

# The Influence of Political Background and Knowledge of Legislative Members about the Budget on Dprd Performance in Regional Financial Oversight with Organizational Commitment as a Moderation of Batam City Dprd Members

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## Abstract

The performance of Batam City DPRD members in supervising local finances is one of the crucial aspects in the context of implementing regional autonomy, and its role is vast to control local financial policies that are economical, efficient, effective and accountable. DPRD members have different educational and occupational backgrounds before becoming DPRD members, so when elected as DPRD members, this limited knowledge and experience will be an obstacle in the supervisory function. This requires relatively more time, weak supervisory functions and knowledge of legislative members are factors that affect the performance of DPRD members in monitoring regional finances influenced by the system personally. The performance of the DPRD in carrying out the duties of the supervisory function must be optimized. This is done to know and identify the allocation of funds in the local government budget in the hope that there will be no misappropriation during budget implementation and produce good performance in supervising local finances. The study population was members of the Batam City DPRD. The sampling technique in this study is non-probability sampling with saturated sample type, obtained a sample of 50 samples from DPRD members of Batam City. The results of this study indicate that political background has a significant effect on the performance of DPRD, legislative knowledge has a significant effect on performance, and organizational commitment can moderate and strengthen the relationship between political background on DPRD performance. Organizational commitment can moderate and enhance the relationship between legislative knowledge on DPRD performance.

**Keywords:** *Political Background, Knowledge, Performance, Organizational Commitment*

## 1. Introduction

### 1.1 Background of the problem

The role of the Regional People's Representative Council (DPRD) in supervising regional finances is to control the direction of regional financial policy. The DPRD, as the Regional Legislative Body, is obliged and

authorized to manage the provincial budget in Law Number 9 of 2015 concerning Regional Government, which explains that regional autonomy is the authority and obligation of the region to regulate and manage its government affairs and the interests of the local community by statutory regulations. -invitation. Law Number 1 of 2022 concerning financial considerations between the central and regional governments. With the enactment of this law, provincial governments are given full authority to manage and regulate all affairs related to their respective regional governments to the maximum extent. Financial supervision carried out by DPRD members needs to be carried out to balance the government's performance in terms of preparing the APBD and controlling the realization of the APBD. The aim is to prevent irregularities and misuse of the granting of broad power and authority to the government. It is necessary to carry out robust control so that its management can be carried out. Achieve maximum results. Since the Regional Government Law was issued regarding regional autonomy and financial balance between the central and provincial governments, the power or responsibility imposed on regional governments to manage their regions optimally has become more outstanding. This is shown so that the distribution and utilization of natural resources can be even and create a financial balance between the central and regional governments. In terms of regional financial management at the planning stage, the provincial government and the Regional People's Representative Council (DPRD) work together as partners to formulate a policy regarding the regional income and expenditure budget plan. Then, after the budget plan is ratified into the Regional Revenue and Expenditure Budget (APBD), the provincial government will manage the APBD. Therefore, to realize good regional financial management, supervising the implementation of regional economic policies carried out by the legislative body (DPRD) is needed (Yuliani, 2021:904).

## 1.2 Formulation of the problem

1. Does Political Background directly affect the DPRD's performance in supervising regional finances for Batam City DPRD Members?
2. Does legislative members' knowledge of the budget directly affect the DPRD's performance in supervising regional finances among Batam City DPRD members?
3. Does political background influence DPRD performance, moderated by organizational commitment to supervising regional finances among Batam City DPRD members?
4. Does Legislative Members' Knowledge of the Budget influence DPRD Performance, moderated by organizational commitment to supervising regional finances among Batam City DPRD Members?

## 2. Theoretical basis

### 2.1 Political Background

Political background is an individual's background in all matters related to the world of politics. Political background in this research includes experience in the DPRD and political experience. Each council member is required to carry out their duties by the rules set by their respective commissions so that the different political backgrounds of each individual can cause differences. Therefore, every member of the DPRD must have an excellent political background in carrying out their respective duties and authorities. Each institution (DPRD) has a political background, like its individuals. The main characteristic of political background is related to values. Values are fundamental principles that serve as guidelines for individual life, in other words, Political background guides DPRD members in carrying out their unique role, namely regional financial supervision (APBD). In carrying out its function, namely regional financial supervision (APBD). The political background is the background of a person's experience in being involved in the world of politics. Political background includes several dimensions, namely experience in the DPRD, political party background, etc. Every institution (DPRD) has a political background like other individuals in the DPRD. The political background is related to the values guiding individuals in carrying out their duties and functions. The political background is defined as the background of a person's values, experience and knowledge in the political realm. The political work of legislative members in organizing, educating, conveying the people's voice, seizing power, and gaining control over the state for the benefit of the people is obtained through their activities in political

organizations and institutions, primarily through political parties and the legislature. All of this work has created value and provided experience and knowledge for legislative members in the political realm.

