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THE EFFECT OF BUDGETTING EFFECTIVENESS ON THE FINANCIAL PERFORMANCE OF THE TEXTILE UNIT AT THE BANDUNG TEXTILE ENTERPRISE

Ria Julianti[1], Dini Paryanti[2]
Program Studi Komputerisasi Akuntansi , Politeknik Piksi Ganesha, Indonesia
[1]Rijulputri8@gmail.com [2]Dini.Paryanti@gmai.com

ABSTRACT

This study investigates how the financial performance of the Textile Unit of Balai Besar Tekstil (BBT) Bandung is affected by budgeting effectiveness. This research was conducted using a quantitative method using descriptive and verification approaches. This study involved 58 employees, all of whom were sampled using a saturated or census sampling technique. Data were collected using a five-point Likert scale questionnaire and analyzed using validity, reliability, descriptive statistical analysis, normality, simple linear regression analysis, t-test, and coefficient of determination (R2). All of this was done using the IBM SPSS statistical program. Each component of the instrument was declared valid and reliable, according to the research results. H0 was rejected and H1 was accepted because both variables Budgeting Effectiveness and Financial Performance were in the Good category, with the percentage of score achievement of 65.57% and 65.93%, respectively. The t-test results showed that Budgeting Effectiveness had a positive and significant impact on Financial Performance (t count 6.219 > t table 2.003; Sig. 0.000 < 0.05). Budgeting effectiveness contributed 40.9% to financial performance, according to the coefficient of determination (R2) of 0.409. Other factors outside the study contributed 59.1%.

Keywords: Budgeting Effectiveness, Financial Performance, Simple Linear Regression, Public Sector.

INTRODUCTION

Financial management is a crucial aspect supporting the success of organizations, both in the private and public sectors. In public sector organizations, the effectiveness of financial management is not measured by the amount of profit earned, but by the organization's ability to manage the budget effectively, efficiently, transparently, and accountably to optimally achieve organizational goals. Good budget management is the foundation for supporting work program implementation, cost control, and improving the quality of public services. According to Mardiasmo (2021), the budgeting system in the public sector is a crucial component of the management control system, serving as a tool for planning, implementing, and evaluating organizational performance.

The Bandung Textile Center (BBT) is a Technical Implementation Unit (UPT) under the Ministry of Industry of the Republic of Indonesia, responsible for providing services such as testing, certification, calibration, research, technology development, and guidance for the textile industry. As a non-profit government institution, BBT Bandung must be able to manage its budget effectively so that all operational activities and services can be carried out properly. BBT Bandung is a non-profit government institution. Therefore, they need to manage their budget efficiently to ensure that all operational activities and services can be carried out according to predetermined targets. Thus, budget management is one of the crucial elements that support the financial performance of the institution.

An organization's success in designing, implementing, monitoring, and evaluating budgets is measured by the term "budgeting effectiveness." Proper budgeting not only supports financial planning but also plays a role in management communication, coordination, and oversight. According to Garrison, Noreen, and Brewer (2021), a budget is a systematically prepared financial plan to help a company allocate resources optimally and serves as a basis for evaluating performance.

Financial performance indicates how well an organization manages funds to achieve its goals. Measuring the financial performance of public sector organizations focuses more on achieving organizational performance targets than on achieving commercial profits. This measurement focuses more on budget efficiency, accountability, and achieving performance targets. Consequently, a company's opportunity to improve the quality of its financial management is directly related to the effectiveness of its budgeting process.

Budget management often faces numerous challenges during implementation. These include

changing operational needs, limited resource availability, fluctuating prices of goods and services, and changes in government policies. These conditions can lead to discrepancies between the planned budget and the actual outcome. The lack of regular control and evaluation can impact financial performance and the efficiency of budget use.

Several studies have shown a correlation between budgeting effectiveness and a company's financial performance. However, most studies focus on for-profit companies, and very little research has been conducted on budgeting effectiveness in government agencies or technical service units. Nevertheless, public sector institutions also require an efficient budgeting system to support the achievement of performance targets increasing budget efficiency and enhancing financial management accountability. These conditions form an important foundation for conducting this research.

