

## **ABSTRACT**

### **Responsibility Accounting System and Key Performance Indicator formulation using Balanced Scorecard (BSC) with taking into consideration behavior aspects.**

Objective of this study was to find out further the impact of planning and budgeting processes and performance measurement on the behavior as well as key performance indicator measurement of responsibility center manager based on Balanced Scorecard concept. Method used in this study was qualitative research approach. The method was chosen, since it was necessary to explore opinions, responses and actions, as well as suggestions for future improvement of private university "X" that were questioned to the responsibility center managers during the determination of the planning and budgeting of the private university "X". Performance measurement employed in the private university "X" was also included in the study. Therefore, the appropriate study for the above purpose was the qualitative approach one.

The result of the first study showed that planning and budgeting submission processes with a bottom up or participative approach influenced the behavior of the responsibility center manager, that was to develop their appreciation and togetherness feeling, so that their commitment was developed to execute the approved planning and budgeting program.

Secondly, in the case the responsibility center managers were not involved during the determination of planning and budgeting which was directly defined by the top management; it did not yield a negative impact to the behavior of the responsibility center managers as far as the approved program fulfilled their expectations. However, when the approved program came from the top management, it might cause a negative behavior impact; such as they would not work with their optimum capacity.

Thirdly, the financial performance that using variants analysis to compare between budget and its realization could not reveal the real performance of the responsibility center managers. This condition might cause misjudgment by the top management and it yielded negative impact; that was a frustration feeling of the responsibility center managers who really worked as planned. Besides, the performance measurement that taken emphasis on the financial aspect and less considered the non-financial one affected the behavior of the responsibility center managers by thinking just short term purposes and reluctant to make any innovations.

Fourthly, the performance measurement which was not followed by granting reward & punishment, affected the behavior of the responsibility center managers who by no hard work and reluctant to make any innovations.

The fifth result showed that by following steps suggested in the Balanced Scorecard, it could be able to define the key performance indicators of the responsibility center managers with taking into consideration either financial or non-financial aspects.

The conclusion of the study is that the planning and budgeting processes and financial performance measurement have an influence on the behavior of the responsibility center managers.

**Key word : Budgeting, financial performance, Balanced Scorecard, Key performance Indicators, reward & punishment**