Proceedings Series on Proceedings of Multidisciplinary Sciences, Volume 1, No. 1
International Conference of Business, Education, Health, and Scien-Tech (ICBENS)
ISSN:

Determinants Of Differences Budget And Budget Realization On Performance Financial

Sri Ayu Novianti[1], Antong[2], Halim Usman[3]
[1]Faculty of Economics and Bussiness, Muhammadiyah Palopo University, 91922, Indonesia
[2]Faculty of Economics and Bussiness, Muhammadiyah Palopo University, 91922, Indonesia
[3]Faculty of Economics and Bussiness, Muhammadiyah Palopo University, 91922, Indonesia

AuthorEmail:snovianti@student.umpalopo.ac.id

Abstract
The aim of this research is to find out what factors trigger differences in budget and budget realization. The sample used in this research was 50 employees of the Tirta Mangkaluku Regional Public Company, Palopo City. The data used in this research is primary data. The sampling method uses a purposive sampling method. The primary data is collected through questionnaires distributed manually and via Google form. The method used in this research is multiple linear regression analysis with the help of the smartPLS 3 program. The results of this research show that the relationship between unexpected costs has no effect on financial performance, and operational costs have an effect on financial performance while material misstatements have an effect on performance. finance. Based on the results in this research, it provides implications for scientific development as reference material for further research on topics related to this research. Implications for companies to improve financial performance in developing effective budget planning and control strategies.

Keywords: Budget Realization; Financial Performance

1. Introduction

Every business entity or company is always concerned with a budget. In a company, the budget is the main goal for carrying out planning for businesses operating in the fields of trade, services, and others. To achieve targets as planned, the company must have a good economic management system. Without a plan, the company's performance will not be optimal because the strategy that has been prepared does not run according to the agreed plan. One of the most important things in planning and controlling a company is the budget. (Sabaria, 2018) defines that a budget is a written plan regarding the activities of an organization which is expressed in units of money, but can also be expressed in units of goods/services.

According to (Putrayasa & Saputra, 2018) a business budget (company budget) or budget (budget) is a plan prepared systematically that covers all activities of a company, expressed in financial units (monetary units), and stated to be valid for a certain period of time in future. The role of a budget in a company is not only as a tool to support management in implementation, planning, coordination, and supervision, but also as a work guide in managing the company towards predetermined goals. A budget is one of the tools used to achieve a company goal because without a budget or budgeting a plan cannot be achieved.

The benefits of a budget are to organize plans for carrying out an activity and also to determine the maximum amount of an activity that will be carried out. Of course, the budget has an important role as a form of monitoring the rate of internal economic growth within the company. A good company will of course create a company budget that can help plan funds and control business activities. Having this budget will certainly make it easier for companies to pay the costs that must be incurred to support business activities.

Preparing a budget in a company cannot be separated from management. Therefore, the budget is only a tool for management and still requires good planning and management so that the realization of the budget is in line with the company's targets and goals. With management in the company, budget preparation can be maximized. In preparing a company budget, there are usually budget differences caused by several things, starting from the planning or preparation. If the actual income is below the budgeted amount, it is considered not good or not optimal.

Budget realization is a report that shows the comparison between expenditure and income in a business entity or company. The financial realization function is to see the use of funds in the field and budget plans. In budget realization we will also see the difference between the budget and the amount that has been budgeted. If the actual budget exceeds the budget difference then it is considered to have achieved the target and vice versa. And of course, if the budgeted amount is below the budget difference then we can judge that the company's financial performance is not good. The budget realization report is a report that provides an overview of the allocation and use of financial resources controlled by the central/regional government and explains budget comparisons and implementation during the reporting period (Sabaria, 2018).

There are several factors that cause the budget to not be realized, including weak planning which often takes a long time and causes delays in approval, making the budget realization target not achieved, inappropriate budget planning will make it difficult to discuss the budget, budget implementation is not well understood (Viera & Giraldo, 2019). Budget realization refers to the implementation and achievement of the budget that has been set. This includes monitoring and evaluating the use of funds in accordance with the budget plan that has been prepared. This process involves a comparison between initial budget allocations and actual expenditure, as well as an assessment of the achievement of desired financial goals. In a business entity or company, budget realization helps measure the extent to which the organization can manage its financial resources effectively and efficiently.

