



The Influence of Transformational Leadership Style, Organizational Commitment, Reward and Punishment on Performance-Based Budgeting: Empirical Study at Public Broadcasting Institutions in Jambi City

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Abstract

This research aims to analyze and prove empirically the influence of transformational leadership style, organizational commitment, rewards and punishment on performance-based budgeting at public broadcasting institutions in Jambi City. This research used a purposive sampling method with 37 respondents in this study. Data collection was carried out using a questionnaire. The data analysis method uses validity and reliability tests, classical assumption tests and hypothesis testing using multiple linear regression with the help of the SPSS version 29 software program. The research results show that partially Transformational Leadership Style and Organizational Commitment have an effect on Performance-Based Budgeting, while Reward and Punishment do not influence on Performance Based Budgeting. Simultaneously Transformational Leadership Style, Organizational Commitment, Reward and Punishment influence Performance-Based Budgeting at Public Broadcasting Institutions in Jambi City.

Keywords: transformational leadership style, organizational commitment, reward, punishment, performance-based budgeting

Introduction

Public sector organizations are organizations that work in the field of public services and state administration in the process of implementing state law (Mahmudi, 2016). This organization manages finances whose funds are obtained from the people so that they provide accountability to the people. (Mahmudi, 2016). Regarding the obligations of the public sector as an entity that implements programs and services to the community, demands from the public for transparency and public accountability by public sector institutions are increasingly high.

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As the reform era develops, demands to improve the performance of public institutions are increasingly being paid attention to so that they can focus on creating good public organizations governance (Mardiasmo, 2009). Good public governance can be realized in public sector organizations by implementing public services optimally, improving community welfare and increasing the effectiveness of functional aspects. This situation supports the development of discourse on the need for monetary and budget reform so that budget allocation can be focused on the public interest, namely through the implementation of performance-based budgeting. It is important to implement a budget system to measure, assess and evaluate the performance, effectiveness and value of a budget plan that focuses on performance, and is not only oriented to existing inputs (Wulandari, 2013).

One of the government organizations that uses performance-based budgeting is the Indonesian Public Broadcasting Institution which is contained in article 4 of Government Regulation Number 21 of 2004 concerning Work Plans and Budgets for State Ministries/Institutions. In preparing a performance-based budget, it is necessary to pay attention to the principles of performance-based budgeting, namely including budget transparency and accountability, budget discipline, budget fairness, budget efficiency and effectiveness and prepared using a performance approach (Halim, 2007). However, what is happening at the Republic of Indonesia Jambi Public Television Broadcasting Institution is still a lack of transparency and accountability regarding the budget that is made. The public's difficulty in obtaining information on budget usage is one of the problems in implementing performance-based budgeting at the Public Television Broadcasting Institution of the Republic of Indonesia, Jambi.

Meanwhile, the Republic of Indonesia Jambi Public Broadcasting Institution still lacks budget efficiency and effectiveness. This is evident from the value of the Budget Executor Performance Indicator Republic of Indonesia Jambi Public Broadcasting Institution based on the performance accountability report of government agencies in 2023 which was unable to achieve the target. Apart from that, there are programs and activities planned by the Republic of Indonesia Jambi Public Broadcasting Institution which still influence the activities and programs carried out in previous years. This is evident from the work plan of the Republic of Indonesia Radio Public Broadcasting Institution Jambi for 2023 which still refers to the work plan for 2022. So the budget made does not reflect current public needs and the budget is not in accordance with current conditions and costs.

This research is a development of research conducted by Jumardin (2022) which examined the influence of leadership style, organizational commitment and rewards on performance-based budgeting at the West Sulawesi Province Transmigration Service. The difference between this research and previous research is the addition of transformational leadership style variables and punishment variables. Another difference lies in the research subjects conducted at the Jambi Public Broadcasting Institute. So this research takes the following title: "The Influence of Transformational Leadership Style, Organizational Commitment, Reward and Punishment on Performance-Based Budgeting (Empirical Study at Public Broadcasting Institutions in Jambi City)"

Literature Review

Stewardship Theory

According to stewardship philosophy Donaldson and Davis (1991), management should not be centered on personal objectives but rather on achieving the organization's objectives. An important concept from stewardship theory is that managers set goals in accordance with organizational goals. The implementation in this research is that the Jambi Public Broadcasting Institution as a steward (management) is seen as the party who can act as well as possible for the interests of the public in general (stakeholders) by carrying out their duties and functions appropriately, so that good governance can be achieved.

