ANALYZE THE INFLUENCE OF ORGANIZATIONAL COMMITMENT, MOTIVATION AND PARTICIPATION IN BUDGETING ON MANAGERIAL PERFORMANCE WITH WORK SATISFACTION AS INTERVENING VARIABLE AT POLITEKNIK UNGGUL LP3M MEDAN

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Abstract: The objective of the research was to analyze the influence of organizational commitment, motivation, and participation in budgeting on managerial performance with work satisfaction as intervening variable at Politeknik Unggul LP3M, Medan. The research used comparative causal which indicated the causal correlation among variables. The population was 115 respondents, and 100 of them were used as the samples, taken by using total sampling technique. The data were gathered by using Structural Equation Model (SEM) with PLS approach. The result of the research showed that organizational commitment and work satisfaction had positive and significant influence on managerial performance, while motivation and participation in budgeting did not have any significant influence managerial performance. Organizational commitment, motivation, and participation in budgeting had positive and significant influence on work satisfaction. Work Satisfaction could only mediate the correlation between organizational commitment and managerial performance but it could not mediate the correlation of motivation and participation of budgeting with managerial performance.

Keywords: Organizational Commitment, Motivation, Participation on Budgeting, Work Satisfaction, Managerial Performance

I. Introduction

Managerial performance is the result of an effective managerial activity process from the planning, implementation, administration, accountability, guidance and supervision processes. Achieving organizational goals shows the work / achievement of the organization and shows the performance of the organization. The work of the organization is derived from a series of activities undertaken. Such activities may be organizational resource management as well as the process of execution of work required to achieve organizational goals.

The success of managerial performance is based on the main tasks and functions of an organization that contains job descriptions of each section for the smooth achievement of the goals of the organization. Furthermore, to facilitate and facilitate the assessment of performance then as a barometer of assessment there are also standard operating procedures that contain detailed steps in implementing every task description that exists.

Commitment can be spelled out from two sides namely; a) employee side that identifies how much an employee's commitment to a job is given to him and how committed he or she is to developing the organization. b) the organizational side, on this side an important element of organizational commitment is held by the top leadership. The greater the organizational commitment in developing subordinates and organizations, the greater the managerial performance of each individual subordinates in the organization. The relationship of organizational commitment with job satisfaction that supports the improvement of employee performance. Internal commitment connects employee behavior in taking attitude and commitment to advance organization, leadership commitment concerning level of participation of a leader in managing organization as possible. Organizational commitment has a positive relationship direction with job satisfaction and
organizational commitment, the higher the commitment of employees and leaders the higher the organization's performance to achieve. The authors assume that the performance of manejerial can be influenced in totality or partially by organizational commitment and involvement of each unit / chart in the preparation of the budget.

Motivation is a person's personal circumstance that encourages individual desire to perform certain activities to achieve goals (Reksohadiprojo and Handoko in Narmodo and Wajdi, 2007). Motivation or incentive to work is crucial for achieving a goal.

Giving motivation is said to be important, because the leader or manager is not the same as the employee, because a leader can not do the work themselves. The success of the organization is determined by the work done by others (subordinates). To carry out the task as a manager he must divide the task and the job to all employees in the work unit according to hierarchy. A leader must be able to create a conducive atmosphere, giving enough attention, rewarding work performance, establishing good communication with all employees. To create such conditions, efforts are needed to improve the quality and job satisfaction for every employee. Because after all the goals of the organization / company, one of which is to improve employee welfare and job satisfaction.

A budget is a statement about the estimated work to be achieved over a period of time specified in financial size (Mardiasmo, 2002). Meanwhile, according to Hansen and mowen (2004), the budget is a quantitative plan and a monetary or nonmonetary form used to translate the company's goals and strategies in operating units.

Participation in budgeting is an engagement between superiors and subordinates in determining the process of resource use on company operations and operations (Eker, 2007). The existence of budgetary participation, will increase the responsibility and performance of lower and middle level managers. Managers can convey their creative ideas to top managers, whose ideas have goals to achieve company goals. The responsibility to carry out every decision of its participation in the budgeting process creates a commitment within the manager to achieve that goal.