Thus, this study aims to evaluate how budgeting effectiveness impacts the financial performance of the Textile Unit at the Bandung Textile Center. It is hoped that the research results will provide insight into how effective budgeting correlates with organizational financial performance. They will also help management improve budget management so that work programs can be executed more efficiently, effectively, and accountably.

Identification of problems

Based on the background that has been described, the research problems can be identified as follows:

1. The budget evaluation process at the Textile Unit of the Bandung Textile Center has not been fully implemented consistently and periodically.
2. There are still differences (variances) between the planned budget and its actual implementation due to fluctuations in raw material prices and changes in operational needs.
3. Achievement of financial performance targets, particularly profit/surplus targets, was considered suboptimal by some respondents.
4. Research on the effectiveness of budgeting in government agencies/technical service units (non-profit oriented) is still relatively limited compared to research on profit-oriented organizations.

Formulation of the problem

Based on the problem identification above, the problem formulation in this research is:

1. What is the picture of Budgeting Effectiveness at the Textile Unit of the Bandung Textile Center?
2. What is the picture of the Financial Performance of the Textile Unit of the Bandung Textile Center?
3. How big is the influence of Budgeting Effectiveness on Financial Performance at the Textile Unit of the Bandung Textile Center?

Research purposes

In accordance with the problem formulation above, the objectives of this research are:

1. To find out and analyze the picture of Budgeting Effectiveness in the Textile Unit of the Bandung Textile Center.
2. To find out and analyze the picture of Financial Performance at the Textile Unit of the Bandung Textile Center.
3. To determine and analyze the magnitude of the influence of Budgeting Effectiveness on Financial Performance at the Textile Unit of the Bandung Textile Center.

Benefits of research

Theoretical Benefits

It is hoped that this research will contribute to the development of management accounting and public sector accounting, particularly regarding how budgeting and financial performance are successfully implemented by non-profit organizations and government agencies. Furthermore, this research can serve as a reference for further research on this topic.

Practical Benefits

1. For the BBT Bandung Textile Unit, the results of this study are expected to be used as input

and evaluation material in increasing the effectiveness of budget management to support the achievement of more optimal financial performance.

2. For the Ministry of Industry, the results of this study can be used as a consideration in formulating budgeting policies at the Technical Implementation Units (UPT) within its jurisdiction.
3. For further researchers, the results of this study can be used as a reference or comparison in research with the theme of budgeting effectiveness and financial performance in other public sector organizations.

LITERATURE REVIEW

Budgeting Effectiveness

Budgeting effectiveness is the degree to which an organization successfully prepares, implements, controls, and evaluates its budget, ensuring that its objectives are achieved as planned. Budgeting serves not only as a tool for developing financial plans but also as a tool for monitoring, collaborating, communicating, and evaluating organizational performance.

Public sector budget is a management tool, according to Mardiasmo (2021), which is used for planning and monitoring organizations to achieve goals efficiently, economically, transparently, and accountably. Garrison, Noreen, and Brewer (2021) say that a budget is a financial plan that is made systematically for a certain period of time that helps organizations run their operations and monitor the use of resources.

Based on this opinion, this study defines budgeting effectiveness as the ability of the Textile Unit of the Bandung Textile Center to prepare, implement, monitor, and evaluate the budget so that funds can be used optimally to achieve organizational goals.

Financial performance

In public sector organizations, financial performance is measured by how effectively and efficiently the organization manages its financial resources to achieve its goals. An organization's financial performance is measured by considering not only profits but also budget utilization, operational cost effectiveness, accountability, and achievement of performance targets.

Kasmir (2022) states that financial performance is the results achieved by an organization in managing its resources over a certain period of time, which is measured through various financial indicators that are adjusted to the characteristics of the organization.

In this study, financial performance is defined as how well the Textile Unit of the Bandung Textile Center manages the budget effectively so that it is able to support the achievement of the company's performance goals.

The Relationship between Budgeting Effectiveness and Financial Performance

An organization's financial performance is linked to budgeting effectiveness. Proper budgeting helps organizations allocate resources according to priorities, control operational costs, reduce waste, and implement work programs more efficiently.

On the other hand, ineffective budgeting can lead to errors in budget use, inefficiency, and failure of organizations to achieve their goals.

Therefore, the company's financial performance is better with a more effective budgeting process because the use of the budget can be accounted for and directed to support the achievement of company goals.

