

Behavioral Aspects in the Budget Preparation Process at "X" Hospital

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ABSTRACT

This research aims to determine behavioral aspects in the budget preparation process that occurs at the Undaan Eye Hospital, Surabaya. The research uses a descriptive qualitative method, namely by explaining, describing and comparing the data with existing theories and then analyzing it to obtain a conclusion. Data was obtained by field observation by conducting interviews and documentation. The results of this research indicate that the Undaan Eye Hospital in Surabaya has implemented a participatory work program and budget preparation process using a bottom up model, namely an approach model where each implementing manager is given the freedom to determine activities and work programs. Top management control over behavior in budget preparation and budget implementation has been carried out well with monthly reports and the use of technology and information systems.

INTRODUCTION

In carrying out its operational functions, every company is required to be able to manage its resources in order to be able to survive and grow amidst increasingly complex situations. One strategy that can be implemented is to exercise control in preparing the budget so that all costs required to run the company's operations can be covered by the income it receives. Apart from meeting operational costs, companies also need profits to be able to continue to grow and develop following the demands of the times. A budget is a plan designed in a structured manner that covers various company activities, which are then presented in the form of financial values that apply within a certain time period (Nurhayati et al, 2022).

Accuracy in budget preparation is also needed in the health or hospital services sector. Hospitals are complex entities, so they require careful and strategic financial management. In the BPJS Health era, hospitals are required to provide quality services, prioritize patient satisfaction, carry out operational efficiency, and comply with regulations set by the government. In responding to all these challenges, hospitals need the right strategy, especially in preparing budgets and determining profit targets to be achieved.

Budget preparation is a financial planning process that aims to allocate financial resources efficiently and effectively. In the hospital context, budget preparation involves various parties, including top level management or directors, service managers, as well as general administration and finance managers. Behavioral analysis can help in understanding how factors such as personal preferences and organizational culture influence the income and expense estimates included in the budget. Research conducted by Jamil (2019) found that, in order for the preparation of a budget to be in line with the stated objectives, the preparation process requires cooperation between managers and employees, because the process of preparing a budget is very complex, so as to avoid the potential for personal interests to be included in the preparation. In order to prevent this, this can be done by involving staff to participate in preparing the budget.

The behavioral aspect in budget preparation reflects positive behavior because it can motivate managers to improve their performance and conversely it can also give rise to negative behavior such as internal conflict and budget gaps (Iriansyah et al, 2021). Research conducted by Apriwandi et al, (2013) concluded that manager participation in budget preparation will have a positive effect on the manager's performance, the higher the participation in budget preparation, the better the performance will be.

Behavioral analysis is considered approach factors psychological, social, and behavioral man in context taking decision finance. In context hospital, analysis behavior become relevant in understand how behavior individuals and groups within organization influence the drafting process budget and determination profit. Management must realize exists factor behavior man in preparation budget and constitute factor key in motivating employees and coordinating activities (Syamiya, 2017).

Temporary that's determination profit is results end from series decisions taken by management in effort for reach objective finances that have been set. In general company want to get profit to guarantee future sustainability company that, because That required ability a manager in manage and maintain continuity company in face increasing competition strict (Dewi et al, 2020). Analysis behavior help in understand how behavior managerial in taking risk, tendency for achieving profit targets, and emphasis on performance financial period short, yes influence the determination process profit.

By considering the importance of behavioral aspects in the budget preparation process, the aim of this research is to determine the behavioral aspects in preparing the budget that has been determined at the Undaan Eye Hospital. This research is expected to identify potential biases that may arise due to differences in individual perceptions in adopting more effective improvement strategies to increase transparency, accountability, and overall hospital financial health.

THEORETICAL REVIEW

Contingency theory

Contingency theory is a behavioral theory that states that there is no one best way to design an organization. The best way to organize an organization depends on the situation and conditions faced by the organization. Thus, this theory shows what factors can influence organizational behavior and what behavior can emerge in an organization based on the organizational environment itself. On the basis of this theory, a situation will arise that can influence other conditions (Wulandari et al, 2019).

Behavioral Theory Planned

Saputra in Pitaloka (2022) states that the theory of planned behavior is a theory that is guided by the opinion that humans are rational creatures who will use the information they have before taking an action and will think about the impact of the action they will take.

Planning

Planning according to H.B. Siswanto in Ultsani et al (2021) is a basic process in determining goals and determining strategies to achieve these goals. Before carrying out an activity, management must determine a comprehensive plan regarding the activities to be implemented including determining objectives, programs, facilities and infrastructure, as well as human resources involved in achieving the activity targets.

