategic decisions in an effort to improve organizational performance. The implementation of a reliable Internal Control System has implications for more accountable and transparent state financial management. This can be achieved if all levels of leadership have a high commitment in organizing control activities over all activities in each agency. For the community, the results of this study can provide an understanding and description of the importance of applying the principles of Good Governance, a system of reliable internal control, planning involving all elements (Participation of Budgeting) and the importance of organizational commitment as a form of government accountability to the community principal).

### ***Suggestions***

Some suggestions that can be formulated in this research are as follows:

1. Subsequent research can examine at 21 new Technical Implementation Unit in Environment Directorate General of Early Childhood and Community Education so that the result of research can be generalized;
2. Further research is suggested to use other variables besides organizational commitment to be used as a moderating variable so that it will have a more significant effect;
3. Further research is expected to use other indicators on remuneration variables that are more appropriate to the existing conditions;
4. In subsequent research in designing questionnaires can use the scale of semantic differential (7) points so as to better reflect the respondent's thoughts on the object of research. It is expected to improve the accuracy of the data generated;
5. Further research is suggested to add the respondents from the employee elements (Budget Compiler (RKAKL Operators) and Internal Control Unit (SPI) members) so as to provide more objective answers.

## **Reference**

- [1] Amelia, Ira, Desmiyawati and Azlina (2012). Effect of Good Governance, Internal Control and Organizational Culture on Local Government Performance. Thesis.
- [2] Darma. (2004). The influence of clarity of budget targets and accounting control system on managerial performance with organizational commitment as a moderating variable in local government: Empirical study on regencies and cities throughout the province of Yogyakarta. Thesis.