Financial performance is an illustration to see the extent to which the company uses applicable rules in presenting or preparing financial reports. Financial performance is also an effort used to assess every success achieved in a company. A company can be said to have good financial performance if the financial reports presented are easy to understand and prepared in accordance with the rules or Government Accounting Standards (SAP). According to (Febryanti et al., 2021) financial performance describes the financial position in a certain time period in relation to the collection and use of funds and is usually measured using indicators of capital adequacy, liquidity and profitability.

Financial performance is a formal effort of a company, which can measure the company's success in generating profits and understand the company's prospects, growth and good development potential based on existing resources. According to (Dharma et al., 2023) financial performance is a form of description of a company's financial position in a certain accounting period, both in terms of financing and distribution, and is usually measured using indicators of capital adequacy, liquidity and profitability. Meanwhile, according to Kurniasari (2014:12), financial performance is work performance in the financial sector that has been achieved by the company and is stated in the company's financial reports. The financial performance of a company can be assessed using analytical tools. Based on the description above, the aim of this research is to determine the factors that cause differences in budget and budget realization and their influence on financial performance.

2. Methodology

The type of research used in the research is quantitative methods. The population in this research is employees of the Tirta Mangkaluku Regional Public Company, Palopo City and the research sample is 50 employee respondents. The type of data in this research is primary data. The data collection method uses purposive sampling. The data collection technique uses a questionnaire with a 1-5 Likert scale. The research questionnaire is distributed to respondents manually and in the form of a Google form which is distributed via WhatsApp and E-mail to make it easier for researchers to obtain data. This research uses multiple linear regression analysis with the help of SmartPLS 3 software. PLS (Partial Least Square) is a data analysis that is soft modeling because it does not assume the data must be on a certain scale, which means the sample size can be small (under 100 respondents). Analysis in PLS is carried out in three stages, namely: Evaluation of the measurement model (Outer model), Evaluation of the structural model (Inner model), and Hypothesis testing.

3. Result and Discussion

3.1. Result

Validity Test

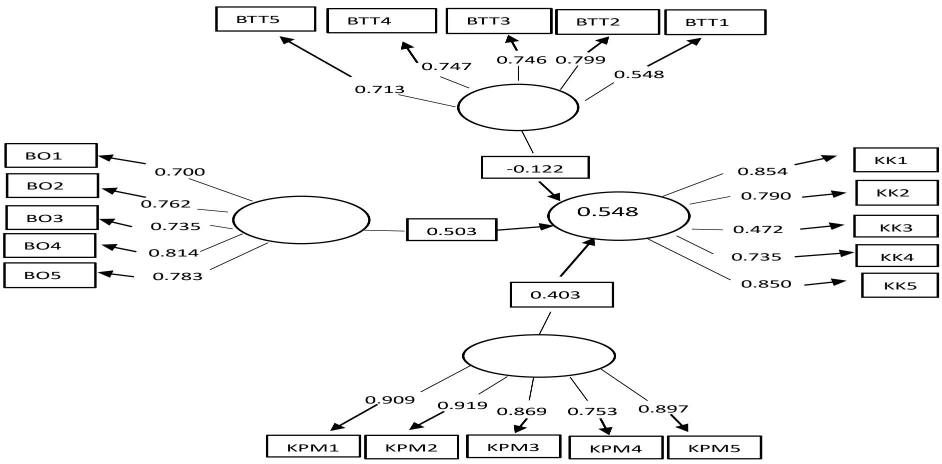

Figure 1 : Factor loading values

Based on the outer loading results obtained from data analysis, 2 indicators must be removed from the factor loading because their value is <0.5. This high outer loading value indicates that all indicators used in the research model have a strong and significant relationship with the construct being measured. Thus, it can be concluded that all indicators of this research can be considered valid and can be used in the analysis and interpretation of research results.

Average Variance Extracted (AVE)

The Average Variance Extracted (AVE) value in Table 2 shows that the AVE value generated for each construct is above 0.50, which means that there is no convergent validity problem with the variables being studied.