Previous Research

Table 1 Previous Research

No	Researcher (Year)	Research Title	Research result
1	Rahayu & Pratama (2023)	The Influence of Budgeting Effectivenesson Financial Performance in Regional Government Agencies	Effectiveness budgetingh as a positive and significant impact on financial performance.
2	Wulandari (2022)	Analysis of Performance-Based Budgeting and Its Impact on Public	Performance-based budgeting improves an organization's

		Sector Financial Accountability	accountability and financial efficiency.
3	Hartono & Sari (2021)	The Influence of Budget Planning on the Financial Performance of Government UPTs	Good budget planning contributes significantly to the financial performance of UPT.
4	Nugroho (2024)	Effectiveness of Budget Control and Its Impact on Operational Cost Efficiency	Effective budget control reduces operational costs and increases efficiency.
5	Daughter & Setiawan (2023)	Budget Evaluation as a Determinant of Financial Performance in Non-Profit Organizations	Periodic budget evaluation has a significant impact on improving the financial performance of non-profit organizations.

The table above shows that previous research has demonstrated that budgeting effectiveness (from the planning, control, and evaluation aspects) benefits the financial performance of public and non-profit organizations. This confirms the relevance of this study, which focuses on the Textile Unit of the Bandung Textile Center, a results-oriented, non-profit government institution. This study differs from previous research because it examines the technical implementation unit for textile testing and certification, a relatively understudied area.

RESEARCH METHODS

This research employed a quantitative method, employing a descriptive and verification approach. Sugiyono (2022) stated that quantitative research methods are based on the philosophy of positivism and are used to investigate specific populations or samples with the aim of testing hypotheses developed through statistical data analysis. Budgeting effectiveness and performance The financial performance of the Textile Unit of the Bandung Textile Center is described using a descriptive approach. On the other hand, the influence of budgeting effectiveness on financial performance is examined using a verification approach.

The Textile Unit of the Bandung Textile Center (BBT), a Technical Implementation Unit (UPT) under the Ministry of Industry of the Republic of Indonesia, was the location where the research was conducted. Budgeting effectiveness as the independent variable (X) and financial performance as the dependent variable (Y) were the subjects of the research.

This study involved all 58 employees of the Textile Unit of the Bandung Textile Center involved in the budget preparation, implementation, and management process. Due to the relatively small population, this study used a saturated sampling technique (census), meaning all employees were taken as samples. Therefore, the research sample consisted of 58 respondents.

The research data consists of two parts. Primary data were obtained from a questionnaire distributed to all participants using a five-point Likert scale: Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1). Secondary data were obtained from documentation and various references related to the financial performance and budgeting of public sector organizations.

Data collection techniques used include:

1. Questionnaires, used to obtain data regarding budgeting effectiveness and financial performance.
2. Interviews were conducted to obtain supporting information regarding budgeting implementation at the Textile Unit of the Bandung Textile Center.
3. Documentation, carried out by collecting documents related to budgeting activities and other supporting reports.

Table 2 Operationalization of Research Variables

Variables	Definition	Indicator	Scale
Budgeting Effectiveness (X)	Ability organization in organize	Compilation budget;	Ordinal

	, implement, control, and evaluate budgets o that organizational goals can be achieved effectively and efficiently.	Implementation budget ;Budget control; Budget evaluation; Budget utilization efficiency; Achievement of budget objectives	(Likert)
PerformanceFinance (Y)	The organization's ability to manage financial resources effectively and efficiently to achieve organizational targets.	Efficient use of budget; Control of operational costs; Achievement of financial targets; Management of resources; Accountability financial management	Ordinal (Likert)

Data Analysis Techniques

The data analysis technique was carried out using the IBM SPSS Statistics application with the following stages:

1. Validity Test
2. Reliability Test
3. Descriptive Statistical Analysis
4. Normality Test
5. Simple Linear Regression Analysis
6. t-test (Partial)
7. Coefficient of Determination (R^2)

The percentage of questionnaire results is calculated using the formula:
Percentage = (Achieved Score / Ideal Score) × 100%
The percentage results are then interpreted based on the following categories:

Table 3 Score Interpretation Criteria

Percentage	Category
81 - 100%	Very good
61 - 80%	Good
41 - 60%	Enough
21 - 40%	Not enough
0 - 20%	Very less

Next, to test the research hypothesis, a simple linear regression analysis was used with the equation:

$Y = a + bX$

Description: Y = Financial Performance; a = Constant; b = Regression Coefficient; X = Budgeting Effectiveness.
Hypothesis testing was conducted using a t-test with a significance level of 5% ($\alpha = 0.05$). The hypothesis was accepted if the significance value (Sig.) < 0.05 or the calculated t-value > t-table. The magnitude of the contribution of budgeting effectiveness to financial performance was analyzed using the coefficient of determination (R^2).

