Linkages to Budgetary Control and Budgetary Absorption Performance

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ABSTRACT

This study aims to examine the effect of budgetary control on the performance of budgetary absorption. The Research method used was a survey of a population comprising 548 provincial/Regency/city governments in Indonesia with 231 samples. Primary data consisting of 33 samples were collected using questionnaires, and analysed quantitayively testing method used partial least square-path modeling (PLS-PM), whereas data processing methods used smartpls. The Research method used was a survey of a population comprising 548 provincial/Regency/city governments in Indonesia with 231 samples. Primary data consisting of 33 samples were collected using questionnaires, and analysed quantitayively testing method used PLS-PM, whereas data processing methods used smartpls. The results of the study indicate that budgetary control has a significant positive effect on the performance of budgetary absorption. Thus, budgetary control can be said to have a high thrust to increase the performance of budgetary absorption. This contributes to the acceleration of economic development of regional governments in a country.

Keywords: Budgetary Control, Budgetary Absorption Performance, Local Government
JEL Classifications: H61, H72

1. INTRODUCTION

The phenomenon that often happens is towards the end of the fiscal year where government agencies are trying to absorb the budget close to 100% so that not assessed absorption Low budget (Hertati et al., 2019). The world Bank calls developing countries, including Indonesia, has problems in budget absorption called slow back-loaded, which is low absorption in the early Until the middle of the budget year and jumped into the year-end budget. This is Due to not the technical issue of budget implementation but the habit factor that occurs repeatedly where it should be prevented. In carrying out budget control for the process of the budget absorption should involve stakeholders (stakeholders) into the form of deliberation Planning Development (Musrenbang), where the legal foundation is established based on the decree of Minister of Commerce: 050-187/KEP/Bangda/2007. Budget control issues and budget absorption performance in local

governments (local government), as well as unresolved most of the following:

In Table 1 that the completion rate of the Perkada for total local government (local government) which includes: (1) Accounting policy is only reached 49.07% of 542 local government and (2) accounting system of local governments (SAPD) is only reached 37.45% of 542 government. This indicates, among other things: (1) Unresolved Perkada indicates weak budget control and (2) unresolved Perkada provides low absorption of local government budget in Indonesia. Based on the realization of the expenditure reporting as a form of budget absorption for APBD every Semester I for several periods, shown as follows:

Thus, at the end of Semester II during the period, the absorption of the budget was forced to reach an average of

Table 1: Development of settlement of governor/Regent/Mayor Regulation The accrual-based accounting policy and systematic the development (SAPD)

Governor/Mayor regulation/Regent about...	Province			Regency/City			Total province/mayor/regency		
	Total	Settlement of Perkada	%	Total	Settlement of Perkada	%	Total	Settlement of Perkada	%
Accounting policies	34	34	100	508	232	46	542	266	49.07
Local government accounting system	34	34	100	508	169	33	542	203	37.45

Source: Directorate General of Keuda, late November 2014

70.39% or at least attempted to close to 100%. This is what the world Bank has called a slow back-loaded.It Is stated that the local government in managing the budget at each stage of the budget absorption does not indicate a proportional absorption process.

The budget process is a way to demonstrate compliance with needs, including budget allocation for growth; Other than that the implementation of budget-based budgets will be more efficient, where there are eight dimensions for performance measurements one of them is efficiency and also one of the budget characteristics is the budget performance should be monitored Continuous (Natural and Lawrence, 1994; Pendlebury, 1994; Brunsson, 1995; Murphy et al., 1996). Measure in the size of a number for a given period, having interactions between behaviors and organizations affecting budgets, where accounting roles in budget practices relate to the perception of accountability, Similarly, management reform for the purpose of budget efficiency and accountability (Anthony et al., 1998; Goddard, 2004; Brook and Philip, 2007: Hertati and Sumantri, 2016).

Research by (Abdul and Abdulah, 2006; Apostolache and Mihai: 2013; Bastida and Bernardino, 2007; Becker et al., 2014; Bourdeaux, 2008; Williams et al., 2010; Victor, 2010; Williams et al, 2012; Yilmaz and Gökhan, 2011), provide evidence of the relationship between local government agencies with budgets and accounting activities in recording every activity of local government accounting posts.

1.1. Research Purposes
The purposes of this research are as Follows:
To know and get empirical evidence of research so that obtained answers to research issues regarding, the magnitude of influence of budget control over the budget absorption performance. The results of the study (Van Dijk, 2001; The Asia Foundation, USAID, Performance and Fitra, 2012; Tangen, 2004; Speklé and Frank; 2014; Spathis and Sylvia, 2004; Smith, 1999: Skærbæk and Jens, 2004), link the influence of social aspects in organizations as well as absorption of government budgets and management decisions in organizations.

1.2. Scope of the Study
- The observation of budget absorption performance in the study, especially in every Semester I, is an integral part with the performance of budget absorption in some period of budget of local government in Indonesia.
- The budget of Local government in Indonesia.

2. LITERATURE STUDY

2.1. Budget Control and Budget Absorption Performance
Research conducted by Alt and Alec (1981. p. 37), based on the results of data testing from the United Kingdom and the United States and the results compared to evidence from other countries, showed that government spending grew in proportion to National income because politicians feel comfortable to plan for them. Hertati (2015) state that however, budgets in the public sector serve many purposes with varying interests, which have to be supported by various supporting devices.

It was revealed by Aiden (1989. p. 58) that public budgeting serves many purposes, which must be supported, among others: (1) Enforcement of honesty in transactions financial statement;(2) Control and accountability Maintenance; (3) Planning and management of resources; (4) efficiency in resource allocation;(5) a fair spread in fiscal decision making; and (6) Governmental management and government relations stakeholders.