Goal Setting Theory

Goal setting is a process that involves all employees, both superiors and subordinates, together to identify or set goals or targets. Kusuma (2013) states that budget accuracy is influenced by goal setting. The budget plan must contain the goals or objectives of the organization, not only contain the nominal amount and plans required for each program or project that the organization will implement.

Transformational Leadership Style

Transformational leadership is an effective leadership approach that has been used in many worldwide organizations to manage connections between leaders and followers. It emphasizes various characteristics such as caring, communication, trust, respect, and risk. Transformational leadership can improve organizational operations significantly because it is a form of leadership that prioritizes intrinsic motivation, trust, commitment and high levels of loyalty from members of the organization, so that the existing attributes are closely tied to the organization. (Suriagiri, 2020).

Organizational Commitment

Organizational commitment is a situation where an employee prioritizes organizational goals and wants to maintain his or her membership in the organization (Lubis & Jaya Indra, 2019). People who are diligently committed will have sharper awareness and be able to complete their work with full responsibility. Therefore, commitment is the most important part of an organization, providing support and making a positive contribution to work results in the organization.

Rewards

Awards are any form of giving that gives joy and satisfaction for achieving positive results (Suriagiri, 2020). Pradana (2014) said the purpose of this award is to encourage employees to take a more active role in efforts to build or improve their achievements. Rewarding employees has a significant impact on how well they carry out or implement policies.

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Punishment

Punishment is suffering that is caused or intentionally caused by someone after a violation, crime or error occurs (Rivai, 2013). In this situation, punishment is given when a person exhibits an undesirable action or does not demonstrate an expected response or behavior. Laws and regulations that function as control mechanisms are very important to control an organization so that its operations can run smoothly.

Performance-based budgeting

The performance budget is an annual integrated performance plan that demonstrates the relationship between the level of program financing and the desired program outcomes (Fitri, 2013). In essence, performance-based budgeting is a results-oriented regional management and budgeting approach. The results achieved must demonstrate the efficacy and efficiency of public services, namely serving the public interest, thus requiring comprehensive, responsible and realistic budget implementation.

Framework

The Influence of Transformational Leadership Style on Performance-Based Budgeting

The essence of transformational leadership is how a leader can inspire and motivate his team members to go further to achieve company goals (Suriagiri, 2020). The implementation of performance-based budgeting is certainly influenced by transformational leadership. This is supported by stewardship theory which states that management is not motivated by individual goals but is more focused on the interests of the organization (Donaldson and Davis, 1991). The program that has been set will run smoothly and organizational goals will be more easily achieved if the leader can inspire and motivate group members. The smooth running of the program will encourage the proper implementation of performance-based budgets to achieve organizational goals.

The Influence of Organizational Commitment on Performance-Based Budgeting

Members who are committed and have high loyalty to the organization are the foundation of a good organization. Organizational commitment shows a person's support and belief in the ideals and goals of the organization that they want to fulfill. Individuals who have a strong commitment to the organization will try to achieve organizational goals, have a positive outlook, and do their best for the organization. So that high organizational commitment will create high opportunities for program completion and the possibility of budget gaps can be avoided.