RESEARCH RESULTS AND DISCUSSION

The Textile Unit of the Bandung Textile Center (BBT) was the subject of this study. BBT is a technical implementation unit (UPT) under the Ministry of Industry of the Republic of Indonesia responsible for testing, certification, calibration, research, technology development, and development of the textile industry. Research data were collected through an online questionnaire distributed to all employees involved in the budget preparation, implementation, and management process. A total of 58 people responded, representing the population. The collected data were then processed and analyzed using

the IBM SPSS statistical program.

Before the data was used for hypothesis testing, the research instrument (questionnaire) was first tested for validity and reliability using data from 58 respondents.

4.2.1 Validity Test

Validity testing was conducted using the corrected item-total correlation technique, which involves correlating the score of each item with the total score of the remaining items on the same variable. An item is declared valid if the calculated r value is greater than the table r value. The number of respondents
(n) = 58, degrees of freedom (df) = n-2 = 56, and a significance level of 5%, the r table obtained was 0.259.

Table 4 Results of the Validity Test of the Budgeting Effectiveness Variable (X)

Item	Indicators/Statements	r count	r table	Sig.	Note:
X1	Compilation budget systematic & planned	0.534	0.259	0,000	*Valid*
X2	Allocation budget material standardtaking into account price fluctuations	0.553	0.259	0,000	*Valid*
X3	Allocation budget material standardconsidering price fluctuations (2)	0.519	0.259	0,000	*Valid*
X4	Budget as tool controllerwaste of money	0.576	0.259	0,000	*Valid*
X5	Routine evaluation of realization vs budget ceiling	0.639	0.259	0,000	*Valid*
X6	Availability SOUP budget submission/change	0.551	0.259	0,000	*Valid*

Results of the Validity Test of the Financial Performance Variable (Y)

Table 5 Results of the Validity Test of the Financial Performance Variable (Y)

Item	Indicators/Statements	r count	r table	Sig.	Note:
Y1	Achieving profit/surplus targets	0.447	0.259	0,000	*Valid*
Y2	Increased production cost efficiency	0.388	0.259	0.003	*Valid*
Y3	Ability to reduce losses due to rising raw material prices	0.506	0.259	0,000	*Valid*
Y4	The use of resources produces added value	0.334	0.259	0.011	*Valid*
Y5	Ratio cost operational todecreasing income	0.445	0.259	0.001	*Valid*

Based on Table 4.1, the six items in the Budgeting Effectiveness variable have calculated r values ranging from 0.519 to 0.639, all of which are above the r table (0.259) withsignificance level of 0.000 (<0.05). The highest calculated r value is found in item X5 (routine evaluation of realization against the budget ceiling) at 0.639, which indicates that this item has the highest discrimination power and consistency in representing the Budgeting Effectiveness construct. Meanwhile, in Table 4.2, the five items of the Financial Performance variable have calculated r values between 0.334 and 0.506, also all exceeding the table r with a significance below 0.05. The lowest calculated r value is found in item Y4 (use of resources produces added value) at 0.334, which although considered valid, indicates a relatively weaker relationship with the total score compared to the other items. Overall, all 11 statement items in both variables are declared valid and suitable for use as research data collection instruments, so no items need to be dropped before further analysis.

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Reliability Test

Reliability testing is intended to determine the internal consistency of the research instrument, using the Cronbach's Alpha coefficient. An instrument is considered reliable if the Cronbach's Alpha value is > 0.60.