In another opinion, Williams et al. (1990. p. 221) says characteristics of the behavior of a similar entity principal in the public and private sectors. Characteristic Entity principal budget behavior can be associated with a performance evaluation, where Dunk (1992. p. 195) saying entities was can leverage dependence on budget control in evaluating performance. In Research Pettersen (1995. p. 207) said that Discussion of results shows an interesting general topic for public Management accounting and control, particularly in relation to budget controls.

According to the institute of cost and management accountants (CIMA) in Carter et al. (1997) that: *"Budgetary control defined as the establishment of the relating the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results, either to secure By individual action The objective of that policy, or to provide a basis for its revision."*

Hertati (2015) state that budget control is defined as the establishment of budgets related to executive responsibilities in making policies, and comparing budget targets with their realizations, where policies and allow to be used as a basis for revising budgets. Thus, it can be concluded that the budget control is the result of the Executive agreement poured into its budget to be ready to be revised at any time and realized at every final stage of its activity. Similarly, budget control can be said to be part of management control activities because the budget is also a management tool to achieve its objectives.

When the budget control becomes a model of management control, equivalent to those expressed by Marginson (Hertati, 2015) The budget control process that operates in an organization including a model Management control. Thus, it can be concluded that the budget control is a form of executive responsibility that is poured into the target budget with realization, which can be used as a management control model in the organizational entity.

Van der Stede (2000. p. 609), however, has the view that the entity that has a distinction or more proactive strategy has less stringent budget control, which increases the tendency to build looseness and the tendency of entity leaders to think long term. Budget Control has functions as well, as said by Jones and Thompson (2000. p. 205) that there are three very important functions in Budget control: (1) Allocate decision rights among agents in the organization; (2) measure and evaluate performance; and (3) reward and punish individuals for their performance; As well as the budgeting and accounting accountability system is the most widespread mechanism to perform these functions.

Further, Van der Stede (2001. p. 119) says that budget control seems stricter than merely monitoring budget deviations with a management base. Budget Control for lowering the intensity of budget deviations, associated also with performance measurements, as said by Modell (2001. p. 437) that performance measurements in public sector organizations are important to do especially regarding budget control interactions with the organization's budget absorption.

Hertati (2016) state that thus, the important budget control is done for performance measurements through how much the budget absorption process is in the perspective of the quality of the series, such as the development budget of a library building that corresponds to its specifications (is not a specification of a built office building), budget consumables for the needs of libraries but made a kind of budget for Office administrative needs, and others. Thus it can be said that budget control tends to lower the intensity of budget looseness that is expected to impact the increase in budget absorption performance in the context of its budgetary quality.

Furthermore, Oreblyl and Ugochukwu (2005. p. 69) argues that the control of budget is conducted to maintain and achieve a balanced budget and surplus and implement a pragmatic approach to controlling budget through an efficient monitoring system. While Hertati (2015) has other views that budget control is related to the behavior that constitutes the organizational value. Similarly, Özer and Emine (2011. p. 8902) says that budget control has a partial mediation effect on the relationship between environmental uncertainty and a tendency to create budget looseness.

Hertati (2015) state that Thus, it can be concluded that the budget control is an efficient monitoring system that forms the value of the organization where the effect of environmental uncertainty and budget loosening allows it to be lowered Intensity. Because budget control affects the organizational value, it's a broader perspective that covers other aspects.

Some of the budget characteristics to show a good budget, must be measurable and within a certain time limit, as said by Anthony et al. (1998) that the understanding of the budget in general is a plan presented Size (quantitatively) and are usually expressed in units for a given period. In addition, the sense of budget in general should be adaptable to the paradigm change of budget research influenced by various aspects within the scope of the organization, according to what Hartmann and Moers (1999. p. 291) that Behavioral and organizational interactions that affect the budget, in which its interpretation and conclusion should help the research paradigm.

Things that cannot be ignored are the accounting roles in local governments (governments), which are apparently budget practices and interrelated accountability. Matching is said by Goddard (2004. p. 543) that from the study of the relationship between accounting, governance and accountability in the local government in the UK, it turns out the budget system as the most important organizational process in relation to accountability And budget practices relate to the perception of accountability.

Any budget-based, must be measurable in performance. These performance measurements can use different types of indicators. Indicators for performance measurement in the budget process, should be used to measure the precise absorption rate of relative budgets. As in the research conducted by Hajnal and Ugros (2015) in Mike and Reply (Winter 2015/2016:125-126) says that although the management-based performance of indicators exists in sporadic form in the public administration of EU member States, but EU funding regulations Require an indicator-based performance scale and its quality far exceeds other practices. Similarly Hajnal & Jenei 2007 in Mike and Reply (Winter 2015/2016:126) says that in performance measurements are based on the administrative traditions that emphasize the legality of the level of efficiency. A overall need to be seen from various aspects, including budget behavior is observed within the framework, so that the reality of the organization can be seen from good budgeting and budgeting in organizational practice must be able to realize the expectations of society (Davis et al., 1966; Jonsson, 1982; Covaleski and Dirsmith, 1986; Covaleski and Dibsmith, 1988: Hertati, 2015). These opinions affirm that the reality of a good organization can be seen from good budgeting, where it demands suitability between the disbursement planning and its realization.

Based on several studies above, it can be outlined below. That the budget of local government in Indonesia is not separated from budget politics because in the legality of RAPBD to be APBD by the Council (legislative) is a little more definite political nuance. This happens because of many interests with different objectives that should be of concern. Therefore, a local pemda in Indonesia has accommodated many purposes.