The Effect of Rewards on Performance-Based Budgeting

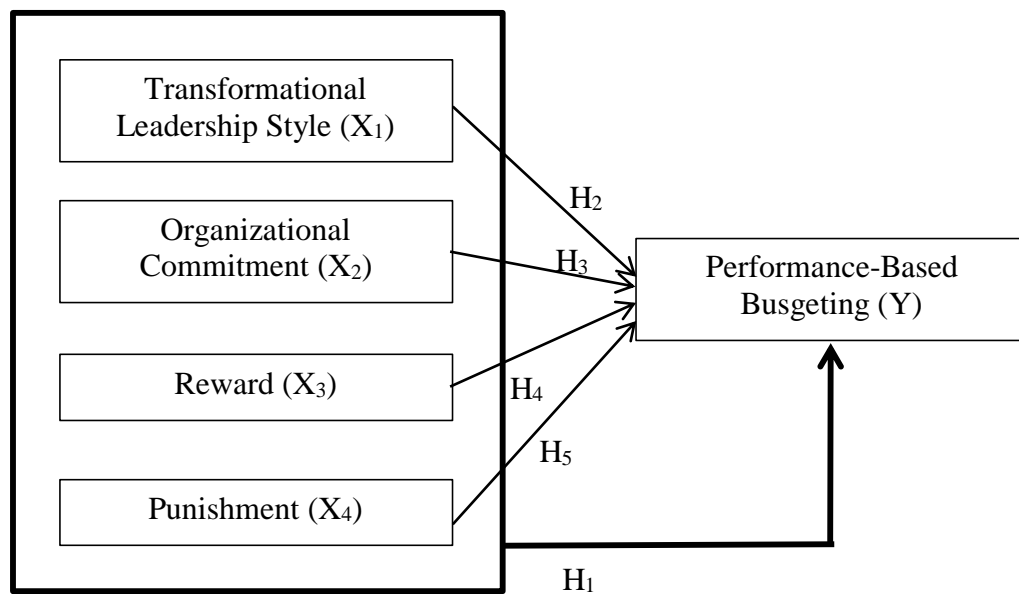
Rewards are given by agencies to employees as a form of appreciation for their performance and responsibilities at work. Employees will exchange their time, abilities, skills and efforts for the organization when they are happy with what they have received from the

organization. Furthermore, it will operate optimally to produce optimal work results and meet the specified performance requirements. On the other hand, if it is unlikely that an individual's performance will receive an award, then the motivation for the individual to achieve the predetermined targets will also be small (Febrycia, 2018). In general, giving rewards to employees aims to improve performance so that they are able to implement performance-based budgets well so that organizational goals can be achieved.

The Effect of Punishment on Performance-Based Budgeting

Punishment is a consequence imposed on individuals or members of an organization who violate established behavior or norms. Sanctions or punishments will provide incentives to individuals within the organization to perform better, increasing the likelihood of program completion and reducing the likelihood of budget gaps. Providing sanctions against organizations that are inconsistent and unsuccessful in implementing budgets is expected to encourage these organizations to increase the implementation of performance-based budgets (Suprihatin, 2016).

Research Model



Research Hypothesis

The hypothesis proposed in this research is as follows:

- H₁ : Transformational leadership style, organizational commitment, reward and punishment simultaneously influence performance-based budgeting
- H₂ : Transformational leadership style influences performance-based budgeting
- H₃ : Organizational commitment influences performance-based budgeting
- H₄ : Rewards influence performance-based budgeting
- H₅ : Punishment has an effect on performance-based budgeting

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Research Methods

This research is quantitative research with the variable measurement tool used is a questionnaire with an ordinal scale of 1-4. The population in this research is the functional staff of the Public Broadcasting Institution in Jambi City, totaling 103 people. The sampling technique in this research is non-probability sampling with purposive sampling technique . Purposive sampling is a non-probability sampling technique where researchers use their own judgment in selecting population members who are deemed suitable in providing the information needed for researchers (Sugiyono, 2017). The sample selection criteria in this research are as follows:

1. Directly involved in the process of preparing the Draft Renja (Work Plan) and Budget Ceiling for 2024.
2. Have a minimum of 1 (one) year work experience in the position currently held. The reason is to better understand the work process in the position he is holding.

The data analysis method uses validity and reliability tests , classic assumption tests (normality test , multicollinearity test, heteroscedasticity test) and hypothesis testing using multiple linear regression with the help of the SPSS version 29 software program. Multiple linear regression is used to test hypotheses 1-5. The equation used is as follows:

$$\text{Performance Based Budget} = a + b_1 \text{ Transformational Leadership Style} + b_2 \text{ Organizational Commitment} + b_3 \text{ Reward} + b_4 \text{ Punishment} + e$$

Information :

Y	= Performance Based Budget
X ₁	= Transformational Leadership Style
X ₂	= Organizational Commitment
X ₃	= Reward
X ₄	= Punishment
a	= Constant
b ₁ , b ₂ , b ₃ , b ₄	= Influence coefficient
e	= Prediction error

Results

Validity test

The correlation coefficient (r) value for each question/statement is more than 0.05. The data used in this research is valid, because $r_{count} > r_{table}$.