Table 6 Reliability Test Results

Variables	Number of Items	Cronbach's Alpha	Note:
Budgeting Effectiveness (X)	6	0.804	Reliable
Financial Performance (Y)	5	0.669	Reliable

The test results in Table 4.3 show a Cronbach's Alpha value for the Budgeting Effectiveness variable of 0.804, which according to Sugiyono's (2022) criteria is classified as high reliability. Meanwhile, the Financial Performance variable obtained a Cronbach's Alpha value of 0.669, which is classified as acceptable reliability. Because both values are above the threshold of 0.60, it can be concluded that all statement items in both variables are consistent and reliable for use as measuring instruments, so that the data generated from this questionnaire can be trusted for use in the next stage of analysis. The higher alpha value of X compared to Y also indicates that the items in the Budgeting Effectiveness variable have relatively stronger homogeneity and inter-item relationships than the items in the Financial Performance variable.

Descriptive Statistical Analysis

Descriptive analysis was used to provide an overview of the responses of 58 respondents to the variables of Budgeting Effectiveness (X) and Financial Performance (Y), based on respondents' answers on a five-point Likert scale, namely Strongly Agree (SS), Agree (S), Undecided (R), Disagree (TS), and Strongly Disagree (STS).

Descriptive Analysis of Budgeting Effectiveness Variable (X)

Table 7 Frequency Distribution and Average Score of Budgeting Effectiveness Variable (X)

Item	SS	S	R	TS	STS	Mean	%	Category
X1	**15**	**14**	**13**	**13**	**3**	**3.43**	**68.62**	**Good**
Item	**SS**	**S**	**R**	**TS**	**STS**	**Mean**	**%**	**Category**
X2	10	20	9	9	10	3.19	63.79	Good
X3	14	16	13	8	7	3.38	67.59	Good
X4	11	15	13	12	7	3.19	63.79	Good
X5	10	16	11	10	11	3.07	61.38	Good
X6	17	16	9	6	10	3.41	68.28	Good

The table shows that of the six items measuring Budgeting Effectiveness, item X5 (routine evaluation of cost realization against the budget ceiling) obtained the lowest average score, namely 3.07 or 61.38%, with a relatively high proportion of Disagree and Strongly Disagree answers (21 out of 58 respondents). This condition indicates that the periodic budget evaluation process has not been fully felt to be running consistently by some employees. In contrast, item X1 (systematic and planned budget preparation) obtained the highest average score, namely 3.43 or 68.62%, which indicates that the budget planning stage is considered the best aspect implemented compared to other stages. Overall, the total score of the Budgeting Effectiveness variable reached 65.57% of the ideal score and is in the Good category, which means that the process of preparing, implementing, controlling, and evaluating the budget at the BBT Bandung Textile Unit has been running quite well, although the aspect of periodic budget control and evaluation is still a point that needs more attention to be improved to approach the Very Good category.

Descriptive Analysis of Financial Performance Variables (Y)

Table 8 Frequency Distribution and Average Score of Financial Performance Variable (Y)

Item	SS	S	R	TS	STS	Mean	%	Category
Y1	11	17	11	8	11	3.16	63.10	Good
Y2	8	21	10	14	5	3.22	64.48	Good
Y3	15	12	17	7	7	3.36	67.24	Good
Y4	16	18	8	9	7	3.47	69.31	Good
Y5	15	12	14	8	9	3.28	65.52	Good

Based on Table 4.5, item Y4 (the use of capital resources and equipment to produce optimal

product added value) obtained the highest average score of 3.47 or 69.31%, indicating that respondents assessed that the utilization of organizational resources was quite optimal in creating added value. In contrast, item Y1 (achieving profit/surplus targets set by the institution) obtained the lowest average score of 3.16 or 63.10%, with 19 out of 58 respondents answering Undecided, Disagree, or Strongly Disagree. This indicates that achieving formal financial targets remains a challenge for the BBT Bandung Textile Unit, in line with its characteristics as a non-profit oriented organization that is not solely profit-oriented. Overall, the scoreThe total Financial Performance variable reached 65.93% of the ideal score and was in the Good category, which indicated that the effectiveness of budget management was considered quite capable of supporting the achievement of organizational targets, increasing the efficiency of budget use, and helping control operational costs, although the aspect of achieving profit/surplus targets still requires further strategic strengthening.

Normality Test

Normality tests were performed on the unstandardized residual values of the regression results to ensure the data were normally distributed, as a prerequisite for using linear regression analysis. Tests were performed using the Kolmogorov-Smirnov and Shapiro-Wilk tests.

