

The Influence of Budgeting, Independence, Competence and Integrity on Supervision Performance

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Abstract. This study is to determine the effect of budgeting, independence, competence and integrity on the performance of supervision at the Inspectorate of DKI Jakarta Province. This study uses a quantitative approach where the sample is determined by the proportionate stratified random sampling method consisting of 100 auditors at the Inspectorate of DKI Jakarta Province. Data processing using multiple regression statistical techniques through the SPSS application. The hypothesis was developed using the Agency Theory and Budgeting Theory approaches. The results showed that budgeting had no significant effect on supervision, while competence, independence and integrity had a significant effect on supervisory performance. Simultaneously budgeting, independence, competence, integrity, budgeting, and all these things together. The Inspectorate can use the study's findings to help DKI Jakarta Province develop policies to improve supervisory performance.

Keywords: Budgeting, Competence, Independence, Integrity, Monitoring Performance.

1 Introduction

Supervision, as one of the functions of management, must be carried out to ensure that the implementation of activities is in accordance with the plans that have been set in order to achieve organizational goals. Through supervision, an assessment can be made whether an entity has carried out activities in accordance with its duties and functions in an efficient, effective, efficient and in accordance with applicable regulations. In addition, the implementation of the function of monitoring and controlling the system in the administration of government is driven by the public interest in government performance in order to realize excellent public services and clean government and good governance..

Performance is the final result of an activity, and the size of the performance evaluation depends on the objectives to be achieved and the organizational unit being evaluated.[1]. Supervision performance is work that can be carried out by auditors quantitatively and qualitatively in accordance with their authority, duties and responsibilities to achieve goals legally, without violating the law, and in accordance with morals and ethics.[2]

Budgeting in an audit organization is the initial capital for the auditor to carry out the entire planned monitoring program. This is also related to the auditor's income as well as facilities and infrastructure for the implementation of supervision which then has an impact on performance.

Auditor independence is often questioned due to the relationship with the object of examination that is too long and repeated so that it is feared that it will affect the performance of supervision. This is often considered to be the cause of the auditor being unable to make objective disclosures. An auditor who has high independence will have better performance[3]. Independence aims to increase the credibility of the financial statements presented by management[4].

Auditor competence is in the spotlight when inappropriate educational background and lack of audit training and support have an impact on supervisory performance. This is related to the auditor's ability to carry out each assignment given.

Integrity is generally defined as consistency in performing an action. In supervision, integrity is the consistency of auditors and their organizations in achieving supervisory performance.

Based on the things above, this research is expected to improve the performance of supervision at the Inspectorate of DKI Jakarta Province by considering the variables of Budgeting, Independence, Competence and Integrity.

2 Hypothesis Development

The preparation of the budget is the beginning of the implementation of supervision. There is an influence between budgeting and monitoring performance[5]. Different things were found from the results of other studies[6]. On this basis, the hypothesis is:

H1: Budgeting has an influence on supervisory performance

Previous research concluded that there is an influence of independence on supervisory performance[7] [8]. But other researchers say different things[9] [10], then the hypothesis is:

H2: Independence has an influence on supervisory performance

Furthermore, the results of the study conclude that competence has an effect on supervisory performance[11][5][7][8][12][13][14]. No other studies have found the opposite conclusion. So the author tries to complete this by compiling a hypothesis as follows:

H3: Competence has an influence on supervisory performance

The last one is that Integrity affects supervisory performance[11][13][15]. There is no relationship between integrity and supervisory performance[12]expressed by So that the hypothesis is formulated as follows:

H4: Integrity has an influence on supervisory performance

3 Methods

This research method uses a quantitative method in which the sample is determined by the proportionate stratified random sampling method consisting of 100 auditors at the Inspectorate of DKI Jakarta Province. Data processing using SPSS program with multiple regression statistical techniques. Primary data was obtained using a structured questionnaire to 135 auditors who work at the Inspectorate of DKI Jakarta Province. The sample selection

technique used probability sampling technique, obtained 100 people as a sample. Utilizing Taro Yamane Riduwan's formula to determine the number of samples, (2005:65).