Reliability Test

No	Variable	Items	Alpha	Note.
1	Transformational Leadership Style	12	0.892	Reliable
2	Organizational Commitment	9	0.853	Reliable
3	Reward	9	0.82	Reliable
4	Punishment	8	0.884	Reliable
5	Performance-based budgeting	14	0.932	Reliable

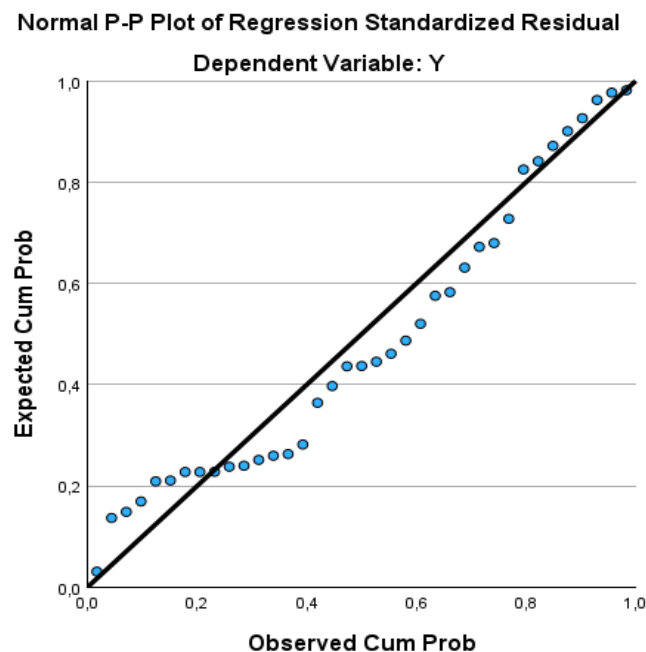
Source: SPSS Data Processing Results 29, 2024

The results of data processing show that all measurement concepts for each variable in the questionnaire are reliable, so they are suitable for use as measuring tools for subsequent items for each variable.

Classic assumption test

Normality test

The results of the normality test using the normal Probability Plot graph can be seen in the image below:



Source: SPSS Data Processing Results 29, 2024

By looking at the normal P-Plot graph in the image above, it can be concluded that the data distribution pattern is close to normal. This can be seen from the data which is spread around the diagonal line and follows the direction of the diagonal line.

Meanwhile, for the normality test using One Sample Kolmogorov-Smirnov, the results were Asymp. Sig (2-tailed) = 0.084 is greater than 0.05 so it can be stated that the data is normally distributed.

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Multicollinearity Test

The results of the multicollinearity test can be seen in the table below:

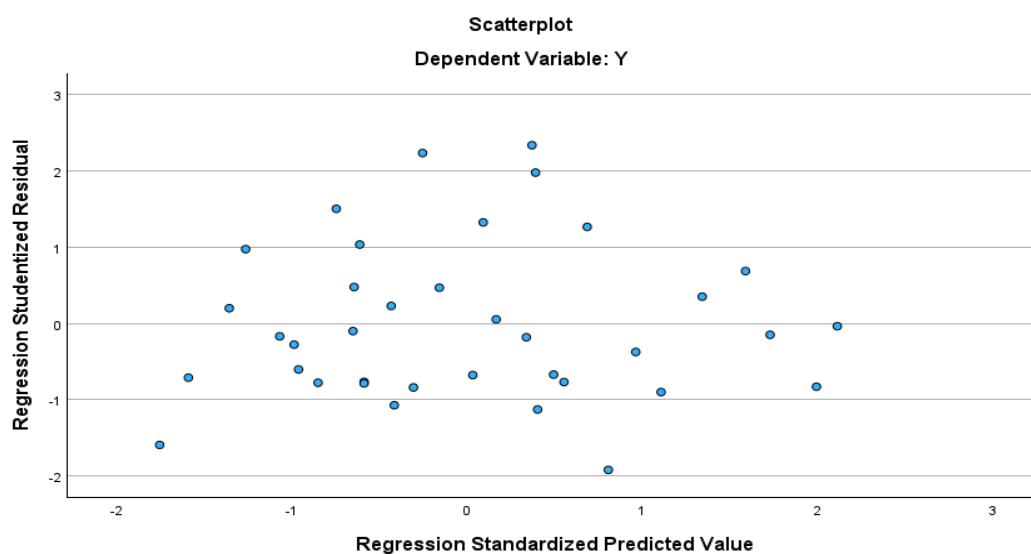
Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Transformational Leadership Style	,670	1,492
	Organizational Commitment	,644	1,552
	Reward	,438	2,282
	Punishment	,637	1,570
a. Dependent Variable: Performance-based budgeting			