## **2.2 Legislative Members' Knowledge of the Budget**

Legislative members' knowledge of the budget can be interpreted as legislative members' knowledge of the budget preparation mechanism starting from the planning stage to the accountability stage, as well as legislative members' knowledge of the laws and regulations governing regional financial management/APBD. Knowledge of legislative members closely related to the budgeting function and supervisory function of legislative members. The budgeting function places DPRD members to participate in the budget process with the executive consistently. The DPRD's supervisory function provides authority to supervise executive performance in implementing the APBD. In such situations, DPRD members must have skills in reading "budgets". They can be involved in the regional budget process so that the DPRD can effectively supervise budget implementation.

## **2.3 Organizational Commitment**

Organizational commitment is the degree to which a person supports a particular organization and its goals and intends to maintain membership. Organizational commitment is often interpreted individually and relates to the person's involvement in the organization concerned. In organizational behaviour, there are various definitions of commitment. As an attitude, Luthans states that organizational commitment is (1) a strong desire to become a member of a group, (2) a high willingness to work for the organization, and (3) a particular belief and acceptance of its values and goals. Organization goals. Meanwhile, Jewell and Siegall stated that organizational commitment can be defined as the degree of relationship an individual views himself with his work in a particular organization. Psychologically, the organizational commitment among legislative members can be reflected in the performance they carry out as representatives of the people because it is a process that must be carried out to express themselves towards the organization and achieve high performance. The organizational commitment of legislative members needs to be developed, considering that most legislative members are part of political parties.

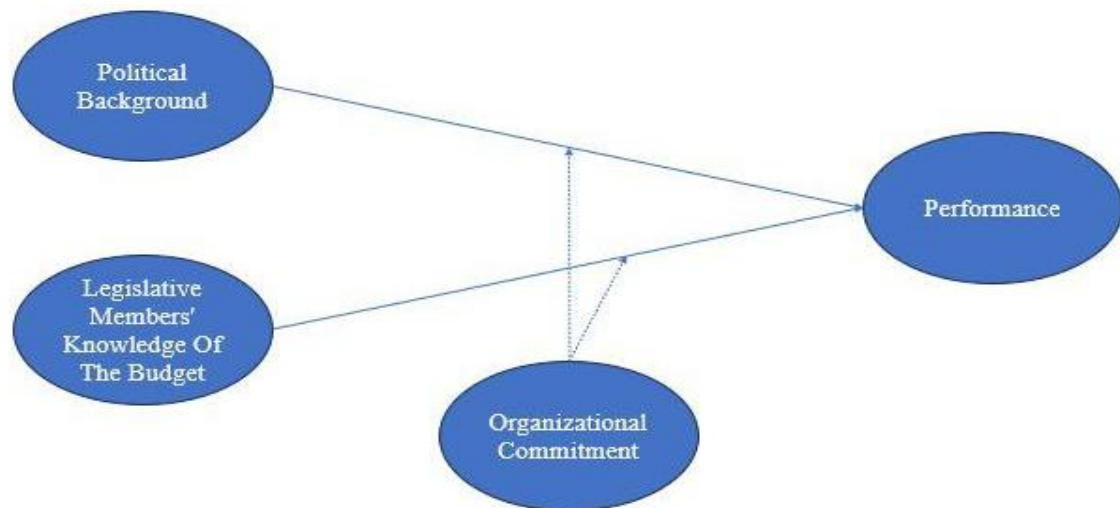
## **2.4 Performance**

The performance of human resources influences the success of an organization; for this reason, every company will try to improve a person's performance in achieving the organizational goals that have been set. Performance is generally associated with achieving results from established work standards. One of the performance benchmarks is knowledge, where the knowledge related to work tasks will influence the quality and quantity of work results. Performance is a combination of a person's abilities, efforts and opportunities, which can be assessed from the results of their work. This understanding implies that performance is a combination of a person's abilities, efforts and opportunities, which can be seen or known from the results of their work. Effort is a person's behavior to achieve a goal. A person with good behaviour will try with all his might to carry out his duties and responsibilities by the rules set.

## **3. Research methods**

### **3.1 Data Types and Sources**

The type of quantitative research in this research is in the form of numbers and will be analyzed using statistics. Examining the population and sample in this research uses quantitative research. Data analysis uses SEM analysis with PLS. The research design model is as follows:



Source: Data processed by the author (2023)

**Figure 1. Research Model**

#### 4. Research Results and Discussion

##### 4.1 Internal Consistency Analysis

Internal consistency analysis is a form of reliability used to assess the consistency of results across items on the same test. Internal consistency testing uses composite reliability values with the criteria that a variable is said to be reliable if the combined reliability value is  $> 0.700$  (Sarwono and Narimawati, 2015:18).