Table 9 Results of Residual Normality Test

Test	Statistics	Sig. (p-value)	Information
Kolmogorov-Smirnov	0.089	0.718	Normally distributed data
Shapiro-Wilk	0.971	0.179	Normally distributed data

The normality test criteria state that data is normally distributed if the significance value (p-value) is greater than 0.05. Based on Table 4.6, the Kolmogorov-Smirnov test produces a significance value of 0.718, while the Shapiro-Wilk test produces a significance value of 0.179. Both values are far above the 0.05 threshold, so it can be consistently concluded by both methods that the residual data of this study are normally distributed. The fulfillment of this normality assumption provides a strong basis that the simple linear regression model built in the next stage has met one of the main requirements (BLUE - Best Linear Unbiased Estimator), so that the results of the regression coefficient estimation and hypothesis testing (t-test) can be interpreted validly and without bias.

Simple Linear Regression Analysis

Simple linear regression analysis is used to determine the form and direction of the influence of Budgeting Effectiveness (X) on Financial Performance (Y).

Table 10 Results of Simple Linear Regression Analysis

Model	Coefficient (B)	Std. Error	t count	Sig.
Constant (a)	6,858	1,611	4,257	0,000
Budgeting Effectiveness (b)	0.489	0.079	6,219	0,000

Based on Table 4.7, the simple linear regression equation is obtained as follows: Y = 6.858 + 0.489 X

The constant value (a) is 6.858 and is significant (Sig. 0.000 < 0.05) indicating that if Budgeting Effectiveness is 0 (none), then Financial Performance is estimated to remain at the base value of 6.858, which reflects the existence of other factors outside of budgeting that contribute to shaping the organization's financial performance. Regression coefficient
(b) 0.489 has a positive and significant value, which means that every 1 point increase in the score Budgeting Effectiveness will increase the Financial Performance score by 0.489 points, assuming other factors remain constant (ceteris paribus). This positive relationship empirically proves that the better the budget preparation, implementation, control, and evaluation processes carried out by the BBT Bandung Textile Unit, the higher the financial performance achievement, in line with the formulated framework.

Hypothesis Test (t-Test / Partial Test)

The t-test is used to test the significance of the partial influence of Budgeting Effectiveness (X) on Financial Performance (Y), with the following test criteria: H1 is accepted if the calculated t-value > t-table or the significance value < 0.05.

Table 11 Results of the t-Test (Partial)

t count	t table (df=56, α=0.05)	Sig.	Decision
6,219	2,003	0,000	H0 is rejected, H1 is accepted

The test results in Table 4.8 show a calculated t value of 6.219, much greater than the t table of 2.003 at 56 degrees of freedom and a significance level of 5%. In addition, the significance value obtained of 0.000 is far below the threshold of 0.05. With the fulfillment of both criteria simultaneously (calculated t > t table and Sig. < 0.05), the decision taken is to reject H0 and accept H1. This means that it is statistically proven that Budgeting Effectiveness has a positive and significant effect on the Financial Performance of the Textile Unit of Balai Besar Tekstil Bandung. The large calculated t value that far exceeds the t table also indicates that the strength of the influence is not obtained by chance, but rather reflects a consistent relationship between the two variables in the research data.

Coefficient of Determination (R^2)

Table 12 Results of the Determination Coefficient

R	R Square (R^2)	Contribution (%)
0.639	0.409	40.9%

The correlation coefficient (R) value of 0.639 in Table 4.9 indicates that the relationship between Budgeting Effectiveness and Financial Performance is relatively strong, because it is in the interpretation range of 0.60 - 0.799. The coefficient of determination (R^2) value of 0.409 indicates that the Budgeting Effectiveness variable is able to explain or contribute 40.9% to the variation (rises and falls) in the Financial Performance of the Textile Unit of the Bandung Textile Center. Meanwhile, the remaining 59.1% (100% - 40.9%) is influenced by other factors outside this research model, such as government budget policy, fluctuations in textile raw material prices in the market, the competence and competition of human resources for financial management, market demand conditions, and other external factors not included in the simple regression model in this study. The magnitude of this contribution confirms that although budgeting effectiveness is a significant factor, this factor is not the only major determinant of the financial performance of non-profit public sector organizations such as BBT Bandung.