However, the budget behavior is a concern in the local government budget in Indonesia, because the budget that has been compiled is in contact with its constituent behavior. This is what characterize the characteristics of budget behavior and the budget behavior must be controllable to give effect to its performance aspects. There by it can be said that the budget control can be used to evaluate

the performance of budget absorption at local government in Indonesia, where the control of this budget as a management tool in carrying out its functions.

Hertati et al. (2015) state that in addition , budget control can be used to detect budget looseness because this cannot be ignored by management in running the function, so it can be said that the budget control has been accommodate the function. Similarly, budget control can impact the monitoring of budget deviations, which need to be supported by budget-based performance measurements.

In another perspective that budget control provides an impact on efficient monitoring systems because the internal and external aspects become its attention, such as uncertainty environmental aspects and the tendency to create budget and attribute looseness or any other parameter. This perspective is also associated with the performance of budget absorption at local government in Indonesia to accommodate incremental budgets (input based).

A good budget reflects the reality of the Organization and should be able to uncover the budgeting involved in the creation of social reality, where it certainly supports the budget information used in performance evaluation for the purpose Transparency of public. Local government officials in Indonesia in carrying out their duties and functions are not only public interest oriented but need balance. Therefore, the budget of local government in Indonesia needs to use incentive-based compensation, with the main objective to encourage work motivation in realizing the budget that pro public services, where the current relative is not fully committed.

Hertati et al. (2020) empirical study indicates that the requirements of external authorities have been conducted regarding the budget of local government in Indonesia, there proved to be budget authorization activity and budget validation that must be guided in the prevailing laws and regulations, in Where budget control is associated with budget absorption performance that has been accommodating the incremental budget (input-based). Similarly, budget absorption performance should be able to reveal efficiencies on all lines (inputs, processes, outputs).

Further that should be done research in order to help uncover the paradigm of overall budget research and research on the budget into its main topic, because so important absorption performance Budget to detect budget efficiency at each stage (input, process, output).So that phenomena Perkada Settlement (Accounting policy regulation & Regional accounting System) related to the research of budget absorption performance be an evaluation material and attention to the importance of budget absorption performance impacts on the quality of financial reporting.

In the end that research should be able to impact the advice of making planning and budgeting electronic based systems and incremental budgets as input-based budgets are still applied to the absorption-based performance Budget, in which enam criteria related to absorption of budget applied to the local government in Indonesia, so that it becomes one of the basis in P-size performance-based absorption budget.

Thus it can be concluded that in previous studies specifically on the aspect of budget control only, while being the state of the art in research that will be conducted by the researcher that is the aspect of control Budget that is associated with the performance of regional government budget absorption in Indonesia.

Similarly, budgeting is used for planning and controlling activities as well as budget information is used in performance evaluation, where such performance evaluation needs to be measured, such as difficulties Budgetary goals and feedback are required for performance measurements and the use of incentive-based compensation can be used for performance measurements (Welsch et al., 1988; Briers and Mark, 1990; Hirst and Steven, 1990; Fatseas and Mark, 1992).

The budget process is a way to demonstrate compliance with needs, including budget allocation for growth; other than that, performance-based budget implementations will be more efficient, where there are eight dimensions for performance measurements One is the efficiency and also one of the budget characteristics is the budget performance should be monitored continuously (Natural and Lawrence, 1994; Pendlebury, 1994; Brunsson, 1995; Murphy et al., 1996; Carter et al., 1997). Budget in numeric size for a specific period, having interactions between behaviors and organizations affecting budgets, where accounting roles in budget practices relate to the perception of accountability, as well as management reform for budget efficiency and accountability (Anthony et al., 1998; Hartmann and Moers, 1999; Goddard, 2004; Brook and Philip, 2007).

In practice, the use of budgeting and accounting systems in a political organization, as the budget as a thorough and coordinated plan, needs to be conducted An accounting system Reformation that implicates the allocation of Budget, in which the State budget in the public sector organization including the scope of management accounting, is advised to be made public financial Management System (SMKP) for public accountability and Internal control monitoring for budgeting and incremental-based budgets is still relevant for use (Ezzamel et al., 2007; Atkinson et al., 2012; Erlina et al., 2012; Muzividzi, 2013; Jones et al., 2014).

Based on the experts' opinion above, it can be summarized that good budgeting can reflect the reality of the Organization, measurement of budget performance can be carried out from various aspects that one of them with the use of compensation An incentive-based without neglecting one of the dimensions for performance measurements , which is the efficiency, where accounting roles in budget practices relate to accountability perception; the use of budgeting in Government should be monitored for internal control because it is related to public accountability.

As revealed by Mardiasmo (vice Minister of Finance, KementerIan Finance RI, 11/08/2015), gives six criteria that must be fulfilled for The implementation of a good budget, and also that expressed by Mike and Reply (Winter 2015/2016:135),in research related to operational Program extensive give Empiricalas evidence a budget document dimension that includes the criteria:(1) the managed funds can be executed according to the existing regulations up to Semester I; (2) Timeliness in the completion of the bill; and (3) conformity between disbursement planning and its realisations; (4)

Submission of contract data; (5) The revision of the budget, in the sense the fewer revisions are made, the better; and (6) the accuracy of the filling of paid warrants (SPPD). The dimensions Efficiency is a package that cannot be separated into the dimensions of the budget document because in the budget documents there are indicators of its achievements. Thus, the dimensions Efficiency to measure the performance of the budget absorption Dimensions of budget documents.

2.2. Influence of Budget Control over Budget Absorption Performance

Management accounting is a control tool in an organization so that financial and non-financial performance in order to make this decision is expressed by (Hansen and Maryanne, 2006; Horngren, 1994; Horngren et al., 2015; Hyndman and Ciaran, 2011; Jacobs, 1995; Jaweng, 2014; Kominis and Dudau, 2012; Likert, 1989; Louise, 1997).

