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The Influence of Human Resources Competence and Organizational Commitment on the Budgeting Process and Its Impact on Budget Absorption in the North Sumatra Provincial Government

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Abstract – This type of research is quantitative associative. The population in this study were the Head of Service, Head of Sub-Division of Finance, Head of Sub-Division of Planning and Budgeting, and Treasurer of Expenditures at the Regional Apparatus Work Unit in the North Sumatra Provincial Government, totaling 104 respondents. Data collection techniques in this study were questionnaires and documentation studies. This study uses the Partial Least Square (PLS) methodology and the Sobel test. Based on the results of research, the competence of human resources has an effect on budget absorption. Organizational commitment has an effect on budget absorption. Budgeting affects the absorption of the budget. The competence of human resources affects the budgeting process. Organizational commitment affects the budgeting process. Budgeting can mediate the effect of HR competence on budget absorption. Budgeting can mediate the effect of organizational commitment on budget absorption.

Keywords – HR Competence, Organizational Commitment, Budgeting Process, Budget Absorption.

I. Introduction

Regional Revenue and Spending Budget is a local government work plan that is realized in the form of money during a certain period. This budget is used as a tool to determine the amount of expenditure, assist in decision-making and development planning, authorize future expenditures to develop standard measures of performance evaluation as a tool to motivate employees and a coordination tool for all activities of various work units .

Maximum budget realization must also be followed by good budget planning, budget willingness is one of the indicators that can show the success of a program or policy carried out by the government. In general, budget realization is the achievement of an estimate to be achieved over a period of time (Abdul Halim and Sham Kusufi, 2012: 104). Good budget absorption can be seen from the level of implementation of physical realization and the realization of scheduled budgets in accordance with the work plan for one budget year period. By the middle of the year, the realization of budget absorption should reach 50% and at the end of the year it can be maximized to 100%. But that often occurs slowly the process of budget absorption, According to Abdul Halim and Sham Kusufi (2012: 98) the factors that affect budget absorption are budget planning, budget preparation process, human resource competence, and organizational commitment. In this study only used HR competency variables and organizational commitment as independent variables as well as the process of budgeting as intervening variables.

Meanwhile, according to Kuncoro (2013) the absorption rate of the budget is a measure that states how far the target plan has been achieved by the agency. Measuring absorption requires more than just comparing available funds and actual expenses. Even if 100% of the allocated budget is spent there may be absorption constraints that have led to reallocation of funds or failure to implement work plans (Putri, et al, 2017)

Budgeting must be made in a measured and realistic manner in the types of concrete activities that can be implemented. Budgeting should not be made too grandiose, not based on real conditions and less looking at the core of the problem. This is often the case in all Regional Device Work Units of the North Sumatra Provincial Government where in the preparation of more budgets are copy paste from year to year whose results and evaluation of these activities do not have much impact on the community. This is due to the managerial organization of the Regional Device Work Unit of the Government of North Sumatra Province in terms of planning and budgeting they are less able to formulate precisely the objectives and results of these activities expressly. Good planning and budgeting includes the preparation of detailed activities and budgets,

The availability of sufficient human resources is the availability of facilities and infrastructure to improve the quality of kinera-based budget implementation. Improving the quality of human resources can be done with trainings that are in accordance with the necessary needs, so that available human resources are able to carry out the basic tasks in improving organizational services to public needs (Lastanti, 2018). In terms of budget, hr appointed as the official of financial management / budget is very important, but not all acting financial managers who are appointed understand about financial management. Lack of understanding of financial management officials about financial management is causing the hampering of the financial administration process. The ineptness of HUMAN RESOURCES or lack of HR budget managers will affect the buildup of budgets. Competent human resources know well the appropriate and mature planning process and know how the conditions in the field.

Organizational commitment is an individual's attachment to the organization, so that the individual feels owned and strives to achieve organizational goals. A strong organizational commitment will encourage employees to achieve organizational goals, have a positive perception and do what is best for the benefit of the organization. Conversely, employees with low organizational commitment will have low attention to achieving organizational goals, even tending to try to meet personal interests (Sirin, et al., 2020).