- [3] Finance and Development Supervisory Board.2000. Performance Measurement: An Overview of Government Agencies. Jakarta: The Study Team of Institutional Accountability System for Government Institution Performance
- [4] and McInnes, M., 1986. Budgetary Participation, Motivation, and Managerial Performance, *The accounting Review*, 61 (4).
- [5] Fibrianti, Riharjo and Budi.2013. Influence of budgetary participation, Decentralization, Organizational Commitment and Environmental Uncertainty on Managerial Performance in Surabaya City Government. *Journal of Accounting Science and Research* volume 1 No. 1.
- [6] Gaibu, Ilyas.2009. Organizational commitment, leadership style and work motivation on the performance of health staff of East Halmahera District Health Office.
- [7] Gibson, J.L, Ivancevich, J., and Donnelly, Jr. J.H. 1985. *Organization, behavior, Structure, and Proceces* Five Edition. Texas: Business Publication Inc.
- [8] Henley, D., Likierman, A., Perrin, J., Evans, M., Lapsey, I. and Whiteoak, J. 1992.
- [9] *Public Sector Accounting and Financial Control*, London: Chapman & Hall.
- [10] Ihyaul Ulum. MD. 2004. *Public Sector Accounting: An Introduction*. University of Muhammadiyah Malang: Malang. Salemba Four: Jakarta.
- [11] Jensen, M and Meckling W. 1976. Theory of The Firm: Managerial Behavior, Agency Cost And Ownership Structure. *Journal of Financial Economics* 3: 305-360.
- [12] Kenis. I. 1979, Effects of Budgetary Goal Characteristics on Managerial Attitudes and Performance. *The Accounting Review*, LIV (4): 707-721.
- [13] Kewo and Cecilia.2014. The Effects of Participate Budgeting, Budget Goal Clarity, and Internal Control Implementation on Managerial Performance. *Research Journal of Finance and Accounting* Vol 5 No.12.
- [14] Labni. (2015). Influence of Organizational Commitment, Internal Control System and Public Accountability to Managerial Performance of SKPD of Local Government of Sumbawa Regency. Thesis.
- [15] Ladzi, KH. M. (2012). *Management and Public Service Reform*. Aditya Media.
- [16] LAN, BPKP. 2001. Measurement of government agencies performance, Socialization Module of Performance Accountability System of Government Institution (AKIP). Institute of State Administration. Jakarta.
- [17] Locke, E. A., and J.F.Bryan, (1967), "Performance Goals as Determinates of Level of Performance and Boredom., *Journal of Applied Psychology*. 51: 120-130.
- [18] Locke, E.A. 1968. Goal Setting Determinant of The Effects of Knowledge of Score in Performance. *American Journal of Psychology*. 81, pp.398-406.
- [19] Indra Bastian. 2007. *Public Sector Audit*. Ed. 2. Salemba Four: Jakarta
- [20] Mahmudi. 2015. *Public Sector Performance Management*. Ed. Revision. College of Management Sciences
- [21] Mardiasmo. 2004. *Public Sector Accounting (Second Edition)*. Yogyakarta: Andi.
- [22] Mardiasmo. 2006. "The Realization of Transparency and Public Accountability through Public Sector Accounting: A Good Governance Facility". *Journal of Governmental Accounting*. Vol. 2, No. 1, May 2006.
- [23] Mardiasmo. 2009. *Public Sector Accounting*. Yogyakarta, Indonesia: andi Offset-Yogyakarta.
- [24] Mahoney, T.A., Jerdee, T.H., and S.J. Carroll, 1963. *Development of Managerial Performance: A Reseach Approach*. Soutwestern Publishing Co. USA.
- [25] Meyer, J.P and Allen, N.J. 1997. "Commitment in the Workplace: Theory, Research and Application". *Jounal of Vacation Behavior*. Vol. 14, pp 24-27.
- [26] Mulyawan, Budi (2009). *The Influence of Good Governance Implementation on Organizational Performance (Study At Palembang City Social Welfare Department)*. Thesis.
- [27] Nurhasana, Baiq.2015. The Influence of Budgetary Participation Participation, Clarity of Organizational Objectives, Organizational Commitment, and Work Motivation on Managerial Performance (Empirical Study on the Regional Work Unit of the West Nusa Tenggara Provincial Office of the Province of Lombok).
- [28] Palagia M., Brasit N., Amar M. Yunus, (2012). Effect of Budgeting Participation on Managerial Performance in Service Sector in Surabaya, *Journal of Analysis*, I(1): 73-78.
- [29] Robertson, Gordon. (2002). "Performance Review". *Performance Review Workshop*. BPKP and Excecutive Education.
- [30] Robbins, S.P., T.A. Judge. 2008. *Organizational Behavior*, Issue 12. Jakarta: Salemba Four.
- [31] Sari, Diana. 2011. The Effect of SPIP, Application of Government Accounting Standards, Completion of Audit Findings to the Quality of Local Government Financial Statements and Its Implications to the Implementation of Good Governance Principles. Thesis.
- [32] Sardjito, Bambang and Muntaher. 2007. *The Influence of Budgetary Participation on Local Government Apparatus Performance, Organizational Culture and Organizational Commitment as Moderating Variables*. Thesis.
- [33] Sedarmayanti.2012.*Good Governance "Good Governance" First Part Revised Edition*. Mandar Maju: Bandung.
- [34] Now, Uma. 2000. *Research Methods For Business: A Skill-Building Approach*.Third Edition. John Wiley & Sons. Inc. New York.
- [35] Soetrisno. 2010. The Influence of Participation, Motivation and Delegation of Authority in Budget Creation of Managerial Performance (Empirical Study on Regional Technical Service and Institution in Kabupaten Rembang Thesis.
- [36] Sugiyono. 2011. *Qualitative Quantitative Research Methods and R & D*. Alfabeta: Bandung.
- [37] Susanti, Iktria. 2014. *The Influence of Good Governance, Utilization of Information Technology and Internal Control on Organizational Performance (Study on SKPD of Siak Regency)*. Thesis.
- [38] Sumarno.2005. The Influence of Organizational Commitment and Leadership Style on Relationship Between Participation in Budgeting and Managerial Performance (Empirical Study at Indonesian Banking Branch Office in Jakarta). *SNA VIII Solo* September 15-16.
- [39] Tunti, Maria.2008. Analysis of the effect of job satisfaction, organizational commitment, and motivation on managerial performance of Local Government. Thesis.
- [40] Trisnarningsih, Sri. 2007. Independence of Auditors and Organizational Commitment as mediation Influence of Understanding Good Governance, Leadership Style and organizational culture to Auditor Performance. Thesis.
- [41] Trisnawati, Rina. 2012. Effect of Effectiveness of Internal Control on the Performance of Government Institutions in Bandung Revenue Service. Thesis.
- [42] Government Regulation Number 21 of 2004 on the Preparation of Work Plan and Budget of State Ministries / Institutions.
- [43] Government Regulation Number 24 Year 2005 regarding Government Accounting Standards.
- [44] Government Regulation Number 60 Year 2008 regarding Government Internal Control System.

- [45] Government Regulation Number 71 Year 2010 regarding Governmental Accounting Standards. Presidential Regulation No. 81/2010 on the Grand Design of Bureaucratic Reform 2010-2025.
- [46] Presidential Regulation No. 29 of 2014 on Accountability System of Government Agencies.
- [47] Presidential Regulation No. 151 of 2015 on Employee Performance Allowance in the Ministry of Education and Culture
- [48] Permendikbud Number 14 Year 2016 regarding Technical Conditions of Employee Performance Allowance Performance in the Ministry of Education and Culture.
- [49] www.jurnalparlemen.com quoted on July 22, 2013.
- [50] www. Ministry of Administrative Reform and Bureaucracy Reform.2015.
- [51] Yolanda, Gustika. 2013. The Influence of Organizational Commitment and Government Internal Control System (SPIP) on Managerial Performance SKPD (Empirical Study on Padang City Device Work Unit). Thesis.

IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with SI. No. 4481, Journal no. 46879.

Frida Nurcahyani " The Influence Of Good Governance, Government Internal Control System, Budgeting Participation And Remuneration On Managerial Performance with Organizational Commitments Moderating Variable( Empirical Studies In The 8 Upt Directorate General Of Early Childhood Education And Community Education Ministry Of Education And Culture)." IOSR Journal of Business and Management (IOSR-JBM) 20.3 (2018): 60-79