Budgeting

Budgeting is the creation of a plan, determination and allocation of finances to achieve certain goals expressed in monetary terms within a certain period (Ultsani et al, 2021). Budgeting involves determining how much funds

will be allocated to various activities, as well as how these funds will be distributed according to the priorities and needs of the organization or entity concerned. The main objective of budgeting is to ensure that financial resources are used efficiently and effectively to achieve stated goals. Anwar et al, (2022) state that a budget in a company has 4 main functions, namely: 1) as a planning tool, 2) as an organizing tool, 3) as an actuating tool, 4) as a tool supervision (controlling). Pressure on the budget can influence behavior in preparing the budget (Pitaloka, 2022). Firmasyah in Pitaloka (2022) explains that behavior in preparing a budget consists of several indicators, namely: 1) Determining budget targets, 2) Establishing communication, 3) Forming a budget, 4) Receiving and providing feedback, 4) Carrying out supervision.

Managerial Performance

Latifah in Pitaloka (2022) states that performance is the final goal that will be achieved by both individuals and groups in an organization, based on the responsibilities and authority they have in achieving these goals legally and actions that violate existing regulations. Managerial performance is a target or goal that a manager wants to achieve using the minimum possible costs to provide the maximum possible results and quality (Fauziah, 2021). Managerial performance refers to the manager's ability to achieve stated organizational goals. Managerial performance plays an important role in the success of an organization, because effective managers can bring innovation and positive change, as well as motivate employees to achieve optimal results. Pitaloka (2022) in his research stated that performance assessment based on a predetermined budget makes management try to create diversity that can benefit it by creating gaps, namely by increasing costs and reducing profits when preparing the budget. This means that with a low budget target, managers and employees will find it easier to achieve these targets. Setiawan (2020:41) emphasized that, "the elements that must appear in a plan are the objective of the activity, why the activity must be carried out (why), the target (what), who is responsible for its implementation (who), where the activity is carried out (when), what are the targets and indicators of success (how many), how to achieve the plan (how)".

METHODOLOGY

Types of Research

This research uses a type of qualitative research with a descriptive approach, namely by looking for answers by analyzing the factors that cause the phenomenon at the Undaan Eye Hospital, Surabaya.

Place and Time of Research

The research was conducted at the Undaan Eye Hospital, Surabaya, which operates in the field of health services and is located at Jalan Undaan Kulon No. 17-19 Surabaya. This research will begin in February 2024 and will be completed.

Types and Techniques of Data Collection

The type of data used in this research is qualitative data. The data sources obtained were in the form of oral and written information, such as the history of the founding of the hospital, location, vision and mission, organizational structure, policies regarding budgeting and the stages in preparing the budget at the Undaan Eye Hospital in Surabaya.

The data source in this research is the primary data source. Data was obtained by conducting field observations.

Data collection techniques are carried out by means of interviews, documentation. Interviews were conducted with the financial manager and HDR manager, while documentation was carried out by examining the work plan and budget documents for the Undaan Eye Hospital, Surabaya.

Analysis Methods and Process

The data analysis method needed to discuss the problems in this research is descriptive qualitative analysis, namely a form of research by explaining, describing and comparing data with existing theories and then analyzing it to obtain a conclusion

RESULTS AND DISCUSSION

Undaan Surabaya Eye Hospital is a hospital managed by the Undaan Surabaya Eye Disease Patients Care Association (P4MU). Based on its deed of establishment, the Surabaya Undaan Eye Disease Treatment Association (P4MU) was previously called "*Soerabaiasche Oogeelkundige Kliniek*" which was in the form of a "*vereniging*" legal entity or association as stated in *Extract Uit Het Register Der Besluiten Van Den Goeverneur General Van Nederlandsch - Indie* Number 33 dated January 3, 1916. In 1954, "*Soerabaiasche Oongeelkundige Kliniek*" changed its name to the Surabaya Undaan Eye Disease Sufferers Care Association (P4M). This change has been approved by the Minister of Justice through the Decree of the Minister of Justice of the Republic of Indonesia No. J.A 5/13/20 dated 25 February 1954 and published in the State Gazette of the Republic of Indonesia number 28 dated 30 March 1954.

In accordance with the articles of association of the Undaan Eye Disease Sufferers Care Association (P4MU), the aim and purpose of establishing the hospital is to provide assistance to eye disease sufferers from all levels of

society. To achieve these goals and objectives, hospitals carry out business activities which include hospital services along with all facilities and infrastructure supporting related business activities.

In carrying out its operational activities, Undaan Eye Hospital determines work plans in the form of short-term work plans or annual work plans, and long-term work plans or strategic plans (*restra*). The annual work plan is an elaboration of the strategic plan which is prepared every 5 years, and in the annual work plan an evaluation is also carried out whether the strategic plan prepared is still in accordance with development needs and the existing situation. The annual work plan at the Undaan Eye Hospital is outlined in the form of a work plan and budget (RKA). The RKA is prepared using a participatory system with a bottom up model, namely an approach model where each implementing manager is given the freedom to determine activities and work programs for the next year and then submit them to upper level management or directors. Determination of activities and work programs prepared by implementing managers must of course be in line with the strategic plan that has been prepared previously and must be in accordance with the vision and mission of the Undaan Eye Hospital. Ilyas et al, (2021) in their research stated that a budget prepared involving the participation of all employees will have a positive impact on organizational behavior, including increasing organizational commitment, increasing work motivation and improving performance.