In writing this research, researchers take the object of research in Polytechnic Superior LP3M Medan which is often called PULMED or better known among the community with the title LP3M.

The problem - the phenomenon problem worthy of study is the absorption of the budget that is not optimal, so that in the framework of budget absorption occur overlap activities annually, the coordination is not optimal is marked by overlapping work done, stagnanya work that eventually taken over Director to do without going through there are misunderstandings that result in the non-completion of a job and the prejudice of negativity or disproportion between the parts concerned, the doubts in acting to complete a job, the questions that always arise in technical meetings in the execution of work and the potential for compensation the implementation of the work, the strength of the current information on budget policy and other policies that led to interpenisi errors and resulted in negative assumptions of each section and staff leadership unfamiliar in conducting their work and staff motivation to complete the work at the appointed time so that the profit of Polytechnic of LP3M Medan from year to year is not fixed.
Does organizational commitment, motivation and budgetary participation have an effect on managerial performance? Is organizational commitment, motivation and budgetary participation affecting job satisfaction? Does organizational commitment, motivation and budgetary participation have an effect on managerial performance through job satisfaction?

II. Literature Review

Managerial performance is the ability of a leader as measured by the achievement of the responsibilities it carries. Managerial performance is the result of efforts made by managers in performing tasks and functions within the organization (Pareke, 2003). Mahoney (1963) in Panangaran (2008) measures managerial performance with indicators: planning, investigation, coordination, evaluation, supervision, staffing, negotiation and representation.

Job satisfaction is a pleasant emotional attitude and loves her job. This attitude is reflected by work morale, discipline and work performance. Job satisfaction is enjoyed in work, out of work, and in and out of work combination. (hasibuan, 2001: 202).

The job satisfaction indicator in this study was developed from research conducted by Celluci and DeVries (1978). Indicators used include: satisfaction with salary, satisfaction with the job itself, satisfaction with promotion, satisfaction with superiors and satisfaction with co-workers.

Organizational commitment is defined as the level of attachment of feelings and beliefs to the organizations they work for (George, 2008). Mathieu and Zajac (1990) in Supriyono (2004) organizational commitment is the linkage of individuals to the organization so that the individual "feels owned" the organization where he works. The indicators of organizational commitment consist of: Duration of Work, Trust, self (Confident), Credibility (Credibility) and Accountability (Accountability).

Motivation is one very important aspect in determining the behavior of a person or employee. Motivation is closely related to the efforts made by employees in the pursuit of organizational or corporate goals and in creating satisfaction of the efforts that have been done in the work.

Hariandja (2002: 324) quotes Maslow (1987: 287) states that there are five types of grouping needs that must be satisfied by every employee: physical needs, safety needs, social needs, recognition needs and actualization needs.

Budget preparation is the preparation of budget or expenses incurred by a company that is useful for long-term companies, where long-term plans are set forth in the budget to give direction where company activities are addressed in the long run. The budget details the implementation of the program so that the budget prepared has a direction as it has been prescribed in the long run. In order for budget preparation to run well and smoothly, it is necessary to apply a guideline of budget preparation.

Preparation of the budget is made in detail and clear so that each section can follow the guidelines according to the needs of each section. These guidelines will be distributed to each part manager and each part manager will inform the subordinates of the unclear matters so as to avoid mistakes in the preparation of a company's budget should be pursued a predetermined procedure.

Shim (2002) argues that the steps to be followed in the preparation of the budget are: goal setting, evaluation of available resources, negotiations between the parties involved on budget figures, coordinating and reviewing components and final approval.
III. Framework Concepts And Hypotheses

![Conceptual Framework](image)

**Figure 2.1 Conceptual Framework**

The hypothesis of this research is as follows:
1. Organizational commitment, motivation and participation in budgeting have an effect on managerial performance.
2. Organizational commitment, motivation and participation of budget preparation have an effect on job satisfaction.
3. Organizational commitment, motivation and participation in budgeting have an effect on managerial performance through job satisfaction.

