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# Determinants of Managerial Performance in The Covid-19 Era

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**Abstract.** This study examines the determinants of managerial performance which consist of management control systems, organizational culture, and organizational commitment. The analysis was carried out using multiple linear regression with the SPSS version 22 program. The object studied was a health care institution in the South Tangerang area with data collected from 52 respondents. The results of the study show that partially, the management control system, organizational culture and organizational commitment have a significant positive effect on managerial performance. Simultaneously, all independent variables have a significant effect on managerial performance.

**Keywords.** organizational culture, organizational commitment, managerial performance, management control system

## 1. Introduction

The era of globalization will bring about intense competition in the business world which will place an organization in three consequences, namely retreat, survive, or develop. The ability of management in planning and controlling will greatly determine the success of an organization in facing competition. In addition to planning and controlling, management's role in the implementation of each company's strategy will determine the achievement of organizational goals or performance that has been set. The successful implementation of a manager's strategy can be assessed through his managerial performance (Wahyuni & Lestari, 2020). According to Mulyadi (2007) managerial performance is the result of work in quality and quantity of an employee in carrying out each assignment assigned to him.

Managerial performance greatly determines the going concern or survival of an organization, especially in the last three years during the current Covid-19 pandemic. Based on the research of Ngadi et al. (2020) it was recognized that the Covid-19 pandemic had resulted in 15.6% of employees being terminated in Indonesia, and 13.8% of them did not receive severance pay. In addition, according to data from the Central Statistics Agency, the number of unemployed in Indonesia in August 2021 was recorded at 9.10 million people or 6.49% of the workforce. Good managerial decisions are expected to be able to deal with the problems that attack to the organization. Therefore, in difficult situations, the organization will survive or be able to survive.

Life in various sectors has significantly changed since the Covid-19 pandemic hit the world, including in Indonesia which was recorded to have started in March 2020. Health programs are currently focused on handling Covid-19, so that it demands a different way of thinking, behaving and working with the main goal of protecting public health from the threat of Covid-19. This includes the South Tangerang area, where based on data from the Covid-19 Task Force, five sub-districts were included in the red zone category, namely Serua, Rempoa, Serpong, Kedaung and Cirendeui (Kurniawan, 2021). This condition requires the management of health service institutions in South Tangerang to continue to work professionally while maintaining their best performance.

Several factors are considered to influence managerial performance, such as organizational culture, organizational commitment, and management control systems (Muis et al., 2018; Wahyuni & Lestari, 2020). Organizational culture is understood as values that are owned, understood and obeyed by members of the organization, so that it describes the actual condition of the organization and distinguishes it from other organizations, as well as makes it strong to enable to achieve organizational goals (Widasari & Putri, 2018).

A management control system is required to control the organization, so that the goals set can be achieved according to the plan. Therefore, this system is considered an important part in directing or managing company activities, including in influencing human behavior within the company (Chandra, 2017; Talumewo et al., 2018).

Organizational commitment is basically a provision regarding guidelines, implementation and mutually agreed goals of all organizational personnel for future achievements (Muis et al., 2018), so that high organizational commitment can actually strengthen and encourage the achievement of organizational goals. On the other way around, low commitment will have a negative impact on the organization such as decreased work quality, job satisfaction, non-performance of regulations, and decreased productivity, which will ultimately affect the performance (Juwita & Kusumaningrum, 2019).

This study seeks to examine whether management control systems, organizational culture and organizational commitment can be implemented by health service institutions in the South Tangerang area, to maintain and achieve the specified managerial performance. Managerial capabilities in developing management control systems, encourage an organizational culture that is oriented towards achieving goals, as well as management's ability to build shared commitment, are challenges for managers to jointly achieve company performance, especially during a pandemic like the current situation.

## **2. Literature Review and Hypothesis**

### **2.1. Goal Setting Theory**

This theory was initiated by Locke (1968) who stated that two cognitions, namely values and intentions, will greatly influence a person. This theory views that goals are the determining factor for each individual who will exert all his efforts and responsibility in achieving goals. Goals can be seen as the level of performance to be achieved by an individual. Therefore, if someone has a commitment to certain goals, then this will influence their actions. This theory is also part of the theory of motivation which states that employees with high goal commitment will influence managerial performance. At the same time, one must be able to accept the goals set and provide feedback related to performance. Thus the objectives have influence on behavior, organizational performance and management practices.