Source: SPSS Data Processing Results 29, 2024

A regression model is declared free from multicollinearity if it has a Tolerance value >0.10 and $VIF < 10$. Based on table 5.17 above, it can be seen that the transformational leadership style variable (X_1) has a tolerance value of 0.670 and a VIF value of 1.492. The organizational commitment variable (X_2) has a tolerance value of 0.644 and a VIF value of 1.552. The reward variable (X_3) has a tolerance value of 0.438 and a VIF value of 2.282. The punishment variable (X_4) has a tolerance value of 0.637 and a VIF value of 1.570. If compared, the tolerance value of the four variables is >0.10 . Apart from that, if the VIF value is compared, the four variables also appear to have a VIF value < 10 . Thus, all independent variables in this study do not have multicollinearity.

Heteroscedasticity Test

The results of the heteroscedasticity test can be seen in the image below:



Source: SPSS Data Processing Results 29, 2024

According to the findings of the heteroscedasticity test in the figure above, the scatterplot graph demonstrates that the dots are randomly distributed above and below the number 0 and the Y axis. These findings suggest that there are no signs of heteroscedasticity in the regression model, which can be used for further investigation.

Multiple Regression Analysis

The results of multiple linear regression testing can be seen in the table below:

Coefficients ^a				
Model		Unstandardized Coefficients	t	Sig.
		B		
1	(Constant)	,047	,007	,994
	Transformational Leadership Style	,597	3,613	,001
	Organizational Commitment	,372	2,146	,040
	Reward	,293	,974	,337
	Punishment	,130	,569	,573

Source: SPSS Data Processing Results 29, 2024

Based on the table above, the following regression equation is obtained:

$$\text{Performance Based Budget} = 0,047 + 0,597 \text{ Transformational Leadership Style} + 0,372 \text{ Organizational Commitmen} + 0,293 \text{ Reward} + 0,130 \text{ Punishment}$$

The linear regression equation can be interpreted as follows:

1. The constant value of the performance-based budget variable (Y) is 0.047. This means that if the leadership style is transformational, the organizational commitment reward and punishment unit value is (0), then the performance-based budget will remain at a value of 0.047.
2. The transformational leadership style variable (X_1) has a coefficient of 0.597. A positive coefficient indicates that the transformational leadership style variable has a unidirectional relationship with the performance-based budget. This means that the higher the transformational leadership style, the higher the performance-based budget will be. This shows that with a one unit increase in the transformational leadership style, it will result in an increase in the performance-based budget of 0.579. Vice versa, if there is a decline in the transformational leadership style it will affect the value of the performance-based budget.
3. The organizational commitment variable (X_2) has a coefficient of 0.372. A positive coefficient indicates that the organizational commitment variable has a unidirectional relationship with the performance-based budget. This means that the higher the organizational commitment, the higher the performance-based budget will be. This shows that with a one unit increase in organizational commitment, it will result in an

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increase in the performance-based budget of 0.372. Vice versa, if there is a decrease in organizational commitment it will affect the value of the performance-based budget.

4. The reward variable (X_3) has a coefficient of 0.293. A positive coefficient indicates that the reward variable has a unidirectional relationship with the performance-based budget. This means that the higher the reward, the higher the performance-based budget will be. This shows that an increase in one reward unit will result in an increase in the performance-based budget of 0.293. Vice versa, if there is a decrease in rewards it will affect the value of the performance-based budget.
5. The punishment variable (X_4) has a coefficient of 0.130. A positive coefficient indicates that the punishment variable has a unidirectional relationship with the performance-based budget. This means that the higher the punishment, the higher the performance-based budget will be. This shows that an increase of one punishment unit will result in an increase in the performance-based budget of 0.130. Vice versa, if there is a decrease in punishment it will affect the value of the performance-based budget.

Hypothesis test

F Statistical Test (Simultaneous)

The following are the results of the F statistical test which are presented in the following table:

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	653,034	4	163,258	13,377	<.001 ^b
	Residual	390,534	32	12,204		
	Total	1043,568	36			
a. Dependent Variable: Performance-based budgeting						
b. Predictors: (Constant), Transformational Leadership Style, Organizational Commitment, Reward, Punishment						

Source: SPSS Data Processing Results 29, 2024

Based on the table above, it can be seen that the calculated F_{value} is 13.377 with a significance of <0.001 and the F_{table} is smaller than the calculated F_{value} ($2.668 < 13.377$), so it can be concluded that the hypothesis **H₁ is accepted**, meaning that simultaneously transformational leadership style, organizational commitment, reward and punishment affects performance-based budgeting.