The important control aspect is done by each organization. Organizations must have a budget as its operational basis. To ensure the sustainability of the budget, there must be a strong support of the legitimacy of action for such control. The same thing is expressed by Covaleski and Dirsmith (1986. p. 193) that the power of legitimacy of action in the control of budgets supports budgeting that facilitates and enables rational technical decision making in the organization, and Good budgeting reflects the reality of the Organization in the context of organizational life force.

The strength of the organizational life also concerns the behavior of the organization to demonstrate alignments in the public interest, as revealed by Bailey (1993. p. 7) that local government reform in the context of budget control Influence the fundamental revaluation considerations on the form of democracy and the way to secure, questioning the behavior characteristic of the local government in relation to the public interest, representing the public interest to the program Employment in local government budgeting.

Reform of an organization is done in order to improve its performance.

However, it is also necessary to anticipate any changes in developing the right mechanisms in each activity. Whether it is controlling activity or the performance aspect. It is said by Broadbent and Laughlin (1998. p. 403) that changes in accounting and financial changes in the context of budget control in the public sector can anticipate the nature of activities and core values of the public sector organization, Which gives the effect of this dominant stance is to develop the right budget absorption mechanisms so that the activity and core values remain unaffected.

The budget absorption mechanism cannot be released by the evaluation aspect on how to provide the service efficiently by using the organizational budget capacity, as said by Mullins and Zorn (1999. p. 37) that cost-based Activities in budget control can greatly improve the evaluation of how to provide services efficiently in the public sector, which in general activity-based costs do not face barriers to provide assistance to Governments The area in the thorough evaluation of direct services and determine the candidate of vendors or privatization into the program of the estimated work.

Thorough evaluation of direct services, cannot be ignored also aspects of performance measurement, as said by Modell (2001. p. 437) that performance measurements in public sector organizations are important to do specifically related to Budget control interactions with the organization's budget absorption. Apostolache and Mihai, (2013) stated that the introduction of the budgeting system was bestowed on the organization as a positive effect of the implementation of management accounting changes in the form of regional financial management. Management accounting changes are associated with behaviors that make up the value of the organization, as said by William (2005) that budget controls related to behaviors that make up organizational value and organizational value are formed by one by budget absorption performance.

The organizational value formed in larger organizations is decentralized due to the demands of changes to efficient service needs, supported by accounting data. It was said by Noutomi and Nakanishi (2007. p. 1393) that budget control on a relatively larger organization led to the outcome-oriented decentralization management characterized by performance measurements within the budget Local governments. According to Robson (2008. p. 343) that accounting data is indispensable in budget control to prevent low budget absorption. Robson's further (2008. p. 343) states that cost information in the context of budget control is used as the accounting data source for performance measurements in budget absorption.

Similarly, research conducted by Seal and Amanda (2011. p. 409) that reveals that control in public sector budgets plays a role to avoid cognitive problems based on data-Immainstay and program planning Work that can be applied to explain the volatility of public sector budgets. The research was reaffirmed able by Hertati (2015) stating that the design of performance management systems in budget control will provide the sustainability benefits of the work program within the regional government budgeting.

According to other views of Van Rinsum and Verbeeten (2014. p. 131) stating that the scope of purpose clarity, the ability to choose undistorted performance metrics and the extent to which the organization's leadership knows and controls the process Transformations in budget control that can provide positive effects tend to improve performance in the performance measurement system. Wickramasinghe (2015. p. 323) argues that the problem of cost saving in budget control has social relevance to the special issue of management accounting in the context of loosening the confinement of the old bureaucracy budget The post-colonial Keynes.

Another opinion according to Goddard and Mkasiwa (2016. p. 340) that the budget changes imposed in the context of budget control that affects the organization's perpetrators committed to central government reform adopt innovation to ensure Various funding sources have been accommodated into its budget. According to the above statements it can be concluded that the budget control affects the performance of the Ang sequestration (Figure 1).

Figure 1: Research
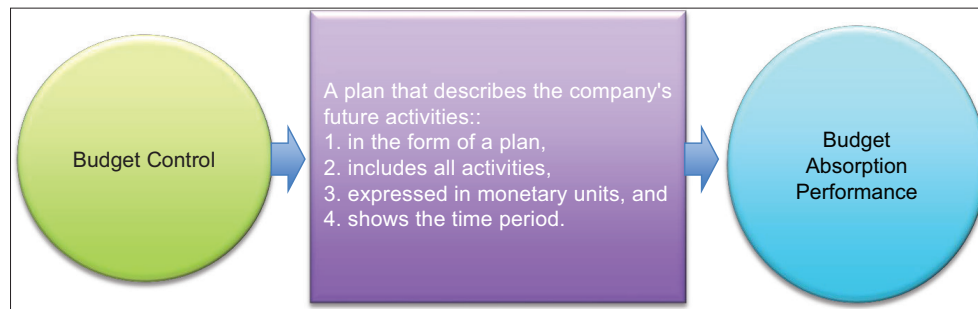
A transparent government financial budget will determine a good organizational performance system as a result of research (Cocca and Alberti, 2010; Decree of the Minister of the Interior No. 050-187 / KEP / BANGDA, 2007; Erlina and Rasdianto, 2012; Grifel, 1993; Gryna et al., 2007; Guilford and Fruchter, 1956; Bourdeaux, 2008; Becker et al, 2014; Bastida and Bernardino, 2007; Apostolache and Mihai, 2013).

