

THE INFLUENCE OF INDIVIDUAL CAPABILITY, REWARD SATISFACTION AND BUDGET CHARACTERISTICS ON THE PERFORMANCE OF MANAGERS IN RESPONSIBILITY CENTERS AT LARGE PLANTATION COMPANIES IN WEST KALIMANTAN

By : Haryono

ABSTRACT

The objective of this study was to obtain empirical evidence on the presence of influence from capability, skill, experience, satisfaction to extrinsic, intrinsic, and non-traditional rewards, budgetary participation, budget goal clarity, budgetary feedback, budget goal difficulty, budgetary evaluation, and budget fairness, and to define the most predominant factors from all those twelve variables on the performance of responsibility-center managers in large plantation companies in West Kalimantan, and to compare those variables.

Three top managers, i.e., chief executive officer representing profit center; marketing manager, representing revenue center, and production manager, representing expense center; were asked to fill questionnaires. From all populations, expense center responded 34 questionnaires, while revenue and profit centers responded 30 questionnaires each.

After validity and reliability tests were carried out, 34 questions from 34 respondents in expense center, as well as 30 respondents each from revenue and profit centers were considered eligible to be analyzed further.

Using regression and correlation analysis, the following findings were disclosed:

1. Profit center

1.1. Capability, skill, experience, satisfaction to extrinsic, intrinsic, and non-traditional rewards, budgetary participation, budget goal clarity, budgetary feedback, budget goal difficulty, budgetary evaluation, and budget fairness, simultaneously had significant influence on the performance of profit center managers in plantation companies in West Kalimantan, as indicated by F_{ratio} of 20.362, while F_{table} was 2.585. The value of determination coefficient (R^2) was 0.9350, indicating that 93.50% of the dependent variable was determined by the twelve independent variables.

1.2. The variable of satisfaction to intrinsic rewards (presenting as opportunity to task accomplishment, opportunity to achieve challenging objectives, autonomy, and personal growth) had partial significant influence on the performance of profit center manager in those plantation companies as indicated by $p = 0.01351$, and the partial determination coefficient (r^2) of 30.87.

2. Revenue center

2.1. Capability, skill, experience, satisfaction to extrinsic, intrinsic, and non-traditional rewards, budgetary participation, budget goal clarity, budgetary feedback, budget goal difficulty, budgetary evaluation, and budget fairness,

simultaneously had significant influence on the performance of revenue center managers in plantation companies in West Kalimantan, as indicated by F_{ratio} of 14.623, while F_{table} was 2.585. The value of determination coefficient (R^2) was 0.9117, indicating that 91.17% of the dependent variable was determined by the twelve independent variables.

2.2. The variable of individual skill had partial significant influence on the performance of revenue center manager in those plantation companies as indicated by $p = 0.03289$, and the partial determination coefficient (r^2) of 24.08.

3. Expense center

3.1. Capability, skill, experience, satisfaction to extrinsic, intrinsic, and non-traditional rewards, budgetary participation, budget goal clarity, budgetary feedback, budget goal difficulty, budgetary evaluation, and budget fairness, simultaneously had significant influence on the performance of expense center managers in plantation companies in West Kalimantan, as indicated by F_{ratio} of 15.735, while F_{table} was 2.53. The value of determination coefficient (R^2) was 0.8999, indicating that 89.99% of the dependent variable was determined by the twelve independent variables.

3.2. The variable of individual experience had partial significant influence on the performance of expense center manager in those plantation companies as indicated by $p = 0.02247$, and the partial determination coefficient (r^2) of 22.42.

The eleven items included in the performance quality, i.e., (1) human resource development, (2) employee's attitude, (3) social responsibility, (4) balance between short and long-term objectives, (5) knowledge on job, (6) expressed suggestion or statements, (7) decision made, (8) work planning, (9) creativity, (10) discipline, and (11) leadership are all needed and should be accomplished to support the company's performance by those three centers of responsibility, whether they are profit, revenue or expense centers.

Keywords: *individual capability, individual skill, individual experience, rewards satisfaction, extrinsic rewards satisfaction, intrinsic rewards satisfaction, budget characteristics, manager's performance, responsibility center*