Instrument in this study refers to previous research that has had high validity and reliability. The variable of budgeting has 7 indicators, independence has 5 indicators, competence has 3 indicators and integrity has 5 indicators. Then, descriptive analysis, a data quality test, a classical assumption test, a correlation and determination test, and hypothesis testing were used to look at the collected data. The following is the regression model used in this study:

$$\text{Supervisory Performance} = + 1 \text{ Budgeting} + 2 \text{ Independence} + 3 \text{ Competence} + 3 \text{ Integrity} +$$

4 Results

4.1 Descriptive Analysis

The description of the data from the questionnaire distribution as seen from Descriptive analysis provides the mean (mean), standard deviation, and maximum and minimum values. N is the amount of data, and the following table shows that all 100 respondents' data is considered valid and can be used for research.

Table 1. Variation

	N	Low	Up	Count	Variation
Budgeting	100	30	45	38.64	2,584
Independence	100	30	45	38.97	2,819
Competence	100	63	92	78.60	6,353
Integrity	100	44	60	52.08	5.159
Monitoring Performance	100	39	61	51.01	5,336
Valid N (Listwise)	100				

4.2 Data Quality Test

The measuring instrument passes or fails the reliability test is reliable and maintains its consistency even after repeated measurements. If a construct or variable has a value greater than 0.6, it is considered reliable, as proposed by Ghozali (2013). The calculation results show that all variables have a reliability number above 0.60 so that it can be declared reliable.

Table 2. Reliability Test

No	Variable	value	Conclusion
1	Budgeting (X1)	0.696	Good
2	Independence (X2)	0.725	Good

3	Competence (X3)	0.751	Good
4	Integrity (X4)	0.780	Good
5	Monitoring Performance (Y)	0.760	Good

Validity Test, Ifr arithmetic is higher than r table at a significance level of 5% or higher than 0.1966 then the data can be declared valid. In this study, all data were declared valid with the test output as displayed in the table below.

Table 3. Validity Test Output

No	Monitoring Performance		Budgeting		Independence		Competence		Integrity	
	r	Result	r	Result	r	Result	r	Result	r	Result
1	0,734	Good	0,423	Good	0,591	Good	0,48	Good	0,848	Good
2	0,739	Good	0,46	Good	0,573	Good	0,529	Good	0,867	Good
3	0,723	Good	0,458	Good	0,598	Good	0,713	Good	0,835	Good
4	0,743	Good	0,469	Good	0,604	Good	0,749	Good	0,821	Good
5	0,655	Good	0,484	Good	0,542	Good	0,734	Good	0,832	Good
6	0,558	Good	0,492	Good	0,307	Good	0,689	Good	0,85	Good
7	0,597	Good	0,51	Good	0,521	Good	0,682	Good	0,863	Good
8	0,549	Good	0,535	Good	0,551	Good	0,727	Good	0,846	Good
9	0,586	Good	0,454	Good	0,497	Good	0,631	Good	0,682	Good
10	0,534	Good					0,431	Good	0,911	Good
11	0,75	Good					0,598	Good	0,825	Good
12	0,666	Good					0,776	Good	0,869	Good
13	0,724	Good					0,756	Good		
14							0,624	Good		
15							0,622	Good		
16							0,496	Good		
17							0,4	Good		
18							0,508	Good		
19							0,587	Good		

Classical Assumption Test, If the classical assumption is not met, it means that the exogenous variable is not a good predictor of endogenous variables. The results of the classical assumption test are as follows:

In the regression model, the normality test is used to determine whether the residuals, both endogenous and exogenous variables, are normally distributed or not. In this study, the normal PP Plot Graph analysis and the one sample Kolmogorov-Smirnov test were used to test for normality by analyzing the significance figures of the non-standardized residual variables which were processed with the SPSS application program..

Table 4. Normality test

Unstandardized Residual	
N	100
Normal Parameters, b	mean
	Std. Deviation
	,0000000
	4.76380605

Most Extreme Differences	Absolute	0,052
	Positive	0,035
	negative	-,052
Kolmogorov-Smirnov Z		,523
asymp. Sig. (2-tailed)		,947

The results of the normality test after being shown in table 4 show that the endogenous and exogenous variables have normally distributed residuals. This is indicated by the significance value of sig (2-tailed) of 0.947 which is greater than 0.05. Detection of normality in a variable can also be done by looking at the normal probability plot as shown in the following figure.