Human resource problems are closely related to motivational drive. Motivation can be material or non-material. Materially, the rewards obtained into the procurement committee of goods/services are small compared to the risks and time spent. The procurement committee of goods / services only obtains honorarium per package (once during the procurement of goods / services carried out). Though they have to do various stages of auction activities that require a long time. The problem of the absence of rewards and punishment for the success / failure of management in the SKPD (Regional Device Work unit) of the Government of North Sumatra Province also led to slow absorption of the budget (Miliasih, 2012).

II. METHOD

This type of research is associative. According to Sugiyono (2014: 11), associative research is a study that aims to find out the influence between free variables (X) on bound variables (Y) and how close the influence or relationship is. This research is to look at the influence of Human Resource competence and organizational commitment to budget preparation and its impact on budget absorption on the Government of North Sumatra Province. This study used survey methods of a population by relying on questionnaires as data collection instruments.

The population in this study is the Head of Office, Head of Financial Sub-Section, Head of Planning and Budgeting Sub-Section, and Treasurer of Expenditure on Regional Device Work Units in the Government of North Sumatra Province, 26 Regional Device Work Units at the Government Office of North Sumatra Province. So obtained a population of 26 SKPD x 4 people = 104 people. Sampling used is a census technique, because the entire population is used as a sample, which is a number of 104 samples. The study used a large sample (n 30).

The data collection technique of this study is: List of questions (questionnaire), which is obtained by asking questions in writing to respondents. In this study, the research instrument used is a questionnaire. The variable measurement scale used in this study is to use the ordinal scale in the form of the Ordinal Scale.

This validity and reliability test was conducted on 30 respondents who answered the questionnaire and returned the questionnaire. These 30 respondents are employees or ASNs in SKPD of North Sumatra Province related to the financial management team and budget preparation.

Reliability tests are conducted jointly on all statements. For reliability tests used alpha method, the results can be seen from the value of Alpha Cronbach. Reliable research results occur when there are data similarities at different times. A reliable instrument is one that when used multiple times to measure the same object will produce the same data. Where the instrument is divided into two groups

The study used the Partial Least Square (PLS) methodology and the Sobel Test. Processing data and drawing conclusions, researchers use smartPLS program version 3.0. This study conducted two data analysis processes to test hypotheses 1 to 4 using Partial Least Square and hypotheses 5 to 7 using the sobel test because it can test intervening variables.

III. Finding And Discussion

Data processing techniques using PLS-based SEM methods require 2 stages to assess the fit model of a research model (Ghozali). One of them is outer model analysis. Outer model analysis is used to test measurements that are used as valid measurements. There are several indicators in outer model analysis, including convergent validity, discriminant validity, and composite reliability.

Table 1. Average Varian Extracted (AVE)

	Cronbach's Alpha	rho_A	Composite Reliability	(AVE)
Organizational Commitment	0.925	0.929	0.939	0.658
HR Competence	0.929	0.937	0.941	0.616
Budget Absorption	0.867	0.875	0.897	0.523
Budgeting	0.784	0.805	0.843	0.575

Known AVE value of human resource competency variables, human resource competence, organizational commitment and budget preparation > 0.5, it is stated that each variable has a good discriminant validity.

Table 2. Cronbach Alpha

	Cronbach's Alpha
Organizational Commitment	0.925
HR Competence	0.929
Budget Absorption	0.867
Budgeting	0.784

Cronbach's alpha value of each study variable > 0.7. So these results show each of the research variables has met high reliability requirements.

Table 3. R-Square

	R Square
Budget Absorption	0.542
Budgeting	0.405

In Table 3 the R-Square value obtained is 0.542 for the budget absorption variable. The value interprets that the HR competency variable, organizational commitment is only able to explain the budget absorption variant of about 54.2%, the rest is influenced by other factors not mentioned in the study.