Table 2 Analysis Result Construct reliability and validity

	Cronbach's Alpha	*rhoa_A*	*Composite Reliability*	*Average Variance Extracted (AVE)*
Unexpected costs	0.765	0.793	0.838	0.512
Operating costs	0.816	0.890	0.864	0.568
Material misstatement	0.920	0.932	0.940	0.760
Financial performance		0.823	0.872	0.577

Source: Data Processing with SmartPLS, 2024

Reliability Test

In table 1 you can also see the results of reliability tests including Cronbach's Alpha and composite reliability. Cronbach's Alpha shows a value above 0.70, and for composite reliability above 0.7 for all variables. The measurement results obtained are reliable and can be used to analyze the relationship between the variables being studied.

Analysis of Inner Models

a. R square

Based on the R square results in the table below, it show the financial performance variable with a value of 0.548. These results explain that the percentage of financial performance variables is 54%. This is influenced by unexpected cost variables, operational costs, and material misstatements on financial performance by 54% and 46% is influenced by other variables.

Table Analysis result R Square

	R- Square	*R Square Adjusted*
Financial performance	0.548	0.519

Source: Data Processing with SmartPLS, 2024

b. F square

Table analysis result F Square

	Unexpected cost	*Operating costs*	*Misstatement financial*	*Financial performance*
Unexpected cost				0.011
Operating costs				0.287
Misstatement Financial				0.112
Financial performance				

Source: Data processing with SmartPLS, 2024

Based on the data test results in table 4, unexpected costs with a value of 0.011 or <0.02 means the relationship between constructs is low, while changes in operational costs with a value of 0.287 means the relationship between constructs is strong, and material misrepresentation with a value of 0.112 (> 0.15) also low has low relationships.

Hypothesis test

Table Analysis Result Path Coefficients

	Original Sample (O)	*Sample Mean(M)*	*Standard Deviation (STDEV)*	*T statistics (O/STDEV)*	*P Values*
Unexpected costs	-0.122	-0.047	0.182	0.674	0.501
Operating costs	0.503	0.334	0.121	4.144	0.000
Misstatements costs	0.403	0.521	0.152	2.653	0.008

Source: Data processing with SmartPLS, 2024

Based on Table 5, the results show that unexpected costs have a negative effect on financial performance with an original sample value of -0.122, a static T value of 0.674, and a P-value of 0.501 which is greater than 0.05 (>0.05). Thus, hypothesis 1 is rejected. Meanwhile, operational costs have a significant positive effect on financial performance with an original sample value of 0.503, a statistical T value of 0.334, and a P value of 0.000 less than 0.05 (>0.05). Thus, hypothesis 2 is accepted. Meanwhile, material misstatements have a significant positive effect on financial performance with an original sample value of 0.403, a statistical T value of 2.653, and a P value of 0.008. Thus, hypothesis 3 is accepted.

3.2. Discussion

Unexpected Costs on Financial Performance

Based on the output results of Table 5 T statistics for the variable Unexpected Costs (X1) on financial performance (Y) is 0.674 and the original sample value shows a negative value of -0.122 with a P-value of 0.501. Thus, H1 in the research rejected. It can be interpreted that the variable of unexpected costs and its indicators has no effect on the financial performance variable.

As for research conducted by (Aprilia & Ma'ruf, 2022), based on research results from partial hypothesis testing, it shows that unexpected spending does not have a significant effect on regional financial deficits. This means that an increase in the value of unexpected expenditure is not necessarily accompanied by an increase in the regional financial deficit, nor does a decrease in the value of unexpected expenditure necessarily result in a decrease in the regional financial deficit. This is in accordance with the realization of unexpected expenditure for the 2019-2020 period which experienced an increase from 40.12% to 78.52%, inversely proportional to or not in line with the realization of the 2019-2020 budget deficit which actually experienced a decrease in realization from 15.41% to 15.05%. This proves that the unexpected increase in expenditure realization does not necessarily result in the realization of a regional financial deficit.