## **2.2. Managerial Performance**

Every organization has a problem of resources allocation which is solved through managerial decision making. Planning and control are fundamental activities in management's efforts to achieve its goals which lead to the achievement of managerial performance (Priharta et al., 2021). Managerial performance is a measure of the effectiveness and efficiency of managers in working to achieve organizational success and how successful company leaders carry out management functions (Ridwan & Hamelinda, 2017). If managerial performance can be achieved well, organizational success will be achieved because the success of a company is measured by its managerial performance (Parwitasari & Wirasedana, 2018).

## **2.3. Management Control System and Managerial Performance**

Anthony & Govindarajan (2007) stated that the management control system is designed to align the goals of each individual in the organization, so that they can achieve common interests or organizational goals. Meanwhile, Heliani (2019) has the view that the management control system is a system used by management to influence every individual in the organization, so that the policies and strategies that have been determined, can work effectively and efficiently in order to achieve organizational goals. In its stages, Halim (2013) explains that the formal management control process consists of strategic planning activities, budgeting, implementation and measurement, as well as performance evaluation, all of which are oriented towards human behavior in order to work in accordance with the organization direction to achieve the goals set.

Goal setting theory (Locke, 1968) explains that management needs to design and control strategies, so that the organization is able to run well and achieve the goals set. Through a management control system believed to be able to influence the behavior of individuals in the organization, the strategy is expected to work well in order to increase the achievement of company success. Several studies have proven that management control systems play a role in achieving managerial performance, including Heliani (2019) which proves that both have a positive and significant influence. Furthermore, the study results by Rahmad et al. (2016) prove that the management control system has an effect on managerial performance in mining companies listed on the Indonesia Stock Exchange. The results of the study by Karsam et al. (2017) prove the same result that the management control system had an impact on the organizational performance of the telecommunication companies studied. Based on this description, the hypothesis proposed is as follows:

H<sub>1</sub>: The management control system has a positive effect on managerial performance

## **2.4. Organizational Culture and Managerial Performance**

Organizational culture refers to a system of sharing the meanings carried out by organization members that differentiates the organization from other organizations, which functions as social bonds that help members of the organization by providing standards of what should be mentioned and performed by individuals. In addition, organizational culture is also a control mechanism that guides and shapes the act and behavior of its members (Gani et al., 2020). Another opinion states that organizational culture or corporate culture is a set of values or norms that are carried out jointly by members of the organization as norms of behavior in solving problems within the company. A strong organizational culture will support the achievement of organizational goals, and the other way around, a weak organizational culture will hinder the achievement of company goals (Wagiman & Sutanto, 2018).

In accordance with the view of goal setting theory (Locke, 1968) when the internalization of values or norms applied as an organizational culture is well embedded, every individual in it will then understand how a goal is achieved, so that it will affect their performance. Thus, organizational culture will affect the achievement of managerial performance. Several studies have proven, including study results by Karsam et al. (2017) stating that organizational culture can positively and significantly influence managerial performance. Likewise, the findings of Wahyuni & Lestari (2020), Widasari & Putri (2018) and Muis et al. (2018) prove that organizational culture can affect performance achievement. Based on this description, the hypothesis proposed is as follows:

H<sub>2</sub>: Organizational culture has a positive effect on managerial performance

### **2.5. Organizational Commitment and Managerial Performance**

Organizational commitment is a situation where employees feel an urge within themselves to give their best performance in order to achieve and always prioritize the success of their organization (Sulijaya & Bangun, 2015). Another opinion states that organizational commitment is an incentive that exists within a person to retain members in the company with the aim of increasing organizational success (Wulandari & Riharjo, 2016). Kurniawan (2015) further explained that affective commitment, normative commitment and ongoing commitment are indicators of organizational commitment. Affective commitment is a state where employees wish to do something for the organization. If employees have high affective organizational commitment, they will have a close emotional attachment to the company, so that employees will have great motivation and contribution to the organization. Furthermore, normative commitment is the feeling of responsibility of employees to remain in the organization. The next commitment is continuance commitment that leads to the perceived economic value in an organization when compared to leaving the organization. If employees have high continual organizational commitment then employees will remain in the organization.