2.3. Hypotheses
Based on the phenomena outlined earlier, which in general that the national budget absorption of local government is declared low, and the study of the literature and the above thought frame, the research hypothesis can be determined below:

H_1: Budget control affects budget absorption performance.

3. METHODOLOGY

That the research method of a science can be developed by certain methods of using valid data conducted during the investigation to solving the problem. The research method uses a descriptive method to describe or describe the research variables. The descriptive method can also be said as a survey method. According to Hair et al., (2006), that generally survey Research is limited to research whose data is collected from samples over the population to represent the entire population. The Verificative method or hypotheses testing is a method of study used in this study. According to Zaman and George (2009), that the Verificative research or also called hypotheses testing research is a research aimed at testing the truth of the theory or the results of pre-existing research, which Formulated in the research hypothesis. Thus, this study can be said as a descriptive verification study.

According to Hair et al (2006) that the operationalization of the variable Is to embed the meaning of a construction or variable by assigning an activity or action that is necessary to measure the construct or variable. Variable operationalization is done by formulating variables derived to each dimension until the determination of the indicators attached to the Variables. These indicators are poured into the questioner list which serves as a research instrument.

Based on the above description then the operationalization of each of the research variables as follows:

3.1. Budget Control
Budget control cannot be ignored from the aspect of behaviour in the organization is not differentiated private sector or public with

the same characteristics and cannot be ignored also behavior that raises the attitude of rational utility Maximizer's. Budget related to behavioural behavior Rational Utility Maximizer's so created budgetary Slack that would weaken budget control (Abdulkadir and Ozturk, 2017). Dunk (1993) states that three dimensions have been proven to affect the occurrence of slack of budgeting namely: (1) Organizational Level; (2) Environmental Level; and (3) individual levels. The dimensions of budget control variables are outlined below:

a. Organisational levels occur in activities: participation in budgeting, asymmetric information, superior grading styles – concurrent influences of evaluation style and asymmetric information, superior ability to detect slack, realization-Salary reduction plan and task obscurity (Dunk, 1993).
b. Environmental Level is a confusing situation (Dunk, 1993); Evaluating subordinates based on budget (Bruns et al., 1975); and The budget explanation of the variance needed (Andrew Goddard, 2014).
c. The individual Level is related to the liking of risk (Dunk, 1993); Drafting a budget change (Bruns and Waterhouse, 1975); and a useful role for managerial roles (Andrew Goddard, 2014).

3.2. Performance Absorption Budget
According to Jaweng (2014), that performance can be interpreted as "appearance," "Rally," or "accomplishment." Also expressed performance as the record of outcomes produced on a specified job function or activity during a specified period. According to Zaman and George (2009) That behavioral standards can be a management policy or a formal plan set in a budget.

Mike and Reply (Winter 2015/2016:135), in a research related extensive operational Program giving empirical evidence to simplify process analysis into budget documents. Thus, the budget document can be applied to six attribute that must be met as a good budget execution indicator which includes (Mardiasmo, 2015): (1) How much funds managed by the Government/ Ministry/ institution can be executed in accordance with the regulations that exist until the first semester; (2) Timeliness in the completion of the bill; (3) Conformity between withdrawal planning and its realization; (4) Submission of contract data through the Treasury and State budget system (SPAN); (5) Revision of the implementation of budget (DIPA) fields. In the sense, the fewer revisions are made, the better; and (6) The accuracy of filling the payment warrant (SPM) (Table 2).

Table 2: Variable operationalization

Variable	Dimensions	Indicators	Scale	No. Item
1	2	3	4	5
Budget control (X)	Organizational Level	1. Participation in budgeting	Ordinal	1.1
Bruns and Waterhouse (1975), Dunk	Environmental Level	2. Asymmetric information	Ordinal	1.2
(1993), William (2005), Özer and	Individual Level	3. Superior ability to detect slack	Ordinal	1.3
Emine (2011), Williams et al. (1990) in		4. A stressful situation	Ordinal	1.4
Goddard (2014)		5. Budget for subordinate evaluation	Ordinal	1.5
		6. Budget Variance Explanation	Ordinal	1.6
		7. Liking risks	Ordinal	1.7
		8. Revised budget	Ordinal	1.8
		9. Managerial roles are supported by the	Ordinal	1.9
Budget absorption Performance (Y)	Budget documents	1. The amount of managed funds can be executed	Ordinal	2.10
Carter et al. (1997), (Mardiasmo,		in accordance with the existing regulations up to	Ordinal	2.11
Deputy Minister of Finance, Ministry		Semester I.	Ordinal	2.12
of Finance RI, 11/08/2015), Mike and		2. Timeliness in billing settlement.	Ordinal	2.13
Reply (Winter 2015/2016)		3. The suitability between planning the funds of the	Ordinal	2.14
		Fund with its realization..	Ordinal	4.47
		4. Submission of contract data.		
		5. Budget revision. In the sense, the fewer revisions		
		are made, the better.		
		6. Precision Filling SPM/SPPD.		

Source: Variable operationalization

According to Sekaran and Bougie (2010:121) that population is a whole group of people, events or interests that are investigated by researchers. Similarly still according to Sekaran and Bougie (2010:248) that the unit of analysis is the level of data aggregation collected during the analysis of data. The population as an overall unit of analysis in this study covers all local governments (local government) in Indonesia as many as 548 entities of the government organization. a regency in Indonesia or Indonesia is as much as 416 districts (Data 2015-2016), The number of cities in Indonesia or Indonesia is as much as 98 cities (Data 2015-2016), number Provinces in Indonesia or Indonesia is as much as 34. Thus, the number of local governments in Indonesia is 548. According to Hair et al., (2006) that samples are part of the population used to conclude or describe the population. The number of samples to be taken using the following Slovin formula:

$n = N/(1 + (N \times e^2))$

Where:

n = number of samples

N = population number

E = Margin of error

Using margin of error 5% and confidence degree of 95%, the number of samples calculated as follows:

$n = N/(1 + (N \times e^2))$

So: $n = 548/(1 + (548 \times 0.05^2))$

$n = 548/(1 + (548 \times 0.0025))$

$n = 548/(1 + 1.37)$

$n = 548/2.37$

$n = 231.2236 \approx 231$

Thus it can be stated that the sample amount is 231.