Research conducted by (Anggi et al., 2022) Based on the results of the t-test, which is also known as a partial test, the calculated t-value for the variable representing unexpected expenses is 37.271. Because the resulting t-calculated value is higher than the t-table value (37.2771 higher than 1.988), it can be concluded that the variable representing unexpected expenditure has a positive and substantial influence, at least in part, on the variable representing regional income. The results of this study indicate that unexpected cost fluctuations do not have a significant impact on the company's financial results. This can be interpreted as a company.

Operational Costs on Financial Performance

Based on the output results of table 5 T statistics for the operational cost variable (X2) on financial performance (Y) is 4,144 and the original sample value shows a value of 0.503. Thus, H2 in the research is accepted. It can be interpreted that the operational cost change variable with its indicators has a significant effect on the financial performance variable.

The results are in accordance with this research conducted by (Nursandy, 2020). Based on the data results, from 2016 to 2017, it can be seen that in the 2016 to 2017 period there was an increase in operational costs from IDR 21,587,472,543 to IDR 17,335,547,520, -. Meanwhile, in the 2017 to 2018 period, operational costs experienced a decrease, where operational costs were IDR 17,335,547,520 to IDR 14,054,415,999. In the period 2018 to 2019, operational costs experienced a slightly significant decrease due to the amount of production in newspapers decreasing from previous years, which had an impact on financial performance reports, thus stating that Operational Costs had an effect on financial performance as evidenced by changes in the Inventory ratio. Turnover and Return On Assets, but some ratios cannot be influenced, such as Total Debt to Equity Ratio, Long Term to Equity Ratio, Profit Margin, and Return On Investment.

The results of the same research conducted by (Rahayu, 2014) Based on statistical results in the form of the value of the coefficient of determination, operational costs influence 64.5%. This means that operational costs have an influence on the ROA value of 64.5%. Meanwhile, the remaining 35.5% is influenced by other variables. And based on statistical testing using the t-test method, the P-value> level of significance for the operational cost variable is 0.009 <0.05, it can be concluded that Ha is accepted or operational costs have a significant influence on ROA.

Similar research conducted by (Marismiati, SE., 2017) from this research results from partial hypothesis testing (t-test), the Operational Cost Budget variable (X) has a significant positive effect on the Financial Performance variable (Y) with a significance level of the independent variable 0.00 < 0.05. Meanwhile, the calculated t value is 14.913 > t table is 2.028. Based on these two values, it can be concluded that Ha is accepted, which proves that the Operational Cost Budget variable has a partial effect on the Financial Performance at PT Muara Dua Palembang.

The results of this research do not support research conducted by (Usman & Mustafa, 2019) which can be concluded that Intellectual Capital (IC) has no significant effect on financial performance. PLS analysis produces a path coefficient of 0.337 with a t-statistic value of 1.324 and a p-value of 0.051. The t-statistic value < 1.96 and p value > 0.05, indicate that IC has no effect on financial performance. The IC value formed from Human Capital Efficiency (HCE) has no influence on financial performance formed by the Return On Equity (ROE) indicator. These results indicate that the added value (value added) from the funds the company spends on its employees does not contribute to improving the company's financial performance.

The results of this research show that operational costs, whether operational costs increase or decrease, can affect financial performance. So it can trigger differences in budget realization because the estimated budgeted costs do not match what happened. If the change in costs is higher than budgeted, it can cause a negative difference, while if the change in costs is lower then it is positive.

Material Misstatement of Financial Performance

Based on the output of table 5 T statistics for the material misstatement variable (X3) of financial performance (Y) is 4,144 and the original sample value shows a value of 0.503. Thus, H2 in the research is accepted. It can be interpreted that the material misstatement variable and its indicators significantly influence the financial performance variable.

Meanwhile, in similar research conducted by (Lasdin & Ratnawati, 2023) The relationship between material misstatement1 and audit opinion shows that the Original Sample (O) result is -0.122 which states that the two variables have a negative relationship with a t-statistic of 2.247, this value meets the t-statistic standard >1.96. So the fifth hypothesis of this research is accepted and significant. From the sample data, it can be interpreted that the data for the independent variable (material misstatement) shows a relationship with the dependent variable (audit opinion), so it can be said that Material Misstatement has a significant effect on Audit Opinion.