DISCUSSION

Overall, the results of this study indicate that, with a contribution of 40.9%, budgeting effectiveness has a positive and significant impact on the financial performance of the Textile Unit of the Bandung Textile Center. This finding strengthens and confirms the hypothesis proposed in Chapter II and aligns with the findings of Mardiasmo (2021) and Garrison, Noreen, and Brewer (2021).

Descriptively, both the Budgeting Effectiveness (65.57 percent) and Financial Performance (65.93 percent) variables are in the Good category, but have not yet reached the Very Good category. This indicates that the budget preparation, implementation, control, and evaluation procedures at the BBT Bandung Textile Unit have been running quite well. However, the budget evaluation indicator (X5) obtained the lowest percentage (61.38%) and the profit/surplus target achievement indicator (Y1) also obtained the lowest percentage. These two findings are interrelated: inconsistency in periodic budget evaluation can be one of the reasons why the organization does not achieve its financial targets properly. Therefore, improving evaluation elements can contribute significantly to improving financial performance.

Although the effect of Budgeting Effectiveness on Financial Performance is statistically significant, most of the variation in Financial Performance is caused by factors other than budgeting, according to the R2 value of 0.409. This is a natural thing because the financial performance of a public sector non-profit company such as BBT Bandung is greatly influenced by external factors such as government budget policies, changes in textile raw material prices, and market demand conditions that cannot be controlled by unit management. Therefore, improving financial performance cannot be done only by improving the budgeting system; it must also be combined with an approach to managing external risks and improving the human resource capabilities of financial managers.

Overall, the findings of this study reinforce previous theory and research that budgeting effectiveness is a critical factor in the financial performance of public sector organizations (as summarized in Table 2.1). Furthermore, these findings broaden the research focus to a previously understudied area, namely technical implementation units in the field of technology testing and certification.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of data analysis on 58 respondents from the Textile Unit of the Bandung Textile Center, the following conclusions can be drawn:

1. All research instruments (11 statement items) were declared valid (r count > r table 0.259) and reliable (Cronbach's Alpha X = 0.804; Y = 0.669), so they are suitable for use as research measuring tools.
2. Budgeting Effectiveness at the BBT Bandung Textile Unit is in the Good category with an achievement percentage of 65.57% of the ideal score, with the budget preparation indicator as the strongest aspect and budget evaluation as the aspect that still needs to be improved.
3. Financial Performance at the BBT Bandung Textile Unit is also in the Good category with an achievement percentage of 65.93%, with the resource utilization indicator as the strongest aspect and the achievement of profit/surplus targets as an aspect that still needs to be improved.
4. The regression residual data is normally distributed (Sig. Kolmogorov-Smirnov = 0.718; Shapiro-Wilk = 0.179), so the simple linear regression model is suitable for use in this study.
5. The results of simple linear regression produce the equation Y = 6.858 + 0.489X, which shows a positive influence of Budgeting Effectiveness on Financial Performance.
6. The t-test results show that t count (6.219) > t table (2.003) with Sig. 0.000 < 0.05, so H0 is rejected and H1 is accepted. Thus, Budgeting Effectiveness has a positive and significant effect on the Financial Performance of the Textile Unit of the Bandung Textile Center.
7. The coefficient of determination (R^2) of 0.409 shows that Budgeting Effectiveness contributes 40.9% to Financial Performance, while the remaining 59.1% is influenced by other factors outside this study.

Suggestion

1. For the management of the BBT Bandung Textile Unit, it is recommended to increase the consistency of periodic budget evaluations and strengthen transparency in the implementation of budgeting procedures, considering that the budget evaluation indicator obtained the lowest percentage score compared to other indicators.
2. It is necessary to strengthen the strategy for achieving financial targets (profit/surplus), for example through performance-based budgeting that is more adaptive to fluctuations in raw material prices.
3. For further researchers, it is recommended to add other relevant variables (for example, HR competency, internal control system, or government budget policy) considering that the Budgeting Effectiveness variable in this study was only able to explain 40.9% of the variation in Financial Performance.
4. Further research is also recommended to expand the population/sample coverage to several similar Technical Implementation Units (UPT) under the Ministry of Industry so that the research results can be generalized more widely.

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