Table 4. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
HR Competence -> Budget Absorption	0.654	0.658	0.148	4.414	0.000
HR Competence -> Budgeting	0.324	0.338	0.261	3.240	0.000
Organizational Commitment -> Budget Absorption	0.133	0.134	0.164	5.811	0.000
Organizational Commitment -> Budgeting	0.015	0.014	0.229	4065	0.000
Budgeting -> Budget Absorption	0.103	0.115	0.085	3.210	0.000

Based on the results of the hypothesis test, the coefficient value of the influence of human resource competence on budget absorption is 0.397 with a t-statistic value of 3.240 > 1.98 and a P-value of 0.000 <0.05 indicating that human resource competence has a significant effect on budget absorption in the direction of positive, then the first hypothesis is "accepted".

Based on Table 4, the t-statistic value of 5.811 > 1.98 and P-value 0.000 < 0.05 indicates that organizational commitment has an effect on budget absorption, then the second hypothesis is "accepted". Based on Table 4, the t-statistic value of 4.414 > 1.98 and P-value 0.000 <0.05 indicates that competence has an effect on budgeting, then the third hypothesis is "accepted".

Based on Table 4, the t-statistic value of 4.065 > 1.98 and P-value 0.000 <0.05 indicates that organizational commitment has an effect on budgeting, then the fourth hypothesis is "accepted".

Based on Table 4, the t-statistic value of 3.210 > 1.98 and P-value 0.000 < 0.05 indicates that budgeting has an effect on budget absorption, so the fifth hypothesis is "accepted".

Table 5. Indirect Effect

	Original Sample	T Statistics	P Values
HR Competence -> Budgeting -> Budget Absorption	0.211	4.697	0.000
Organizational Commitment -> Budgeting -> Budget Absorption	0.183	3.052	0.000

The indirect influence of HR competency variables on budget absorption through budgeting is 0.211 with P-Value 0.000 < 0.05, then budgeting mediates the influence of HR competence on budget absorption. The indirect influence of the variable of organizational commitment to budget absorption through budgeting is 0.183 with a P-Value of 0.000 > 0.05, then budgeting mediates the influence of organizational commitment to budget absorption.

Based on the results of the hypothesis test obtained the coefficient value of the influence of human resource competence on budget absorption of 0.397 with a t-statistical value of 3.240 > 1.98 and P-value of 0.000 < 0.05 indicates that human resource competence has a significant effect on budget absorption in a positive direction, then the first hypothesis is "accepted". Based on the results of respondents' answers above showed the highest indicator values in the indicator of ability with statements in the preparation of budget planning of my agency using instruments such as performance achievements, performance indicators, analysis of shopping standards, unit price standards and minimum service standards with a total answer score of 51 respondents (49%), this shows that the ability of ASN in SKPD Provsu already has resource competence. human beings to perform their duties and functions in accordance with the position. Based on the results of the respondent's response, the average respondent.

The t-statistic of 5.811 > 1.98 and the P-value of 0.000 < 0.05 indicates that organizational commitment has a significant effect on budget absorption in a positive direction, hence the second hypothesis is "accepted". This shows that the better the organizational commitment that each ASN has in SKPD of North Sumatra Province, the absorption of the budget that has been prepared can run well for the programs that will be run based on the results of the respondents' answers above showing the highest indicator value is in the indicator of a strong desire to remain a member of the organization with employee concern for the main tasks and functions of improving public services by The total answer score of 49 respondents (47%),

Employees who are committed and have high expertise will reduce the need for supervision of him. Strict supervision and inherent supervision will be a waste of time and expense. An organization whose employees have organizational commitment will get the desired results such as high performance, low employee turnover rate and low absenteeism rate. In addition, it will also produce other things that are desirable, namely a warm organizational climate, supporting being a good team member and ready to help.