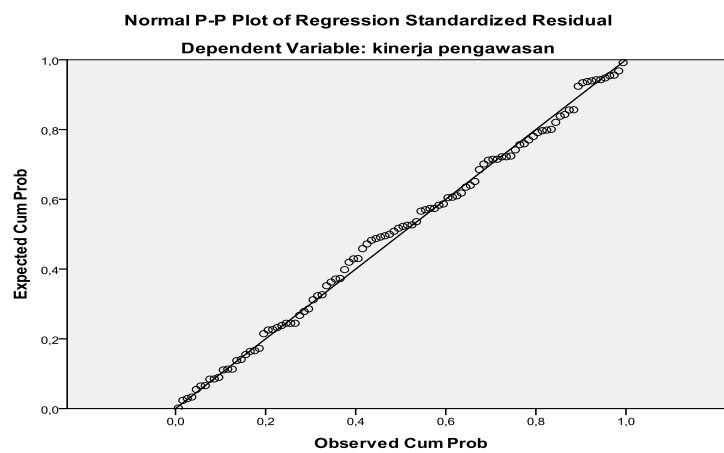


Fig. 1. Normality

In figure 1 the dots are located and gathered around a straight line. The normality test using a probability plot is met if the points (observation data) are collected around a straight line.

The purpose of the multicollinearity test is to determine whether the independent variables of the regression model are correlated. There should be no correlation between independent variables in a good regression model. Exogenous variables are not orthogonal if they are correlated. The value of the variance inflation factor (VIF) in table 5 shows the multicollinearity test..

Table 5. Multicollinearity test

Variable	Collinearity Statistics	
	Tolerance	VIF
Budgeting	0.759	1.318
Independence	0.662	1.511
Competence	0.798	1.253
Integrity	0.871	1,148

Table 5 shows that it is known that all exogenous variables have a VIF value below 10 and a tolerance value greater than 0.10. Since these findings indicate that there is no multicollinearity, the data meet the requirements for inclusion in the regression model.

The level of strength of the relationship between endogenous variables and exogenous variables was determined using the correlation coefficient test. The value of the correlation coefficient is determined by testing the multiple linear regression model, as can be seen in table 6 below.

Table 6. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.451a	.523	.569	4,863	1,578

a. Predictors: (Constant), Integrity, Budgeting, Competence, Independence
b. Endogenous Variable: PerformanceSupervision

Table 6 shows the correlation coefficient (R) of 0.451 close to 0.5 which indicates the relationship between exogenous variables and endogenous variables is strong. In this study, the coefficient of determination (Adjusted R-Square) regression model is 0.569. That is, 56.9% of the variation in endogenous variables can be explained by exogenous variations, and the remaining 43.1% can be explained by other constant factors that are not included in the regression model.

4.3 Hypothesis Test

F test to determine whether the regression model in the study can be used to predict the effect of exogenous variables together on endogenous variables. If the model is feasible or significant, then the regression model can be used to predict or the exogenous variables together affect the endogenous variables. The results of the F test can be seen in table 7 below.

Table 7. F . Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	572,299	4	143,075	6,050	,000a
Residual	2246,691	95	23,649		
Total	2818,990	99			

a. Predictors: (Constant), integrity, budgeting, competence, independence
b. Endogenous Variable: monitoring performance

Based on table 7 above, the F-count (6.050) with a significance p-value of 0.000 <0.05. Based on these results, the regression model is feasible and can be used to predict whether exogenous variables simultaneously affect endogenous variables.

The t-test basically shows how much the exogenous variables affect some of the endogenous variables. This study partially examines the relationship between supervisory performance and budgeting, independence, competence, and integrity using a regression model. The following table displays the t-test's findings..

