

Organizational Commitment, Leadership Support, Ethics Climate, and Sanctions to Regulation Compliance of Dana BOS Budget

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Abstract: The purpose of this research is to know the regulatory compliance of Dana BOS budget that influenced by organizational commitment, leadership support, ethics climate and sanctions. Agency theory becomes the base of this research. The sample for this research involve headmaster, Dana BOS treasurer, BOS members team on public high school in Banten province. Data that is used in this research is primary data by questionnaire distribution. The results from this research shows that organizational commitment, leadership support, ethics climate and sanctions are significantly affecting regulation compliance to Dana BOS budget regulations.

Keywords: Budget Regulation Compliance, Dana BOS, Organizational Commitment, Leadership Support, Ethical Climate, Sanctions, Agency Theory.

1. Introduction

The purpose of this research is to know the regulatory compliance of Dana BOS budget that influenced by organizational commitment, leadership support, ethics climate and sanctions.

compliance to public financial regulation is a crucial factor to achievement of the purpose of using the budget. Regulations protect public interest and because of that the steps that adequate should be institutionalized to ensure the compliance of an entity. The compliance that inadequate on regulation is very affecting the service that planned for all stakeholder and the achievement of the value of public funds that spent. (Chalmers, et al: 2012). compliance to laws and regulation is mentioned as one of the factor that questioned from publication of public sector financial reports. (Afridzal, Aulia et al: 2018) including Dana BOS usage reports.

Disobedient to the laws and regulation that found in financial inspection is included in compliance reports. Disobedient can caused material misstatement from information in financial reports or another significant financial data. That matter involves client satisfaction, public interest, fair play, honesty, justice and equality (Korosec and Bartle, 2003). Public agency is the one who receives goods, services, or job using public fund. The consequence that appear is the action can make the organization obey the laws.

The previous research mostly took agency theory (Jensen and Meckling, 1976) which is related with rational choice model. School as educational institution act as a trusted agent that manages public funds by government that act as principal. Agency theory gives a thoughtful framework for economic incentive analysing and management choice in connection with real choice and accountant (Blankley and Forgiione, 1996). Indonesian government has institutionalized public finance regulatory framework by PP No. 45 year 2013 about Budget Implementation Procedures that should be followed by all government entity. That regulatory framework trying to reduce agency fund with increasing transparency in fund management and in the same time providing accountability and also giving punishment where there is difference.

BPK inspection results reveals from disobedient problem as much as 2.026 problems and about 1.173 (58%) in the amount of Rp 12,64 trillion are disobedient problem that can caused: loss about 729 (62%) problems in the amount of Rp 1,24 trillion; the potential loss is about 151 (13%) problems in the amount of 1,89 trillion; lack of acceptance about 293 (25%) problems in the amount of Rp 9,51 trillion. Besides, there are 853 (42%) disobedient problems that caused administration irrelevancy.

Education budget has a relatively large number and proportion compared to budget for other sector. The government budget allocation from APBN or APBD spent mostly for this strategic field. Budget allocation for education should be reach 20% from all the expenditure by the government. BantuanOperasionalSekolah (School

operational assistance) programme that hereinafter abbreviated with BOS become the government mainstay for increasing children to go to school with closing opportunity access closure to educational institute because financial factor. Education as public goods that most of it is funded by resources that collected by taxation. In financial economic, the law framework and regulations that appropriate has been established in a long time as basic requirements for building and operating an institution and a healthy financial market (Faruq and Kabir: 2009). But how is the school use a trusted resource by Dana BOS. But, the budget for education does not always go according to the rules, so it can be effective and efficient in the execution (Dufrechou, 2016), even an allocation for education usually related to corruption act (Haque& Kneller, 2015). Ablo&Reinikka (1998) found that there is a misallocation and misrepresentation in government budgeting that can influence educational outcome in a long-term.

Education budget got the biggest allocation, allowing disobedient budgeting use happening especially at Dana BOS use. The example of the disobedient problems to provisions of the laws and regulations on Dana BOS budget such as: Honorary payment that does not match with the regulation or exceed the standard in activity program that funded by BOS; over-payment except lack of work volume on the work that funded by Dana BOS; agency travel expense doubled and or exceed the standard, lack of work volume and/or goods; and expenses that is not in accordance or exceed the regulation. The accountability problems is not supported with complete evidence or valid (LHP Inspectorate Banten Province).

The amount of Dana BOS fund reached Rp 64 trillion according to APBN year 2020 (kemenkeu.go.id). Effort is needed for save the budget to fit the purpose according to another technical instruction that has been appointed by the regulator. The phenomenon in Banten Province shows that there is still discompliance by school in the execution of Dana BOS programme that accountable, participative, and transparent. This matter is not accordance with the regulations of Dana BOS uses that has been appointed. This condition shows that there is a problem that can influence the compliance of public financial regulations by educational entity.