Also, research conducted by (Geraldhine, 2023) shows that the original sample value (O) is 0.052, which states that the two variables have a positive relationship. However, by looking at the P-Values it is 0.734, which is above 0.05, the significant value or t-statistic is 0.340 < 1.962. The P-Values and t-statistic values indicate that material Misstatements have no effect on Good Corporate Governance.

Based on the results of the hypothesis test, it can be concluded that H2 is rejected and is not significant. This states that Good Corporate Governance is not influenced by material misstatements. So it can be concluded that in this research the material misstatement variable has an effect on financial performance. This can mean that the information recorded about the material is inaccurate or inaccurate. One of the causes of this is due to incorrect input into the system which results in inaccurate presentation in the financial reports.

4. Conclusion

Based on the test results in this research, unexpected costs do not affect financial performance. This means that the company has an effective risk management strategy so that it can identify potential unexpected costs. So that unexpected cost fluctuations do not have a significant impact on the company's financial results. This can be interpreted as meaning that the company can handle unexpected costs without substantially affecting the company's finances.

Operational costs, whether there is an increase in operational costs or experiencing changes, can affect financial performance. So it can trigger differences in budget realization because the estimated budgeted costs do not match what happened. If the change in costs is higher than budgeted, it can cause a negative difference, while if the change in costs is lower then it is positive. If the company

Material misstatements affect financial performance because the information recorded about materials is inaccurate or inappropriate. So this is also one of the causes of differences in budget realization. One of the causes of material misstatement is incorrect input into the system which results in inaccurate presentation in the financial statements.

For future researchers who want to conduct similar research add other variables that have a greater influence on financial performance. This research can also be carried out not only by distributing questionnaires but also by conducting interviews so that it can produce more accurate research results.

5. Acknowledgement

The author would like to express his deepest gratitude to the reviewers who have been willing to examine, review, and provide input and suggestions for writing quality scientific papers. The author also thanks the respondents who took the time to participate in this research.

6. Reference

Anggi, Thoyib, M., & Fithri, E. J. (2022). Pengaruh Belanja Bantuan Sosial, Belanja Tidak Terduga, Belanja Barang Dan Jasa, Dan Belanja Modal Terhadap Pengelolaan Keuangan Daerah Pada Kabupaten/Kota Provinsi Sumatera Selatan. Journal Transformation of Mandalika., 2(3), 5–11. http://ojs.cahayamandalika.com/index.php/jtm/issue/archive

Antong, A., & Riyanti, R. (2021). How Does Local Wisdom Become Value in Selling-Price Setting? Jurnal Akuntansi Multiparadigma, 12(3), 672–688. https://doi.org/10.21776/ub.jamal.2021.12.3.38

Aprilia, E. A., & Ma'ruf, M. F. (2022). Pengaruh Belanja Tidak Terduga Terhadap Defisit Keuangan Daerah Periode Anggaran Pendapatan Dan Belanja Daerah (Apbd) 2019-2020 Di Kabupaten Trenggalek. Publika, 595–608. https://doi.org/10.26740/publika.v10n2.p595-608

Dharma, B., Ramadhani, Y., & Reitandi, R. (2023). Pentingnya Laporan Keuangan untuk Menilai Kinerja Suatu Perusahaan. El-Mujtama: Jurnal Pengabdian Masyarakat, 4(1), 137–143. https://doi.org/10.47467/elmujtama.v4i1.3209

Djunur, I. M. (2021). Analisis Atas Penyajian Koreksi Ekuitas Pada Laporan Keuangan Pemerintah Pusat. Bppk, 14(1), 11–23.

Febryanti, S., Fadilah, S., & Nurcholisah, K. (2021). Analisis Kinerja Keuangan dan Biaya Operasional pada Perusahaan Financial Technology. Jurnal Riset Akuntansi, 1(1), 15–23. https://doi.org/10.29313/jra.v1i1.53

Geraldhine, T. A. (2023). Pengaruh Kepatuhan Standar Akuntasi Keuangan, Salah Saji Material dan Kinerja Keuangan terhadap Opini Audit dengan Good Corporate Governance sebagai Variabel Mediasi (Studi Kasus pada Perusahaan Manufaktur) Capital: Jurnal Ekonomi dan Manajemen. 07(September). https://doi.org/10.25273/capital.v7i1.17308

Jumirin, J., & Lubis, Y. (2018). Pengaruh Biaya Operasional Terhadap Peningkatan Pendapatan Operasional Pada Pt Pelabuhan Indonesia I (Persero) Cabang Belawan.