Goal setting theory (Locke, 1968) is the foundation for thought that when individuals in an organization are committed to giving their best performance, management can carry out the plans set in accordance with the goals to be achieved. Several studies have been conducted to prove this, including by Juwita & Kusumaningrum (2019) with their findings that organizational commitment has a significant positive effect on managerial performance. Likewise, the results of research by Muis et al. (2018) and Sulijaya & Bangun (2015) prove that there is a significant positive effect between organizational commitment and managerial performance. Based on this description, the hypothesis proposed is as follows:

H<sub>3</sub>: Organizational commitment has a positive effect on managerial performance

### **3. Research Methods**

This study uses quantitative methods to examine the effect of management control systems, organizational culture, and organizational commitment on managerial performance in health care institutions located in South Tangerang. The test was carried out using multiple linear regression analysis with the statistical package for social science (SPSS) version 22. Before testing the hypothesis, a data quality test was carried out using validity and reliability tests. Then, the classical assumption test was carried out through the normality test, multicollinearity test, and heteroscedasticity test. The primary data used in this study was a questionnaire in the form of a Google form consisting of questions related to research variables using a Likert scale. Convenience sampling technique was used since there were limitations in meeting the respondents as a health protocol effort due to the Covid-19 pandemic. Samples

were collected from 52 respondents who filled out the questionnaire from January – March 2022.

#### 4. Analysis and Discussion

##### 4.1. Data of Respondent

The following table 1 presents the respondent's data which includes three health service institutions in the South Tangerang area.

Table 1  
Data of Respondent

Description	Number	Percentage
<i>Gender</i>		
Female	39	73%
Male	13	27%
Total	52	100%
<i>Age</i>		
Under 20 years	3	6%
21 – 30 years	30	58%
31 – 40 years	13	25%
41 – 50 years	6	11%
Total	52	100%
<i>Education</i>		
Elementary School	0	0%
Junior High School	6	12%
Senior High School	18	35%
Bachelor	24	46%
Postgraduate	4	7%
Total	52	100%
<i>Length of work</i>		
Less than 1 year	1	2%
13 years old	9	17%
36 years old	22	42%
6 – 9 years	8	16%
More than 9 years	12	23%
Total	52	100%

Source: Processed Data

#### 4.2. Results and Data Analysis

##### 4.2.1. Validity test and reliability test

Validity test is carried out to determine the validity or accuracy of an instrument in measurement. While the reliability test is carried out to determine the consistency of the measuring instrument to see the extent to which measurements with the same object provide consistent data from time to time. The two tests have been carried out with the conclusion that all statement items are valid and reliable.

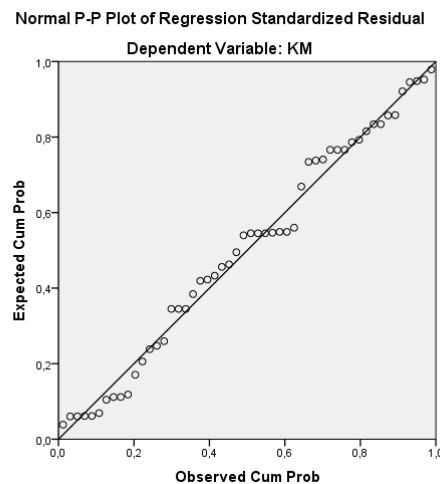
##### 4.2.2. Classic assumption test

The classic assumption test is carried out by the normality test, multicollinearity test, and heteroscedasticity test.

#### 4.2.2.1. Normality test

The regression model is declared to fulfill the normality assumption if the data spreads around the diagonal line or histogram graph (Ghozali, 2016). Based on Figure 1, it can be seen that the distribution of data points follows a diagonal line, thus, it can be concluded that the regression model is normally distributed.

Figure 1  
Normal P-Plot



Source: Processed Data

#### 4.2.2.2. Multicollinearity test

The multicollinearity test was carried out to find out whether there is a correlation between the independent variables, where a good regression model does not require a correlation (Ghozali, 2016). Based on the test results shown in Table 2, the VIF values of all independent variables are below 10 or the tolerance value is above 0.1. Therefore, there is no multicollinearity in the research data or there is no strong relationship between the independent variables.

Table 2  
Results of Multicollinearity Test

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,251	,112		-2,239	,030		
	SPM	,055	,030	,057	1,812	,076	,571	1,752
	BO	,525	,072	,420	7,277	,000	,171	5,851
	KO	,575	,063	,549	9,191	,000	,160	6,254