Sample collection techniques using simple random sampling. The data collection method is the mail survey and the location of the local government, while the remote location is confirmed by telephone operator of local government offices in Indonesia. But the number of samples accumulated as many as 33 respondents in

Table 3: List of local government samples in Indonesia

No.	Local government
1.	Kab. Flat ground
2.	City of Payakumbuh
3.	New Pekan City
4.	Kab. Eastern Oku
5.	Kab. Lebong
6.	Kab. West Lampung
7.	Metro City
8.	Kep Province The
9.	Kab. Central Bangka
10.	Province of Dki Jakarta
11.	West Jakarta
12.	Kab. Sukabumi
13.	Kab. Bandung
14.	Kab. Sumedang
15.	Kab. West Bandung
16.	Bandung
17.	City of Cimahi
18.	City of Banjar
19.	Kab. Cilacap
20.	Kab. Klaten
21.	Kab. Jepara
22.	Kab. Kendal
23.	Kab. Pekalongan
24.	Kab. The
25.	Kab. Gunung Kidul
26.	Kab. Tuban
27.	Kab. Klungkung
28.	Kab. Karangasem
29.	Mataram City
30.	Province of East Nusa Tenggara
31.	Kab. Lembata
32.	Province of West Kalimantan
33.	City of Bontang

Source: Questionnaire propagation results

Indonesia. According to Roscue, 1975 in Sekaran (2013, p. 267) that samples larger than 30 and <500 are adequate sample sizes in the majority of research. Thus, can be presented the number of samples in the following Table 3:

4. DESCRIPTIVE ANALYSIS OF RESEARCH DATA

The data obtained from the survey results consist of research data (Zaman and George 2009). The Image of the research results can be used to enrich the discussion, through the overview of the respondent's response data, which is known how respondents responded to each variable being researched. To make it easier to interpret the variables being researched, analysis categorization of the respondent's response score was performed. The categorization principle of the number of respondent response scores in the adoption of arikunto (2008:353). From the Respondent's response, then drafted the assessment criteria for each question item by percentage with the following steps:

1. The cumulative value is the value of each question that is the answer of each respondent.
2. The percentage is the cumulative value of the item divided by the frequency value multiplied by 100%.
3. The number of respondents is 33 people, and the largest measuring scale value is 5, while the smallest measuring scale is 1. So the largest cumulative sum is obtained = 33 × 5 = 165. And the smallest number of Kumulatrif = 33 × 1 = 33. The smallest percentage value is (33/165) × 100% = 20.00%, with

the range value = 100%-20.00% = 80.00%. If divided by 5 categories, it can be a percentage interval value of 16.00%.

4.1. Data Testing Model

This stage relates to the formation of early models of the initial model of structural equations, prior to estimation. This initial model was formulated based on a previous theory or research (Figure 2).

Through the drawing of the conceptual diagram above it can be noted that the line model consists of 1 (one) sub structure. In general, these models can be spelled out through the following equations:

$$Y = \gamma_1 X_1 + \zeta$$

The process of estimating the above model is done using the Help SmartPLS 3.2.8 program application.
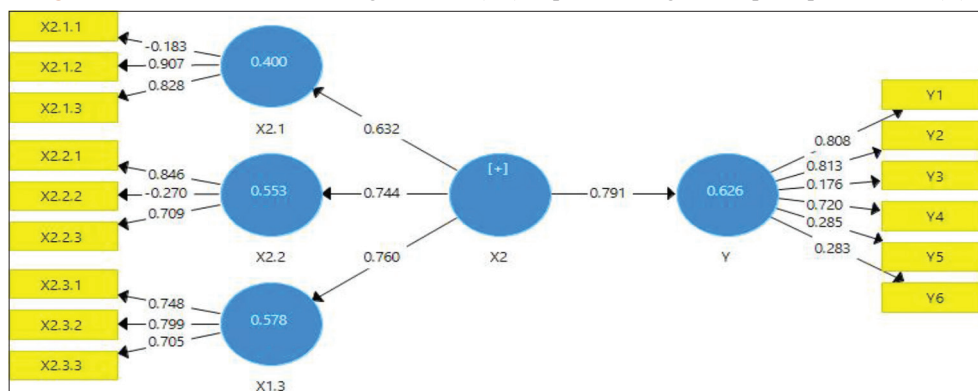
Evaluation of the Outer Model

The Outer model specifications the relationship between the latent variables with the indicator or its manifest variables. Outer Model defines how each block of the indicator relates to its latent variables. In this study to formulate the latent variables and