Jurnal Riset Akuntansi Dan Bisnis, 18(2), 162–177. https://doi.org/10.30596/jrab.v18i2.3310

Kaengke, F. (2017). Pengaruh Audit Internal Dalam Pengungkapan Salah saji Material Sebagai Penunjang Tata Kelola Perusahaan (PT TRI PUTRA NURINDAH MAKASSAR). Ekp, 13(3), 1576–1580.

Lasdin, M. S., & Ratnawati, T. (2023). Pengaruh Kepatuhan Sak, Salah Saji Material, Reputasi Kap Terhadap Financial Distress Dan Opini Audit Pada Perusahaan Manufaktur Yang Terdapat Di Bursa …. Inisiatif: Jurnal Ekonomi, Akuntansi …, 2(4). https://jurnaluniv45sby.ac.id/index.php/Inisiatif/article/view/1405%0Ahttps://jurnaluniv45sby.ac.id/index.php/Inisiatif/article/download/1405/1124

Latief, F. (2022). Bongaya Journal of Research in Management. Bongaya Journal of Research in Management, 2(1), 27.

Mahdalena, S. S. (2023). Analisis Pengaruh Pembiayaan Daerah, Belanja Tidak Terduga Dan Belanja Subsidi Terhadap Pertumbuhan Ekonomi Di Indonesia Menggunakan Model ARDL. Analisis Pengaruh Pembiayaan Daerah, Belanja Tidakk Terduga Dan Belanja Subsidi Terhadap Pertumbuhan Ekonomi Di Indonesia Menggunakan Model ARDL, 06, 44–55.

Marismiati, SE., M. S. P. P. P. (2017). Pengaruh Anggaran Biaya Operasional Terhadap Kinerja Keuangan Perusahaan Pada Pt Muara Dua Palembang. Jurnal Logistik Bisnis, 8(1), 23–32.

Nursandy, R. W. (2020). SKRIPSI Untuk Memenuhi Salah Satu Persyaratan Guna Memperoleh Gelar.

Putrayasa, I. M. A., & Saputra, M. D. (2018). Penganggaran dan Analisis Anggaran Penjualan. Jurnal Bisnis Dan Kewirausahaan, 14(1), 24 33.http://dx.doi.org/10.31940/jbk.v14i1.736

Rahayu, S. (2014). Analisis Biaya Operasional Terhadap Kinerja Keuangan Pada PT. PLN (Persero_ Wilayah Sulsebar). Revista CENIC. Ciencias Biológicas, 17(3), 1–26. file:///Users/andreataquez/Downloads/guia-plan-de-mejora institucional.pdf%0Ahttp://salud.tabasco.gob.mx/content/revista%0Ahttp://www.revistaalad.com/pdfs/Guias_ALAD_11_Nov_2013.pdf%0Ahttp://dx.doi.org/10.15446/revfacmed.v66n3.60060.%0Ahttp://www.cenetec.

Sabaria. (2018). SKRIPSI Oleh SABARIA Program StudiAkuntansi.

Usman, H., & Mustafa, S. W. (2019). Pengaruh Intellectual Capital Terhadap Kinerja Keuangan Dan Nilai Pasar Perusahaan Yang Listed Di Jakarta Islamic Index. AkMen JURNAL ILMIAH, 16(4), 529–535. https://doi.org/10.37476/akmen.v16i4.793

Viera Valencia, L. F., & Garcia Giraldo, D. (2019). Analisis Faktor-faktor yang Menyebabkan Rendahnya Penyerapan Anggaran Belanja Pada Dinas Perhubungan Kota Palembang. Angewandte Chemie International Edition, 6(11), 951–952., 2.

Winarso, W. (2014). Pengaruh Biaya Operasional Terhadap Profitabilitas (Roa) Pt Industri Telekomunikasi Indonesia (Persero). Ecodemica, 2(2), 258–272.