a. Dependent Variable: KM

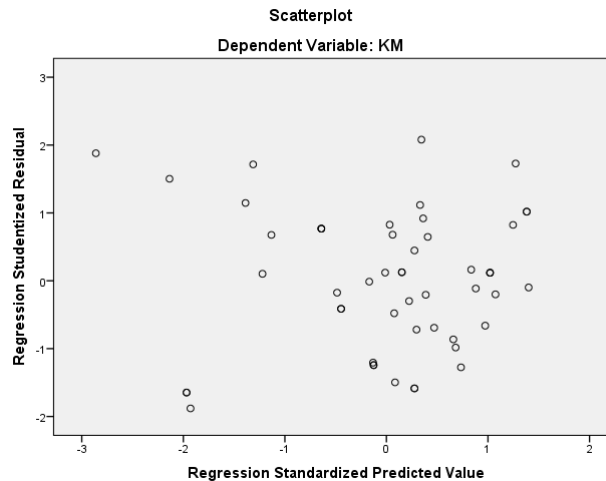
Source: Processed Data

#### 4.2.2.3. Heteroscedasticity test

The heteroscedasticity test was carried out to find out whether there were differences in variance or residuals from one observation to another. Based on Figure 2, it can be seen that the

points spread randomly above and below zero on the Y axis. Therefore, there is no heteroscedasticity in the regression model being tested.

Figure 2  
Scatterplot Graph



Source: Processed Data

### 4.3. Multiple Linear Regression Analysis

Primary data obtained from respondents was then processed with the support of the SPSS program which gave results shown in following Table 3.

Table 3  
Results of Multiple Linear Regression Analysis

Variable	Coeffisient	Prob.	
C	-0.251		
MCS	0.055	0.076	*
OCult	0.525	0.000	**
OComm	0.575	0.000	**
R-squared		0.973	
Adjusted R-squared		0.971	
Prob(F-statistic)		0.000	**

Significant at \*\* $\alpha = 1\%$ , \* $\alpha = 10\%$

Source: Processed Data

#### 4.3.1. The Effect of Management Control Systems on Managerial Performance

Based on Table 3, it can be seen that the management control system has a positive and significant influence at an alpha level of 10%. These results indicate that the process of management control through strategic planning as well as implementation and performance

evaluation activities has encouraged the achievement of better managerial performance. This study is in line with the research findings of Heliani (2019), Rahmad et al. (2016) and Karsam et al. (2017) who found that the management control system significantly influences managerial performance. Thus, the proposed hypothesis is proven by the results of this study.

#### **4.3.2. The Effect of Organizational Culture on Managerial Performance**

The results of the study prove that organizational culture influences the achievement of managerial performance positively and significantly at an alpha level of 1%. These findings explain that corporate culture as a set of values shared by members of the organization as a norm of behavior, is proven to be able to solve problems within the company and encourage managerial performance to be achieved. These results support the research findings of Karsam et al. (2017), Wahyuni & Lestari (2020), Widasari & Putri (2018) and Muis et al. (2018) which prove that organizational culture can affect performance achievement. Based on this description, the proposed hypothesis is proven and in line with the research results.

#### **4.3.3. The Effect of Organizational Commitment on Managerial Performance**

Organizational commitment has been proven to positively and significantly influence the achievement of managerial performance at an alpha level of 1%. When individuals in the organization have commitment, management is able to plan, implement and control according to the goals to be achieved. This study is in line with and strengthens the research findings of Juwita & Kusumaningrum (2019), Muis et al. (2018), and Sulijaya & Bangun (2015) whose research results prove that there is a significant positive effect between organizational commitment on managerial performance. Thus the proposed hypothesis has been proven based on the findings of this study.

#### **4.3.4. Coefficient of Determination**

Simultaneously, the variables of management control system, organizational culture and organizational commitment prove to have a significant effect at alpha 1% on managerial performance achievement. The adjusted R-squared value of 0.971 describes that all independent variables in the model are able to explain the effect of 97.1%, while the rest are influenced by other variables that are not included in the model.

### **5. Conclusion**

The determinants of managerial performance in health care institutions in South Tangerang have shown that the management control system, organizational culture and organizational commitment have a significant effect either partially or simultaneously. These results strengthen the goal setting theory that when goals are owned by individuals within the organization, then the system used by management is to influence each individual in the organization. Therefore, the policies and strategies that have been determined are able to run effectively and efficiently. In addition, with a well-embedded organizational culture, each individual in it will understand how a goal is achieved so that it will affect their performance. Likewise, when individuals in the organization are committed to giving their best performance, management can carry out the plans set in accordance with the goals to be achieved.

There are various variables other than the factors mentioned above which empirically influence the achievement of managerial performance. For further study, it is suggested that other factors such as participation in budgeting, internal control systems, or leadership style be used, so that they can complement and refine the study that has been conducted.

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