IV. Research Methods

This study aims to examine the effect of organizational commitment, motivation and budgetary participation on managerial performance with job satisfaction as an intervening variable at Polewnik Unggul LP3M Medan. The population in this study are employees who work at the Polytechnic of LP3M Medan and other business units from LP3M Polytechnic superior institutions, namely Metro Boutique, Medan Training Development (METRO), MF Production, PT Khalifah Travel and PT BMT Khalifah with a total of one hundred and fifteen person. Research using all members of the polyphase is called the total sample (total sampling) or census. The sample size will be used for 115 people. Data analysis tool uses Smart PLS application.

V. Result And Discussion

Respondents in this research are employees who work in Polytechnic of LP3M Medan and other business units from LP3M Polytechnic superior institutions, namely Metro Boutique, Medan Training Development (METRO), MF Production, PT Khalifah Travel and PT BMT Khalifah with the amount of one hundred and fifteen person. The results of further questionnaires are processed for analysis. The questionnaire distributed was 115 questionnaires and re-received 100 questionnaires, so the sample in this study amounted to 100 samples.

The results of the Outer Model were performed to determine the consistency and accuracy of the data contained in the research questionnaires. Evaluation of Outer Model is done through validity test and reliability test.

![Loading Value of Each Indicator](image)

**Figure 4.1 Loading Value of Each Indicator**
Based on Figure 5.5 it is seen that all indicators have a loading value above 0.7 (all loading values > 0.7). So for the testing phase of loading has been fulfilled.

![Average Variance Extracted Value (AVE)](image)

**Figure 4.2 Average Variance Extracted Value (AVE)**

Based on Figure 5.6 it appears that all indicators have an AVE value above 0.5 (all AVE values > 0.5). So for the testing phase of validity with AVE assessment has been met.

![Cronbach Alpha (CA) and Composite Reliability Value (CR)](image)

**Figure 4.3 Cronbach Alpha (CA) and Composite Reliability Value (CR)**

Based on Figure 4.3 of the size of cronbach alpha and composite reliability, all latent variables have cronbach alpha values above 0.6 and composite reliability above 0.7.

Seen in Table 4.1 ie R Square table to test the coefficient of determination (R2) seen below:

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Coefficient Determination (R2) is known that R value is 0.508, it shows that organizational commitment, motivation, and participation in budget compilation simultaneously / simultaneously influence job satisfaction 50.8%, while the rest 49.02% can be explained by other variables beyond this study.

While Determination Coefficient test (R2) is known value of R equal to 0.660, it shows variable of organizational commitment, motivation, budgeting participation, and job satisfaction simultaneously / simutan able to influence managerial performance equal to 66%, while the rest 36% can be explained by other variables beyond this study.

The results of the Outer Model are performed to determine the direct and indirect effects of the test. Evaluation of inner model results is seen from Figure 4.4 and Table 4.2 for direct impact test results.
The Influence of Organizational Commitment to Managerial Performance.
Test results through inner model evaluation, coefficient value 0.224 and P-Value 0.014 <0.05 indicate organizational commitment variable have a significant positive effect to managerial performance.
Organizational commitment owned by every employee shows a positive influence in supporting managerial performance. For employees with high organizational commitment, the achievement of organizational goals is achieved and improves managerial performance. Conversely, for employees with low organizational commitment will have low attention to the achievement of organizational goals and tend to try to meet personal interests and will degrade managerial performance.

The Influence of Motivation on Managerial Performance.
Test results through inner model evaluation, coefficient value 0.233 and P-Value 0.053> 0.05 indicate motivation variable have positive but not significant influence to managerial performance.
Motivation owned by every employee shows a positive influence but does not support in improving managerial performance. For employees with high motivation, attention to employees about the importance of the purpose of a job in order to arise employee interest in...
the implementation of work, if it has arisen interest then the desire will be strong to take decisions and perform action work in achieving the goals expected by the leader. Thus, employees will work with high motivation may not necessarily improve managerial performance. For the future, employee motivation can be given companies such as rewards for performance performed by employees.