**Table 4.1 Internal Consistency Analysis**

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Political Background	0.937	0.940	0.945	0.570
Knowledge	0.916	0.918	0.929	0.544
Performance	0.946	0.947	0.952	0.537
Organizational Commitment	0.934	0.935	0.943	0.604

Source: Data Processing (2023)

Based on the internal consistency analysis data in the table above, the results obtained are variable political background has a composite reliability value of  $0.945 > 0.700$ , then the variable political background is reliable. The Knowledge variable has a combined reliability value of  $0.929 > 0.700$ . Then, the Knowledge variable is reliable. The Performance variable has a composite reliability value of  $0.952 > 0.700$ . Then, the Performance variable is reliable. The Organizational Commitment variable has a combined reliability value of  $0.943 > 0.700$ , then the Commitment variable The organization is trustworthy.

##### 4.2 Testing the Significance of Structural Model Path Coefficients

In this test, there are two stages, namely, testing the direct influence hypothesis and testing the indirect influence hypothesis. The hypothesis testing path coefficients are in the image below. They are testing the significance of

the path coefficient of the structural model (Structural Model Path Coefficient). This test determines the path coefficients of the structural model, aiming to test the significance of all relationships or test hypotheses.

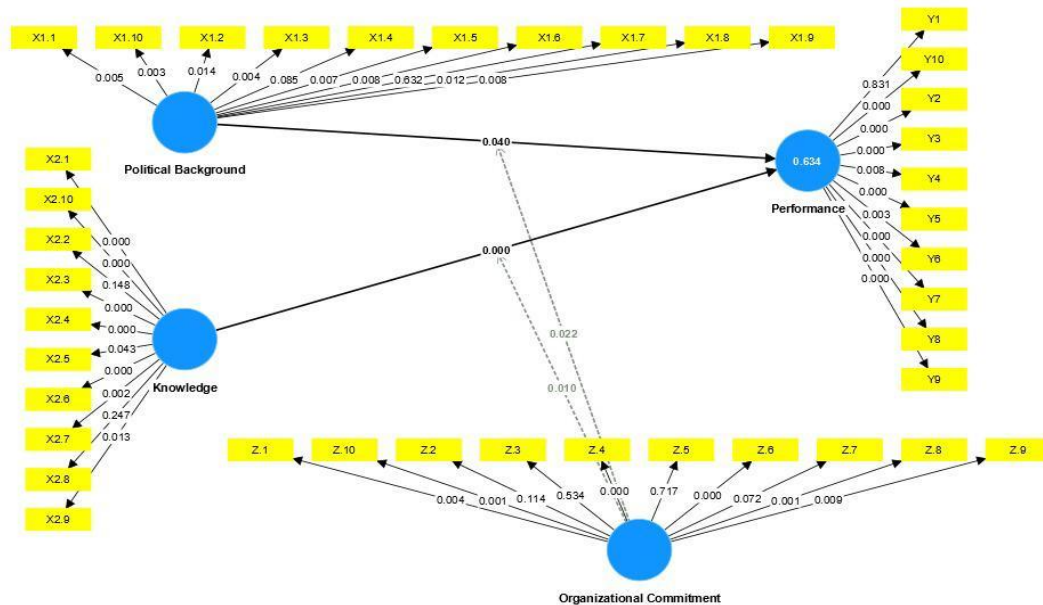


Figure 4.2. Hypothesis Test

#### 4.2.1 Hypothesis testing

Based on the data processing that has been carried out, the results can be used to answer the hypothesis in this research. Hypothesis testing in this research can be seen with the T-Statistics values and P-Values values. The research hypothesis can be declared accepted if the P-value  $< 0.05$ . The following are the results of hypothesis testing that can be obtained in this research through the inner model:

Table 4.2 Direct Influence Hypothesis

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P value (P values)
Political background -> Performance	-0.457	-0.317	0.222	2,052	0.040
Knowledge -> Performance	0.693	0.690	0.169	4,097	0,000

Source: Data Processing (2023)

1. The direct influence of the Political Background variable on the Performance variable has a path coefficient value of 2.052 (positive), so an increase will follow an increase in the value of the Political Background variable in the Performance variable. The influence of the Political Background variable on the Performance variable has a P-value of  $0.040 < 0.05$ , so it can be stated that the influence of Political Background on Performance is positive and significant.