T Statistical Test (Partial)

The results of the T statistical test can be seen in the table below:

Coefficients ^a			
Model		t	Sig.
1	(Constant)	,007	,994
	Transformational Leadership Style	3,613	,001
	Organizational Commitment	2,146	,040
	Reward	,974	,337
	Punishment	,569	,573

Source: SPSS Data Processing Results 29, 2024

Based on table 5.20, the results of the T Test can be interpreted as follows:

1. The transformational leadership style variable (X_1) has a calculated t_{value} of $3.613 > t_{\text{table}} 2.039$ with a significance value smaller than 0.05, namely 0.001. So it can be concluded that hypothesis **H₂ is accepted**, meaning that the transformational leadership style partially has a significant positive effect on performance-based budgeting.
2. The organizational commitment variable (X_2) has a calculated t_{value} of $2.146 > t_{\text{table}} 2.039$ with a significance value smaller than 0.05, namely 0.04. So it can be concluded that hypothesis **H₃ is accepted**, meaning that organizational commitment partially has a significant positive effect on performance-based budgeting.
3. reward variable (X_3) has a calculated t_{value} of $0.974 < t_{\text{table}} 2.039$ with a significance value greater than 0.05, namely 0.337. So it can be concluded that hypothesis **H₄ is rejected**, meaning that partial rewards do not have a significant effect on performance-based budgeting.
4. punishment variable (X_4) has a calculated t_{value} of $0.596 < t_{\text{table}} 2.039$ with a significance value greater than 0.05, namely 0.573. So it can be concluded that hypothesis **H₅ is rejected**, meaning that partial punishment does not have a significant effect on performance-based budgeting.

Coefficient of Determination (R^2)

The results of the coefficient of determination test can be seen in the table below:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,791 ^a	,626	,579	3.49345
a. Predictors: (Constant), Transformational Leadership Style, Organizational Commitment, Reward, Punishment				

Source: SPSS Data Processing Results 29, 2024

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The test results in table 5.21 above obtained an Adjusted R Square figure of 0.579 (0.579x100) or 57.9%. This shows that the influence of transformational leadership style, organizational commitment, reward and punishment on performance-based budgeting is 57.9%. Meanwhile, 42.1% is influenced or explained by other variables not included in this research model.

Discussion

The Influence of Transformational Leadership Style, Organizational Commitment, Reward and Punishment on Performance-Based Budgeting

Based on the results of simultaneous testing carried out between Transformational Leadership Style, Organizational Commitment, Reward and Punishment on Performance-Based Budgeting. The results of the regression calculation with a calculated F_{value} of 13.377 with a significance of <0.001 which means that overall transformational leadership style, organizational commitment, reward and punishment together (simultaneously) have a significant effect on performance-based budgeting at Public Broadcasting Institutions in Jambi City.

The Influence of Transformational Leadership Style on Performance-Based Budgeting

The research results show that the transformational leadership style partially has a significant positive effect on performance-based budgeting at Public Broadcasting Institutions in Jambi City. A transformational leadership style is a leader who focuses on desired influence, personal concern, and inspirational motivation that engages members by demonstrating their role as charismatic individuals and expressing an achievable vision. The role of transformational leadership in an organization helps the organization implement its vision and encourage every employee in it to achieve organizational goals. According to Jumardin (2022), leadership style in an organization is very important in developing a conducive work environment and creating a climate that increases employee motivation, which is expected to lead to high productivity in the organization. This is supported by Stewardship theory which states that management is less motivated by personal goals and more focused on organizational interests (Donaldson & Davis, 1991). Leaders will prioritize the interests of the organization by encouraging employees to achieve organizational goals. If leaders can motivate their members, it will be easier to achieve organizational goals and any program will run smoothly. Smooth program operations facilitate successful implementation of performance-based budgets and achieve organizational goals.

