

The Effect of Participation in Budgeting on the Performance of Regional Government Officials with Organizational Commitment as a Moderation Variable

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ABSTRACT: This study aims to determine the effect of participation in budgeting on the performance of regional government officials with organizational commitment as a moderating variable. This research was conducted in 38 Regional Apparatus Organizations in Badung Regency, with a population namely officials/employees who are authorized in budget preparation. The method of determining sample in this study using purposive sampling. Respondents in this study were heads of offices/heads of agencies/sub-districts, finance and planning departments, resulting in 114 respondents. The data analysis technique in this study uses Moderated Regression Analysis (MRA). The results of this study indicate that participation in budgeting has no effect on the performance of regional government officials, meanwhile organizational commitment is able to strengthen the effect of participation in budgeting on the performance of regional government officials.

KEYWORDS: *participation in budgeting, performance of regional government officials, organizational commitment, regional apparatus organizations*

I. INTRODUCTION

Indonesia adheres to the principle of decentralization, which is to provide freedom and flexibility to local governments in carrying out their government. Regional governments are required to provide services to the community by applying public service principles such as transparency, accountability, participation, equality of rights, balance of rights, and obligations (Pradana & Supadmi, 2018). As one of the implementations of government performance accountability, accountability obligations are carried out starting from the planning, preparation and implementation of government duties and functions in realizing the vision and mission and objectives that have been set so that they can be accounted for to the community which is manifested in the form of budget determination. One of the success of the budget preparation process can be influenced by the behavior of the parties involved in the budget preparation process. Participation can increase morale and encourage greater initiative at all levels of management, besides that participation can also increase a sense of group unity, which can serve to increase cooperation between group members in goal setting (Arifin, 2012).

Performance checks were carried out on 238 examination objects at the Regional Government, Regional Public Services Agency (BLUD in Indonesia), and Regional Owned Enterprises (BUMD in Indonesia). The results of performance checks on those objects conducted by the State Audit Board (BPK in Indonesia) for the second semester of 2019, generally conclude they have problems that will affect the effectiveness of the implementation on activities that carried out by the regional government, regional public services agency, and regional owned enterprises. In more detail, the results of the examination revealed 2,017 findings containing 2,336 problems. The results of the audit board examination reflect that there are still performance problems in 2019, therefore the performance of regional government officials is still interesting to study.

Budget is an accountability instrument in the management of public funds and the implementation of programs financed with public money (Mardiasmo, 2018: 75). Budget participation is the level of involvement and influence of individuals in determining and compiling budgets in a division or its part. The importance of

participation in budgeting can minimize asymmetric information in the company so it allows managers to get information about problems faced by their employees and can increase employee commitment to implement budget plans so the budget targets can be met. Research conducted by Brownell & Mc. Innes (1986), Utama & Rohman (2013), (Saraswati & Aisyah, 2016), (Mentari & Suardana, 2016), Widya & Mahendra (2018) found that budget participation and performance have a very positive relationship. On the other hand, research conducted by Bryan & Locke (1967), Nursidin (2008), Medhayanti & Suardana (2015) found insignificant results between budget participation and the performance of regional government officials.

Organizational commitment was chosen as a moderating variable because based on the reason that the stronger the organizational commitment will affect the increase in the performance of its employees. In general, organizational commitment is a provision that mutually agreed upon from all personnel in organization regarding guidelines, implementation and goals to be achieved together in the future (Mius et al., 2018). The unclear roles can result in subordinates hesitating in carrying out activities, which ultimately reduces the subordinates' commitment to achieve goals, and to avoid this, subordinates are involved in making decisions, for example participating in budgeting.

Badung Regency was chosen as the object of research because there was a problem with the provision of Additional Employee Income (TPP in Indonesia). According to the Badung Regent Regulation No. 1 of 2018 concerning providing Additional Employee Income, the provision of it aims to improve employee performance and welfare. It is given in the form of static and dynamic. Static Additional Employee Income is paid based on rank/class/position at 70%. Dynamic Additional Employee Income is determined based on the criteria for attendance at 15% and the performance of regional apparatus by 15%. The performance of regional apparatus is their work in context of carrying out their duties and functions. Dynamic Additional Employee Income based on the performance of regional apparatus has not been paid in 2019. The performance allowance is paid every 3 months with a payment of 15% every month (Aryanta, 2019). Performance allowances for employees can't yet be issued, because a number of programs have not yet been implemented so they have an impact on performance allowances (Mustofa, 2019). With these conditions, performance is definitely not optimal, considering that not all programs can be carried out and will affect the provision of performance allowances (Aryanta, 2019). With this case of not paying the Dynamic Additional Employee Income based on the performance of the regional apparatus, it is interesting to use it as a basis about how the employees' organizational commitment is.

II. LITERATURE REVIEW AND RESEARCH HYPOTHESIS

Contingency theory can be used to analyze the design and management accounting systems to provide information that companies can use for a variety of purposes and to deal with competition (Otley, 1980). Contingency theory which is part of organizational environment theory has many implications in organizational management decision making (Anwar, 2015). Contingency theory was adopted to evaluate the effectiveness of budgetary participation in the performance of officials in regional government (Prihartini & Erawati, 2015).

According to government regulation, PP No.12 of 2019, performance is the result of activities that will be or have been achieved in connection with the use of a budget with measurable quantity and quality. The performance of government officials is assessed by how members of the government sector strive to provide the best service by utilizing the resources available in their organizations to provide satisfaction to the community as the parties being served. The budget is a statement regarding the estimated performance to be achieved during a certain period of time expressed in financial measures (Mardiasmo, 2018: 75).