Leadership support and organizational commitment dimension in management mechanism related with enhancement of financial public regulation compliance. The results imply that contextual leadership support in interpreting procedural control and structural, provides extrinsic motivation and intrinsic, recruiting employees that needed and provides relevant resources to the employees will lead to a better regulation compliance to financial public regulation framework (Nkundabayanyanga, et. al, 2019). Leadership support completing prevention steps in explaining financial public regulations compliance in educational sector. Even with strong preventive action, lack of leadership support can caused the compliance of public financial regulation is inadequate. Consistent with theory that explained by Hernandez, Allen, and Meyer (1990) opine that relational leadership supporting mutual trust behaviour between the leader and the followers, forming the basis to create management behaviour in public agency or institution so it can lead to financial public regulation compliance.

Besides leadership support, organizational commitment dimension can increase financial public regulation compliance. Organizational commitment can be interpreted as employee association to maintain organization membership/institution where the employees work. (Tritanti, Uzliawati, and Taqi: 2021). Commitment dimension in this research is strong sense of belonging to the entity and strong sense as if entity problems belongs to the employee.

Another factor shows that ethics can establish the regulation. Scott (2004) adds about institution sanction and punishment makes entity obeying the rules. Supervisory organization as Inspectorate Supervision plays the bigger roles in school agency compliancebehaviour. Becker (1986) affirming that expected punishment and probability of being caught is the main determinant from compliance act. To fulfil the protection against every decision that free will, the prevention steps institution entity as in punishment to achieve compliance (Nkundabayanyanga, 2016)

This research is the continuation of the previous research which is conducted by Nkundabayanyanga,et. al (2019) in Uganda.

2. Methods

This research is a primary data analytics research from questionnaire distribution. In this case, researcher took the population in Public High School in Banten Province. Number of samples which is obtained is about 35 schools. Dependent variable in this research is Regulation compliance of Dana BOS Budget. Meanwhile the independent variable is organizational commitment, leadership support, ethics climate and sanction. This research use SPSS

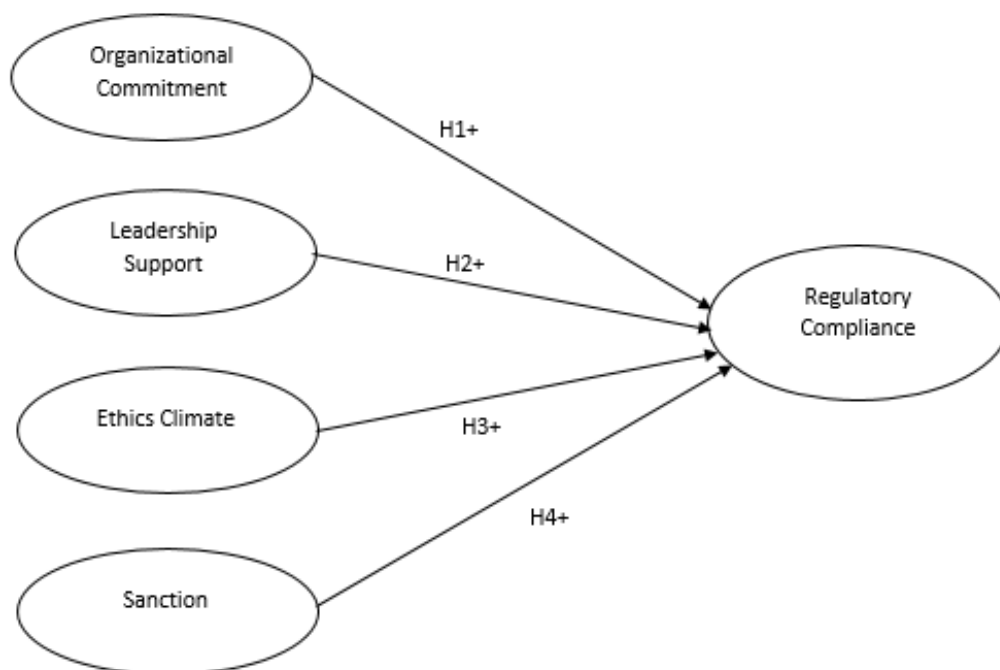
version 25 for processing the data.

$$Y = \alpha_0 + \beta_1 \text{COM} + \beta_2 \text{LEAD} + \beta_3 \text{ETIC} + \beta_4 \text{SANK} + \epsilon_i$$

(Research Model)

3. Research Model

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4. Result

Based on the results of statistical tests using SPSS Ver. 25 can be seen the results as follows:

Table 4.1 Composite Reliability Value

Variable	CompositeReliability	Description
Regulatory compliance	0,953	Reliable
Organizational Commitment	0,698	Reliable
Leadership Support	0,796	Reliable
Ethics Climate	0,929	Reliable
Sanction	0,971	Reliable

Based on the results of the outer model test, which includes convergent validity test, discriminant validity test, and reliability test, it can be concluded that all indicators used in measuring each variable have been valid and reliable, so that it has met the criteria for further testing to be carried out.