Figure 2: Conceptual diagram of the model of budget control impact (X2) on budget absorption performance
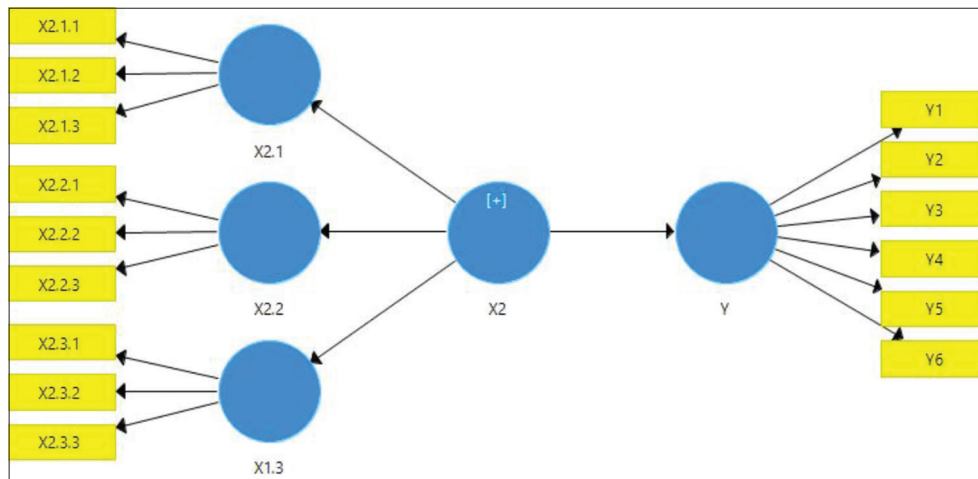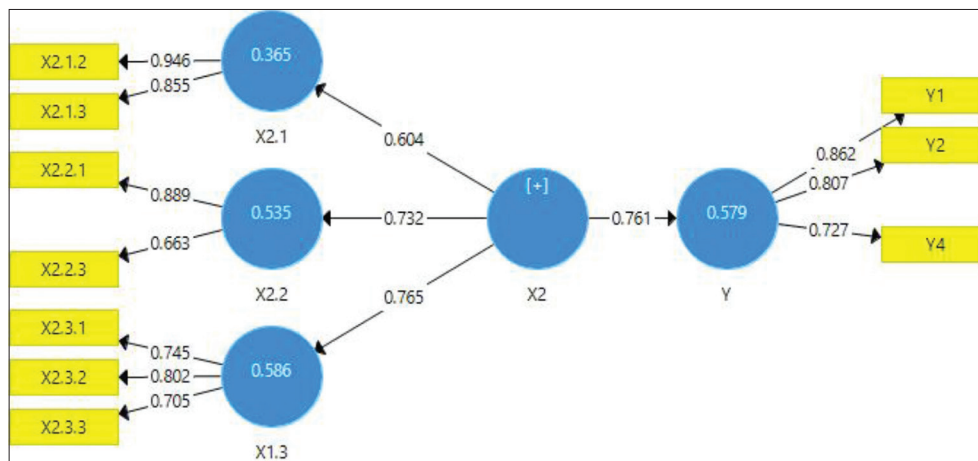

Source: Smartpls 3.2.8 Output result

Figure 3: Model estimation of budget control (X2) impact on budget absorption performance (Y)

Source: Smartpls 3.2.8 output result

Figure 4: Result of reestimation of the model of budget control, influence on budget absorption performance

Source: Smartpls 3.2.8 output result

Table 4: Evaluation linear validity measurement of variable control budget and budget absorption performance

Indicator	X	X_1	X_2	X_3	Y
$X_{1.2}$	0.643	**0.946**	0.369	0.147	0.525
$X_{1.3}$	0.402	**0.855**	0.107	−0.003	0.200
$X_{2.1}$	0.689	0.375	**0.889**	0.290	0.408
$X_{2.3}$	0.422	0.010	**0.663**	0.263	0.204
$X_{3.1}$	0.411	-0.143	0.100	**0.745**	0.433
$X_{3.2}$	0.611	0.002	0.375	**0.802**	0.426
$X_{3.3}$	0.644	0.281	0.256	**0.705**	0.657
I_1	0.724	0.431	0.448	0.608	**0.862**
I_2	0.559	0.264	0.293	0.551	**0.807**
I_4	0.517	0.344	0.210	0.489	**0.727**

Source: Data processing results (2019)

Table 5: Reliability evaluation measurement of budget control and budget absorption performance

Prove the truth	Indicator	X	Composite reliability	Ave
First order	X_1	0.781	0.897	0.813
	X_2	0.396	0.758	0.615
	X_3	0.623	0.795	0.565
Second order	The X_2	0.616	0.752	0.312
First order	Y	0.721	0.842	0.641

Source: Data processing results (2019). AVE=Average variance extracted

the manifest variables were used reflective measuring models, where most of the measurements were developed from concept to indicator (Figure 3).

Evaluation of the model can be done using convergent validity on the reflective model by looking at the value of loading factor. Each observed variable is valid if the value of loading factor is above 0.50. Based on the image above, it is known that almost the entire loading factor value of the observed variable is worth above the critical value of 0.50, except for the $X_{2.1}$ measurement 0.1, $X_{2.2.2}$, Y_3, $Y + 5$, and A Y_6. Indicators that have a loading factor value less than the critical value can be removed from the model. According to Jaweng (2014), if There is a loading factor that is smaller than the critical value, so the corresponding observed variable can be abolished from the model. However, if the loading factor is still above 0.30, the corresponding variable can still be developed for removal. However, due to the fifth loading factor of the indicator

Table 6: Estimate result structural Model effect of budget control on budget absorption performance

Variable	Path coefficient	R square	R square adjusted	T statistic	P value
X -> Y	0.761	0.579	0.565	6.465	0.000

Source: Data Processing results (2019)

still smaller than 0.30, the researcher decided to eliminate the five indicators from the research model and was not further analyzed. The result of the estimate after the issuance of five indicators that do not pass the validity of convergent is as follows (Figure 4).

Based on the image above, it is known that the entire loading factor value of the observed variable has been worth above the critical value of 0.50. It can thus be concluded that the measuring model has had good convergent validity. Further testing will be carried out the outer model including linear validity, composite reliability and Cronbach's alpha.

