

ABSTRACT**The Influence of Leadership Style and Individual Competency on Organization Culture and Commitment and The Success of Implementation of Performance Budget System at Provincial Government Work Units in East Java**

Performance Budget System as part of financial reformation has been implemented since 2003. Reformation or system alteration does not only relate with technical work, but also with problems of organization and executor's behavior. Therefore, behavioral aspects need to be considered in order to make the system implementation works.

The aim of the research is to analyze and prove the influences of behavior aspects which include leadership style and individual competency on organization culture and organization commitment and also the success of implementation of performance budget system.

The population of this study is all local government work units in East Java. The data is analyzed by using descriptive statistic analysis and Structural Equation Modeling.

The results of the study indicate that the success of implementation of performance budget system at local government work units in East Java is influenced significantly and positively by leadership style of work unit leader. The influence is also significant through organization culture. Individual competency has significant influence on the success of implementation of performance budget system through organization culture. The study does not find significant influence from individual competency and organization commitment toward the success of system implementation. This is because implementation of performance budget system has not been supported by work unit employee's commitment and competency especially competency in performance budget system.

Keywords: leadership style, individual competency, commitment, culture, performance budget system.