2. The direct influence of the Knowledge variable on the Performance variable has a path coefficient value of 4,097 (positive), so an increase will follow an increase in the value of the Knowledge variable in the Performance variable. The influence of the Knowledge variable on the Performance variable has a P-value of  $0.000 < 0.05$ , so it can be stated that the influence of Knowledge on Performance is positive and significant.

**Table 4.3 Interaction Test**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P value (P values)
Organizational commitment x Political Background -> Performance	0.661	0.434	0.289	2,285	0.022
Organizational commitment x Knowledge -> Performance	0.616	0.418	0.237	2,593	0.010

Source: Data Processing (2023)

1. The Political Background variable on the Performance variable, moderated by Organizational Commitment, has a path coefficient of 2,285 (positive), with the original sample being 0.661, which means that the Organizational Commitment variable strengthens the relationship between the Political Background and Performance variables. The influence of the Political Background variable on performance, which Organizational Commitment moderates, has a P-value of  $0.022 > 0.05$ , so it can be stated that the influence of Political Background on Performance moderated by Organizational Commitment is significant.

2. The Knowledge variable on the Performance variable, moderated by Organizational Commitment, has a path coefficient of 2,593 (positive), with the original sample being 0.616, which means that the Organizational Commitment variable strengthens the relationship between the Knowledge and Performance variables. The influence of the Knowledge variable on performance, which Organizational Commitment moderates, has a P-value value of  $0.010 > 0.05$ , so it can be stated that the influence of Political Background on Performance moderated by Organizational Commitment is significant.

#### 4.2.3 Coefficient of Determination (R Square)

The coefficient of determination (R Square) aims to evaluate the accuracy of predictions of a variable. In other words, to determine how variations in the value of the dependent variable are influenced by variations in the value of the independent variable in a path model.

**Table 4.4 Coefficient of Determination**

	R-square	R-square adjusted
Performance	0.634	0.592

Source: Data Processing (2023)

The table above shows that the influence of Political Background and Knowledge on Performance is 59.2%, and the remaining 40.8% is influenced by other variables outside those examined in this research.

## 5. Conclusions and recommendations

### 5.1 Conclusion

Based on the research object, where there is a gap between theory and empirical facts, and a framework of thinking based on existing theory is prepared, an Operational Definition of Variables is ready. Data processed with the SmartPLS Ver. 4.0.9.5 to test the effect based on assumptions in Structural Equation Modeling (SEM) to test the feasibility of the model, the results of this research can be concluded as follows:



1. The direct influence of the Political Background variable on the Performance variable has a path coefficient value of 2.052 (positive), so an increase will follow an increase in the value of the Political Background variable in the Performance variable. The influence of the Political Background variable on the Performance variable has a P-value of  $0.040 < 0.05$ , so it can be stated that the influence of Political Background on Performance is positive and significant.

2. The direct influence of the Knowledge variable on the Performance variable has a path coefficient value of 4.097 (positive), so an increase will follow an increase in the value of the Knowledge variable in the Performance variable. The influence of the Knowledge variable on the Performance variable has a P-value of  $0.000 < 0.05$ , so it can be stated that the influence of Knowledge on Performance is positive and significant.

3. The Political Background variable on the Performance variable, moderated by Organizational Commitment, has a path coefficient of 2.285 (positive), with the original sample being 0.661, which means that the Organizational Commitment variable strengthens the relationship between the Political Background and Performance variables. The influence of the Political Background variable on performance, which Organizational Commitment moderates, has a P-value of  $0.022 > 0.05$ , so it can be stated that the influence of Political Background on Performance moderated by Organizational Commitment is significant.

4. The Knowledge variable on the Performance variable, moderated by Organizational Commitment, has a path coefficient of 2.593 (positive), with the original sample being 0.616, which means that the Organizational Commitment variable strengthens the relationship between the Knowledge and Performance variables. The influence of the Knowledge variable on performance, which Organizational Commitment moderates, has a P-value value of  $0.010 > 0.05$ , so it can be stated that the influence of Political Background on Performance moderated by Organizational Commitment is significant.

## 5.2 Suggestion

Based on the research results and limitations in this research, several suggestions are expected to become input for subsequent research, including:

1. The Batam City DPRD is expected to gain more experience in the field of politics in order to increase the political background of each legislative member of the Batam City DPRD.
2. It is hoped that the Batam City DPRD will further improve its oversight function over the running of the government so that it can run well, without any corruption in the government, which has been increasingly occurring lately.
3. It is hoped that the Batam City DPRD will develop more strategies to increase the knowledge of DPRD members about their respective regional budgets so that provincial financial supervision will be better.
4. For further research, we can increase the number of research instruments so that measuring the influence of political background and knowledge of legislative members about the budget on DPRD performance can be effective, and the measurement results can be more accurate.
5. For further research, we can examine other variables influencing regional financial supervision.

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