The Influence of Organizational Commitment on Performance-Based Budgeting

The results of the research show that organizational commitment partially has a significant positive effect on performance-based budgeting at Public Broadcasting Institutions in Jambi City. Organizational Commitment is an individual's strong desire to remain in an

organization. Organizational commitment shows an individual's belief, support and loyalty to the values and goals the organization wants to achieve. People with high organizational commitment have a positive attitude towards achieving organizational goals and will do their best for the organization. Therefore, high organizational commitment increases the likelihood of program completion and avoids potential budget gaps. This is in line with the Goal setting theory stated by Locke and Latham (2006), namely explaining the relationship between goals and performance, the more someone is involved in serving organization to achieve a goal, the greater the person's effort or performance, so that it can influence performance. Having high commitment will increase the success of implementing performance-based budgets in achieving organizational goals.

The Effect of Rewards on Performance-Based Budgeting

The research results show that Partial rewards do not have a significant effect on performance-based budgets at Public Broadcasting Institutions in Jambi City. Giving awards in an organization is very important and is proof that the organization has human resources who are competent in carrying out tasks to achieve organizational goals. Implementing performance-based budgeting requires consistency in planning and budgeting because giving rewards has a significant impact on the performance of the party implementing or implementing the policy. When employees are satisfied with what they get from the organization, they will exchange their time, skills, abilities and contributions to the organization. The existence of awards will trigger resources to implement activities or programs that have been planned based on performance-based budgets, thereby increasing the success of implementing performance-based budgets. However, this statement is inversely proportional to the results of this research, where rewards have no effect on performance-based budgets at Public Broadcasting Institutions in Jambi City. This happens because the rewards given to employees do not comply with the applicable provisions in accordance with Government Regulation Number 11 of 2017 concerning the forms of rewards that can be given to civil servants. Employees who feel unfair because they do not receive rewards commensurate with their contribution and performance can feel unmotivated and less generous towards the agency where they work. Dissatisfaction can result in decreased employee performance and productivity so that the implementation of performance-based budgeting is difficult to achieve.

The Effect of Punishment on Performance-Based Budgeting

The research results show that partial punishment does not have a significant effect on performance-based budgeting at Public Broadcasting Institutions in Jambi City. Punishment is a punishment imposed on a person or member of an organization for violating existing behavior or norms in order to have a deterrent effect. Sanctions are imposed as a management tool to make organizational performance more effective. Sanctions motivate organizational members to improve their performance, increase the likelihood of program completion, and avoid potential budget shortfalls. Providing sanctions to organizations that are inconsistent and fail to implement their budgets is expected to improve budget implementation based on organizational performance (Suprihatin, 2016). However, this statement is inversely

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proportional to the results of this research, where punishment has no effect on performance-based budgets at Public Broadcasting Institutions in Jambi City. This happens because the punishment given to employees is not in accordance with the applicable provisions in accordance with Government Regulation Number 94 of 2021 concerning Civil Servant Discipline. Employees who feel that they are being punished unfairly or not in accordance with the violations they have committed may feel dissatisfied and lose confidence in the punishment system in the agency where they work. Dissatisfaction can result in decreased employee performance and productivity. Inappropriate punishment can also create tension and conflict between employees and their superiors or coworkers. This can disrupt cooperation and interpersonal relationships in the work environment, making it difficult to achieve implementation of performance-based budgets.

Conclusion

Based on the results of the analysis as previously described, the following conclusions were obtained:

1. The Transformational Leadership Style variable influences Performance-Based Budgeting. This indicates that whether the leadership style is implemented well or not will influence the performance-based budget at the Public Broadcasting Institution in Jambi City.
2. The Organizational Commitment variable has an effect on Performance-Based Budgeting. This indicates that high organizational commitment has an influence on Public Broadcasting Institution employees in Jambi City in preparing performance-based budgets.
3. The Reward variable is not influence on Performance Based Budgeting. This indicates that the rewards applied have no impact on the budget based performance of Public Broadcasting Institutions in Jambi City.
4. The Punishment variable is not influence on Performance Based Budgeting. This indicates that the punishment applied has no impact on the budget basis performance of Public Broadcasting Institutions in Jambi City.

Suggestion

Based on the research results, the suggestions that researchers can give are as follows:

1. Public Broadcasting Institutions in Jambi City should be able to better balance the rewards and punishments set by the state for ASN and Institution employees in order to be able to achieve maximum work results in preparing performance-based budgets.
2. This research only tests four independent variables which are thought to have an influence on performance-based budgeting. It is hoped that future researchers will be able to research more deeply into performance-based budgeting by adding other independent variables

such as the quality of management resources, improvement of administrative systems, goal commitment, governance, supervision and human resource competency.

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