Based on Table 4.23 The t-statistical value of 3.210 >1.98 and the P-value of 0.000 < 0.05 indicates that budgeting has a significant effect on budget absorption in a positive direction, hence the third hypothesis is "accepted".

A systematic plan that covers all government activities expressed in monetary units and applies for a certain period of time (period) to come where the participation of managers in budgeting can develop initiatives so that participants can contribute ideas and information, increase togetherness and feel they have , so that cooperation among members in achieving goals increases. So it can be concluded that the participation of local government officials in the preparation of the budget can develop their knowledge of the budget and then be able to inform the public clearly about the budget compiled by the government.

The t-statistic of 4.414 > 1.98 and the P-value of 0.000 < 0.05 indicates that competence has a significant effect on budgeting in a positive direction, then the fourth hypothesis is "accepted"

The availability of sufficient human resources is the availability of facilities and infrastructure to improve the quality of kinera-based budget implementation. Improving the quality of human resources can be done with trainings that are in accordance with the necessary needs, so that available human resources are able to carry out the basic tasks in improving organizational services to public needs (Lastanti, 2018). The development of competent human resources is able to provide the best decision in the process of preparing a budget.

The t-statistic of 4.065 >1.98 and the P-value of 0.000 < 0.05 indicates that the organization's commitment has a significant effect on budgeting, hence the fifth hypothesis is "accepted".

According to Hariyadi (2015) organizational commitment is the degree to which an employee favors an organization and its goals, and has the nia to maintain its membership in the organization. Organizational commitment shows one's confidence and support and loyalty to the values and goals that the organization wants to achieve (Mowday and Sutton, 1993). A strong organizational commitment will cause individuals to strive to achieve organizational goals, think positively and strive to do what is best for their organization. This is in line with the research of Hariyadi (2015), Asikin (2018), and Harahap, et al (2020) which stated that the organization's commitment had an effect on the budgeting process.

The t-statistic of 4,697 >1.98 and P-value of 0.000 < 0.05 indicates that through budgeting, HR competition has a significant effect on budget absorption in a positive direction, the sixth hypothesis is "accepted".

Organizational performance will look bad if the organization is not able to absorb its budget optimally. The good performance of an organization can not be separated from the role of human resources. Seen from his human resources referred to as Civil Servants, who utilize their physical and psychic abilities optimally to achieve their organizational goals (Anfujatin, 2016). Budgeting contributes greatly to the absorption of the budget. So the better the budget planning will be the better the absorption of the budget. The development of competent human resources is able to provide the best decision in the process of preparing a budget.

The t-statistic of 4,697 >1.98 and the P-value of 0.000 < 0.05 indicate that through budgeting, organizational commitment has a significant effect on budget absorption in a positive direction, then the seventh hypothesis is "accepted".

Commitment is needed by the organization so that competent human resources in the organization can be maintained and maintained properly. This is because employees with high organizational commitment will be able to achieve high performance and show strong dedication and support in achieving organizational goals. Budgeting contributes greatly to the absorption of the budget. So the better the budget planning will be the better the absorption of the budget. A strong organizational commitment will cause individuals to strive to achieve organizational goals, think positively and strive to do what is best for their organization.

IV. CONCLUSION

1. Human resource competence affects budget absorption. The better the competence of human resources available, the more it increases the absorption of the budget.
2. Organizational commitment affects the absorption of budgets. The higher the level of commitment to the organization, the higher the absorption rate of its budget..
3. Budgeting affects the absorption of the budget. The higher the budgeting process against the higher the absorption rate of the budget.
4. Human resource competence affects the budgeting process. The better the competence of human resources available, the more it increases the budgeting process..
5. Organizational commitment affects the budgeting process. The better the competence of human resources available, the more it increases the budgeting process..
6. Budget preparation can mediate the effect of HR competition on budget absorption. The higher the level of budget preparation, the higher the absorption rate of the budget..
7. Budgeting can mediate the influence of an organization's commitment to budget absorption. The higher the level of budget preparation, the higher the absorption rate of the budget.

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