The mechanism for preparing the RKA at the Undaan Eye Hospital begins in October or after the submission of the 3rd semester report. The performance results up to semester 3 will be used as a reference in preparing the 4th semester prognosis. After the current year's prognosis is known, it will then be used as a reference in preparing the RKA for the following year. According to Adisaputra in Pitaloka (2022), work plans involve a number of steps and actions in the future which contain the number of activities, activity implementers, activity schedules, activity locations, use of resources, and parameters or benchmarks in achieving activity results. The RKA that has been prepared by the implementing managers is then discussed in a large forum called the RKA workshop, in the workshop the managers present details regarding the proposed RKA from the background, implementation mechanism, amount of budget required, target income to be obtained (profit center), implementation time, the number of human resources needed, the number of facilities and infrastructure needed until the purpose of preparing the RKA. After all managers have submitted the RKA that has been prepared, the board of directors will then assess whether the proposed program is feasible, in accordance with the hospital's vision and mission and in line with

the strategic plan or not. One of the main factors used as a basis for directors in assessing the RKA prepared by managers is to avoid budgetary slack. According to Yuhertina in Dewi (2021), budgetary slack is a condition where costs are deliberately increased and income is deliberately reduced when preparing a budget by someone involved in preparing the budget. Furthermore, Dewi (2021) said that there are three main reasons that encourage a manager to carry out budgetary slack, namely: 1) managers believe that performance appraisals carried out by leaders are based on achieving budget targets, 2) budgetary slack can be used to overcome uncertain conditions, where there may be unexpected events, so that with this budgetary slack managers will be more relaxed in using the budget, 3) there are budget cuts made by the leadership to the proposed budget. After assessing the feasibility of the RKA, the board of directors will determine the priority scale for each approved program. The priority scale is based on the following: 1) urgency, 2) budget size of costs and benefits, 3) impact on the organization, 4) risks that may arise, 5) linkages with programs proposed by other units.

After the RKA is determined, the implementing managers will sign an integrity pact, namely a written commitment that must be implemented and adhered to by all members of the organization so that the RKA that has been prepared together can be implemented with full responsibility. Anwar et al, (2022) in their research stated that employees involved in budget preparation tend to have strong motivation and are consistent in their commitment to the company. In addition, the sense of responsibility embedded in employees becomes greater regarding the accountability given by company leaders during the implementation of budgeted activities. Monitoring and evaluation of budget performance achievements at the Undaan Eye Hospital is carried out every month, namely by implementing managers submitting monthly performance results to the board of directors in the form of a monthly report. The purpose of monitoring and evaluation is to ensure that operational activities carried out are in accordance with the predetermined budget, avoid deviations and measure performance achievements against predetermined targets. With regular monitoring and evaluation, corrective steps can be taken immediately to address discrepancies between implementation and the determined budget. Merchant and Stede in Tutu et al, (2023) in their research stated that strict budget control in organizations can be used as a basis for measuring employee performance in achieving efficiency in the use of resources, avoiding waste and controlling expenditure to comply with the predetermined budget.

To increase efficiency in monitoring and evaluating the implementation of RKA, Undaan Eye Hospital Surabaya also uses technology and information systems that are integrated between departments. All budgets and programs

that have been approved in the RKA are input into the information system, so that with this information system, management can control every budget realization proposal, including accuracy of activities, timeliness of implementation, accuracy of budgeted costs as well as preventing deviations and misuse and ensuring compliance and compliance with predetermined policies. The use of information technology based on Stewardship theory allows information to be conveyed effectively with more relevant quality. Research conducted by Jannah et al, (2018) shows that the use of technology has a positive effect on budget management, the higher the use of information technology, the greater the accountability for budget management.

CONCLUSIONS AND RECOMMENDATIONS

Based on research that has been conducted, the Undaan Eye Hospital in Surabaya has implemented a participatory work program and budget preparation process using a bottom up model, namely an approach model where each implementing manager is given the freedom to determine activities and work programs. With the involvement of the implementation manager in preparing the work program and budget, the responsibility for the success of the program is also very high.

Top management control over the implementation of managers' behavior regarding programs and budgets in measuring employee performance has also been implemented well. This can be known through an evaluation in the form of a monthly performance report and is supported by the use of integrated technology and information so that submission of budget realization, accuracy of activities, timeliness of program implementation, accuracy of costs and the possibility of errors and misuse of the budget can be controlled quickly and effectively.

FURTHER STUDY

Leadership Role Analysis: Further examine the role of leadership in influencing behavior in the budgeting process. Do different leadership styles have different impacts on motivation, engagement and the quality of the budget

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