The value of cross loadings presented through the Table 4 also indicates the presence of a good linear validity, where the correlation value of the indicator with its construction is higher than the indicator's correlation value with other construct (Ghozali, 2014. p. 39).

According to the Table 5, it is known that almost all the construction has the value of cronbach's alpha and composite reliability >0.70, except in the construction $X_{2.2}$, $X_{2.3}$, X_2. The same looks at the Ave value, not the entire construction has an AVE value >0.50. Taking into consideration the combined evaluation of the three criteria of the measurement's reliability, it can be concluded that the reliability of the entire construction of the exogenous and endogenous measurements has been quite good.

4.2. Evaluation of the Inner Model
The structural model is a model that connects a latent variable exogenous with a latent variable endogenous or endogenous variable relationships with other endogenous variables (Hair, 2014. p. 12; Priest, 2006; Natzir (2013). In this research the structural model is linked to the four research hypotheses that hinting causality relationships between latent variables. Priest, (2006),

the structural Model in the study involved one exogenous latent variable (Budget control) and one endogenous latent variable (budget absorption performance). The result of standardized line coefficient calculation on structural model of budget control influence on budget absorption performance is shown in the following Table 6.

4.3. Test Hypothesis

$H_0 \rightarrow$ There is no significant $\gamma_1 = 0$ budget control (X_2) influence on budget absorption performance (Y);

$H_1 \rightarrow$ There is significant $\gamma_1 \neq 0$ (X_2) budget control influence on budget absorption performance (Y).
Test statistics:
T stats at the equivalent of significance $(\alpha) = 5\%$.
Test criteria:
Reject H_0 and thank H_1 if $t \geq 1.96$;
Accept H_0 and reject H_1 if $t < 1.96$.

By using the help of application program SmartPLS 3.2.8 obtained the result of estimation of structural parameters as follows:

Based on the results of the estimation of structural parameters presented through the Table 6, it was seen that budget control (X) proved significant impact on budget absorption performance (Y), where the value of T Statistic obtained is greater than the critical value at the level of significance set by 5% (6.465 > 1.96). With a line coefficient value of 0.761, the value of R^2 obtained is 0, 579 and is included in the medium Category (Hair, 2014. p. 97, 175). This indicates that only 57.9% of the performance of the budget absorption (Y) can be explained by a concession of budget control (X_2), while the remaining 42.1% is explained by other construction that is not examined in the model of this research.

The effect size of budget control over budget absorption performance is evaluated using the value of f^2. Riduwan and Kuncoro, (2012), based on the results of the data processing, it is known that without a construction of budget control, the influence of exogenous construction on budget absorption performance is 0.000. So, the value of f_2 for budget control variables can be calculated as follows:

$$f^2 = \frac{R^2_{included} - R^2_{excluded}}{1 - R^2_{included}} = \frac{0.579 - 0.000}{1 - 0.579} = 1.373$$

An f^2 value of 1.373 worth more than 0.35 indicates that at the structural level, budget control provides a very strong influence over budget absorption performance.

Goodness of Fit Model (Q^2)

To know how much the ability of the model (goodness of fit) in describing the variation of endogenous variables can be calculated as follows:
R_1^2 (Budget absorption performance) = 0.579
$Q^2 = 1 - (1 - R_1^2)$
$Q^2 = 1 - (1 - 0.579)$

$Q^2 = 0.579 = 57.9\%$
Model error = 100% − 57.9% = 42.1%.

It can be concluded that the capacity of the budget control in explaining the performance of the budget absorption is 57.9%, while the remaining 42.1% is influenced by other conduction that does not Researched in this model of research. The value of $Q^2 > 0$ indicates that the model has a good predictive relevance (Chin, 1998).

5. DISCUSSION

The results of the research conclude that Martha, (2011); Melkers and Katherine, (2005); Musso et al., (2006); Nafarin, (2009); Nature and Stewart, (1994); Newberry and June, (2003), concludes that regional financial budgets are transferred from the central government to local governments in order to address the situation of local communities, through local governments.

The results of the research Otto, et al (2004); Paul, (2012); Peters, (2001); Pina and Lourdes, (2003); Ramadan, (2009); Ratna, et al (2017); Richard, (1999); van der Hoek, (2005); conclude that budgeting, quality management and target-based budgeting can be achieved if human resources can work with scientific competencies that can achieve the goals targeted by the government of a just and prosperous society.

6. CONCLUSION AND RECOMMENDATION

Budget control affects budget absorption performance. The level of influence of organizational commitment to budget absorption performance in strong category. The results of this study are in line with what Covaleski and Dirsmith expressed (1986) that the power of legitimacy of action in the budget control supports budgeting that facilitates and enables Rational technical decision making in the organization, and good budgeting reflects the reality of the Organization in the context of the organizational life force. The magnitude of the influence of budget control on the budget absorption performance is 0.694 (69.4%).

This means that the remainder amounted to 30.6%; Budget absorption performance is influenced by other factors beyond the results of this research. Some regional government officials in each stage evaluate their budgets and realizations in shorter periods as well as an evaluation material for their subordinate performance. Evaluation of revenue realization carried out by presenting Regional Device Organization (OPD), evaluation of activities conducted each month by holding regular meetings between Regional Head and OPD, thus Development Implementation Regional revenue and Expenditure budgets (APBD) can be known each month. That budget for subordinate evaluation should be a serious concern for local government organizations in Indonesia because with the proper functioning of the budget as a tool to evaluate the subordinates, then the subordinates will be pleased where Direct attention by superiors through the budget execution stages. Therefore, local government in Indonesia needs to create a formal policy foundation governing a subordinate performance evaluation that is based on budget execution stages.

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