Table 4.2 T-Statistics Value

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
	13.374	7.754		1.725	.096		
KO	.789	.404	.520	2.975	.002	.638	2.081
DK	.956	.216	.606	4.420	.019	.677	1.487
IE	.800	.330	.769	3.579	.036	.935	6.427
SI	.876	.253	.999	5.926	.006	.403	4.816

Source: Data Processing Result (2022)

The Effect of Organizational Commitment to Regulatory compliance

Based on table 4.2 shows that result of t value in the amount of 2.975, significance level about 0.0002, that with someone that has high organizational commitment inside, the higher the sense of compliance to the regulations. With individual that has commitment, surely they would not dare to go outside of the rules that has been appointed. So that the deviant behaviour which is conducted by the individual to Dana BOS will be less because inside themselves has high organizational commitment. So, can be concluded as organizational commitment is affecting regulatory compliance. In line with Nkundabnyanga, et. al (2019) researches that gives the same result that organizational commitment is affecting to regulatory compliance.

The Effect of Leadership Support to Regulatory compliance

Based on results, $T = 4.420$ with significance 0.019 where significance level in this research is smaller from 0.05 then there is an effect of leadership support to regulatory compliance. According to Netemever, et. al (1997), leadership support is the level of consideration and support that accepted by the employees from their boss. Leader influence others to achieve organization goals (Yukl, 2006) with giving explication about organizational strategy and intrinsic motivation that push employees to act according to the task in the organization (Davis et al, 1997; Hernandez, 2008). According to Bell and Staw (1989) the leader that inculcate their fate to the employees help them to make decision in their own action to compliancebehaviour. Bell and Staw stated that motivational support increasing compliance level by encouragement intrinsic creation inside the employees that lead to internal orientation and active on the individual work role related with compliance to regulations. As example, a clear strategy alignment from the leader or management as in budget compliance, control structure and process and financial report that suitable can lead to higher level achievement of compliance. So in conclusion, leadershipsupport has a very influential to regulation compliance. In line with Nkundabanyangaet. al (2019) and Nakyevune (2016) research that leadership support significantly associated with financial public regulation compliance.

The Effect of Ethic Climate to Regulatory compliance

Based on $T = 3.579$ results with significance 0.036 where significance level in this research is smaller from 0.05 then there is ethic climate effect to regulatory compliance. Webber (2007) and Taylor, (2007) opine that ethic climate that required for organizational ethical behaviour appear from positive attitude to ethical core values. Ernest and Young (2011) opine that between four steps for limiting amount of risk is to foster an ethical environment. Simultaneously, Mathenge (2012) in their study about ethical dimension in professionalism and accounting that responsible procedure in Kenya, emphasize that ethical consideration can change accounting procedure besides emphasis on coercion.

Accounting procedure is part of regulation framework that should obeyed by the entity in public financial management. The previous review gives support for observation that ethical consideration is important for achieving compliance. In conclusion, ethic climate has an effect to regulatory compliance. In line with Panya (2018) research that ethic would lead to positive improvement in procurement process regulation compliance.

The Effect of Sanction to Regulatory compliance

Based on table 4.2 shows that t value is about 5.926 and significance level is 0.006, that sanction has an effect to regulatory compliance. If discompliance to law is high meanwhile possibility of being punished and low fines, organizational would not obey. Becker (1986) in criminal law model confirms that generally individual and company does not want to obey the regulations and because of that they forced to do that. This matter is echoed by Bandura (1986), Braithwaite (1985), and Gormley (1998) that opine that people in an environment will response behaviour to imitate with enforcement or punishment.

Therefore, possible violation and the severity of the punishment can be considered as determinant to push compliance to regulation (Ntayi et. al, 2012; Akpalu, 2011; Kleiman et al, 2009). Ntayi et al, (2012) observing that fear of “to be caught, to be punished and shame” significantly influence compliance to public regulation.

Most likely, when people in the same organization observe others or same entity that is not obeying the regulations, they think about many possibilities if they get caught. Even including other factors in the research about compliance the regulations, Akpalu (2011) found that risk of breaking and the severity of punishment occupy the highest rank. In line with Nkundabanyanga (2019) research gives the same results that sanction has an effect to regulatory compliance.

4. Conclusions

Based on the results of the above research and discussion, it can be concluded as follows:

1. Organizational Commitment has a significant positive effect to Regulatory compliance in Public High School in Banten Province.
2. Leadership Support has a significant positive effect to Regulatory compliance in Public High School in Banten Province.
3. Ethic Climate has a significant positive effect to Regulatory compliance in Public High School in Banten Province.
4. Sanction has a significant positive effect to Regulatory compliance in Public High School in Banten Province.

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