Table 8. t test

Model	Unstandardized Coefficients		Standardized	t	Sig.	
	B	Std. Error	Coefficients			
1	(Constant)	13,572	9,027		1,504	,136
	Budgeting	,164	,217	0.079	,755	,452
	Independence	,744	,213	,393	3,493	,001
	Competence	0.011	,086	0.013	2,428	,02
	Integrity	,024	,101	,023	3,236	,00

The equation of the multiple linear regression model used in this study can be stated as follows, based on the tests shown in table 8.

$$\text{Supervision Performance} = 13,572 + 0.164 \text{ Budgeting} + 0.744 \text{ Independence} + 0.011 \text{ Competence} + 0.024 \text{ Integrity} +$$

The significance value (0.452) for the budgeting variable is in excess of 0.05, and the t-count value (0.755) is smaller than the t-table value (2.31). Therefore, H1 is rejected, which indicates that the implementation of supervision is not affected by budgeting. The significance value (0.001) is smaller than 0.05, and the t-count value (3.493) is greater than the t-table value (2.31). H2 is accepted on this basis, indicating that supervisory performance is significantly affected by independence. The significance value of the competence variable (0.02) is smaller than 0.05, and the t-count value (2.428) is greater than the t-table value (2.31). Since competence has a significant impact on supervisory performance, H3 is accepted on this basis. The significance value (0.00) for the integrity variable is less than 0.05, and the t-count value (3, 236) is greater than the t-table value (2.31). H4 is accepted on this basis, which has a significant impact on the integrity of supervisory performance.

5 Discussion

The study's findings indicate that budgeting has no effect on supervisory performance. While these results are in line with Nugraha, they do not support similar findings made by Sudaryanti (2013). Supervisory performance is strongly influenced by independence. This is in accordance with Alim et al. (2007), Lubis (2009), Khalid and Sarea (2020), Krichene and Bakklouti (2020), and others. To ensure that the results of the independent auditor's supervision are consistent with the actual situation, independence refers to an independent mental attitude, not influenced by other parties, and independent of them. Supervisor performance is significantly improved by competence. This demonstrates that a competent auditor can function effectively as a supervisor. Alim et al. (2007), Sukriah et al. (2009), Nugraha (2011), (2009), Ayuningtyas (2012), and Oussii and Taktak (2012) agree with the research findings. Competence, which falls under the knowledge dimension and is often rated as one of the most important requirements for improving supervisory performance.

Integrity has a positive and significant effect on supervisory performance. This is in line with research by Mabruri and Winarna (2010), Lubis (2009), Ayuningtyas (2012) and Artanti et al (2014). The number of frauds in the presentation of financial statements requires auditors to be honest and transparent in their disclosures. High-integrity auditors will disclose the examination's findings honestly and in accordance with actual conditions so that the

presentation of financial statements and the information contained therein can be trusted. This will improve monitoring performance.

Supervisory performance is significantly affected by independence, competence, integrity, budgeting and all these things at the same time. According to H5, budgeting, independence, competence, and integrity all have a significant impact on supervisory performance. As a result, accept H5.

6 Conclusion

The following are the conclusions drawn from the hypothesis testing that has been carried out in the previous chapter regarding the effect of each exogenous variable on the endogenous variable::

a. The oversight function is not affected by budgeting. Supervision performance improves significantly with independence. The performance of supervisors is significantly and positively influenced by competence. The supervisor's performance is positively and significantly affected by integrity. Supervision performance is significantly affected by independence, competence, integrity, budgeting, and all of these things together.

The Inspectorate can refer to this study's findings as a reference of DKI Jakarta Province in formulating policies to improve supervisory performance. Matters that need attention are: (a) Efforts should be made to improve the welfare of the supervisory apparatus (benefits/reward) to motivate the supervisory apparatus; (b) Improving the quality of human resources, it is necessary to provide broad opportunities for supervisory officers to take part in supervisory trainings and non-supervisory substantive technical trainings; (c) It is necessary to carry out continuous guidance to the supervisory apparatus to always act and behave in accordance with the code of ethics and the rules of behavior of the auditors.

In order to improve the supervisory performance of the DKI Jakarta Provincial Inspectorate, there are several things that need attention, namely: (a) Fund/budget support and infrastructure facilities in the implementation of supervisory duties need to be improved; (b) Completion/issuance of the Monitoring Results Report to be pursued on time according to the planned schedule.

Suggestions that can be used for those who want to continue this research are: Further research can add other factors such as professionalism, objectivity and increase the number of respondents.

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