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

Test results through inner model evaluation, coefficient value 0.007 and value P-Value 0.944 > 0.05 indicate variable of participation budgeting have positive but not significant influence to managerial performance.

The participation of budget formation that is owned by each employee indicates that if a leader participates in preparing the budget it will be formed and seen the performance of a leader, this is because the direct leadership oversees the process in preparing the budget, this is because the direct leadership oversees the process in preparing the budget. Thus, supervising the process in preparing the budget may not necessarily improve managerial performance, because for the preparation of the budget not all employees understand how to formulate the company's budget.

**Influence Organizational Commitment to Job Satisfaction.**

Test results through inner model evaluation, coefficient value 0.364 and P-Value 0.000 < 0.05 indicates organizational commitment variable has positive and significant effect to job satisfaction.

Organizational commitment owned by every employee shows commitment can develop if employees are able to find expectations and meet their needs in an organization. For employees with high organizational commitment, it provides comfort, security, and other benefits to employees and increase job satisfaction, and vice versa.

**Influence Motivation on Job Satisfaction.**

Test results through inner model evaluation, coefficient value 0.251 and P-Value 0.021 < 0.05 indicate motivation variable have positive and significant effect to job satisfaction.

Motivation owned by each employee shows a positive and supportive effect in increasing job satisfaction. For employees with high motivation, characterized by high job satisfaction, which is marked by the satisfaction of the work expressed on the pleasure of his work. Employees with high work motivation will work in accordance with applicable standards and in accordance with the time set, require little supervision, and build to create a working atmosphere conducive to work.

**Effect of Budgetary Participation on Job Satisfaction**

Test results through inner model evaluation, coefficient value 0.249 and P-Value 0.023 < 0.05 indicate variable of participation of budget compilation have positive and significant influence to job satisfaction.

Participation budget preparation owned by each employee indicates when a leader participates in preparing the budget it will be formed and seen the performance of a leader, this is because pimp
VI. Conclusions, Limitations And Research Suggestions

Conclusions

Based on the results of the analysis and discussion used in accordance with the purpose of hypotheses conducted with the technique of Structural Equation Modeling (SEM) analysis, the conclusions of this study are:

1. Based on data analysis conducted, it is known that organizational commitment variable and job satisfaction have positive and significant influence to managerial performance variable, while the variable of motivation and participation of budget preparation have positive but not significant influence to managerial performance.
2. Based on data analysis conducted, it is known that organizational commitment, motivation and budgetary participation variable have positive and significant influence to job satisfaction variable.
3. Based on data analysis conducted, it is known that organizational commitment variable has positive and significant influence to managerial performance variable through job satisfaction. While the motivation and participation of budget preparation have influence but not significant to managerial performance through job satisfaction.

Limitations of Research

This study has several limitations. These limitations include:

1. This research is limited to organizational commitment, motivation and budgetary participation on managerial performance at LP3M Superior Polytechnic and other business units.
2. Intake of research object is only done on the campus at Polytechnic Superior LP3M and other business units with the sample number of 100 employees.
3. This research is not able to prove job satisfaction variable as intervening variable or mediate the relationship of motivation and participation of budget preparation to job satisfaction.

Suggestion

1. This research is expected to be developed again by adding other variables, such as organizational culture, procedural justice and so on.
2. It is expected that the population is not only limited to the educational environment, but can be in the type of manufacturing companies, banking or others, so it can increase the number of population or sample research.
3. For the manager or leader in the company should pay attention to the value of job satisfaction because the results of research to prove that job satisfaction can mediate the relationship between organizational commitment with managerial performance.

Daftar Pustaka


Eker, M. (2007). The Impact Of Budget Participation On Managerial Performance Via Organizational Commitment : A Study On The Top 500 Firms In Turkey. *Jurnal tidak dipublikasikan.* Faculty of Economy, Ankara University Turkey.