Budget participation aims to shape employee attitudes, behavior, and foster a motivational influence on budget goals, and budget participation is also useful for helping top-level managers to be able to communicate company goals to all unit managers below them (Tapatfeto, 2014). Organizational commitment is a psychological tool in running an organization to achieve the expected performance. Organizational commitment shows a strong belief and support for the organizational values and goals (Mowday et al., 1979).

In public sector organizations, budget participation and performance measurement are not limited to issues of budget utilization, but performance measurement includes various aspects that can provide efficient and effective information in achieving desired performance results. The budget that has been prepared has a role as planning and as a performance criterion, that is the budget is used as a control system to measure the performance of local government officials (Lewis, 1970). According to Agyris (1952) to prevent functional or dysfunctional impacts, the attitudes and behavior of organizational members in budgeting need to involve subordinates (regional government officials). The performance of government officials is one of the factors that

can increase organizational effectiveness. Research conducted by (Wiguna et al., 2017) states that participation in budgeting has a positive effect on the performance of government officials.

H₁: Participation in budgeting has a positive effect on the performance of regional government officials.

Organizational commitment is an encouragement from within the individual to do something in order to support the success of the organization in accordance with the goals and prioritize the interests of the organization rather than its own interests (Siahaan, 2017). A strong organizational commitment will encourage organizational members to strive to achieve goals. Regional government officials who have a high organizational commitment will use the information they have to make budgets relatively quickly. Research conducted by Asdita & Asri (2017) states that organizational commitment has a positive effect on the performance of Regional Work Units (SKPD in Indonesia). High commitment from regional government officials will have an impact on the responsibility for budget formulation. With high organizational commitment, it will influence regional government officials to work hard in achieving organizational goals.

H₂: Organizational commitment moderates the positive influence of participation in budgeting on the performance of regional government officials.

III. METHODS

This research was conducted at 38 Regional Apparatus Organizations in Badung Regency. This research location was chosen because based on the unpaid dynamic Additional Employee Income (TPP in Indonesia) for the performance of regional apparatus in 2019. The population in this study are officials or employees who are authorized in budgeting at the Badung Regency regional apparatus organization. The sample in this study are the head of the department/head of the agency/sub-district head, the finance department, and the planning division who are involved in budgeting. The sampling method used was purposive sampling and produced a sample of 114 respondents. The data analysis technique used was Moderated Regression Analysis (MRA) with the following regression equation: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 [(X_1 * X_2)] + e$.

IV. RESULT AND DISCUSSION

Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is (Sugiyono, 2019: 206). The results of the descriptive statistics can be seen in Table 1 below.

Table 1. Descriptive Statistics Test Results

Variable	N	Min.	Max.	Mean	Std. Deviation
X ₁	114	9	20	15.85	2.625
X ₂	114	22	32	27.29	3.323
Y	114	13	20	16.94	2.010
Valid (N) listwise	114				

Source: Research Data, 2021

Table 1 shows that the participation in budgeting (X₁) has a minimum value of 9 and a maximum value of 20 with an average value of 15.85, if divided by 5 statement items will produce a value of 3.17, which means that the average respondent gives a score of 3 for budget participation statement items. The standard deviation value is 2.625 and it means that the standard deviation of the data against the average value is 2.625. The organizational commitment (X₂) has a minimum value of 22 and a maximum value of 32 with an average value of 27.29, if divided by 8 statement items it will produce a value of 3.41, which means that the average respondent gives a score of 3 for organizational commitment statement items. The standard deviation value for the organizational commitment variable is 3.323 and it means that the standard deviation of the data against the average value is 3.323. The variable of performance of regional government officials (Y) has a minimum value of 13 and a maximum value of 20 with an average value of 16.94, if divided by 5 statement items will produce a value of 3.4, which means that the average respondent gives a score of 3 for statement items the performance of regional government officials. The standard deviation value of the performance variable of local government officials is 2.010 and it means that the standard deviation of the data against the average value is 2.010.

Table 2. Normality Test Results

	Unstandardized Residual
N	114
Asymp. Sig. (2-tailed)	0.200

Source: Research Data, 2021

Table 2 shows that the value of Asymp. Sig. (2-tailed) is 0.200 which is greater than 0.05, so it can be concluded that the data in this study is normally distributed.

Table 3. Heteroscedasticity Test Results

Variable	Sig.
Participation in budgeting (X_1)	0.201
Organizational commitment (X_2)	0.110

Source: Research Data, 2021

Table 3 shows that the participation in budgeting variable has a significance value of 0.201 and the organizational commitment variable has a significance value of 0.110. Both have a significance value greater than 0.05, so it can be concluded that there is no heteroscedasticity in the regression model.

Table 4. Moderated Regression Analysis Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.461	5.957		3.435	0.001
	X_1	-0.401	0.375	-0.532	-1.070	0.287
	X_2	-0.421	0.217	-0.695	-1.934	0.056
	$X_1 \cdot X_2$	0.033	0.013	1.817	2.456	0.016
	Adjusted R Square					0.606
	Fcount					58.906
	Sig. F					0.000

Source: Research Data, 2021

Based on the results of the MRA test in Table 4, the regression equation results as follows: $Y = 20.461 - 0.401X_1 - 0.421X_2 + 0.033X_1 \cdot X_2 + e$.

A constant value of 20.461 indicates that if participation in budgeting (X_1) and organizational commitment (X_2) is equal to zero, the performance of regional government officials (Y) will be positive. The coefficient value of the participation in budgeting is negative at -0.401, meaning that if the value of participation in budgeting increases by one unit, the performance of regional government officials will decrease, assuming the other variables are constant. The coefficient value of the organizational commitment is negative at -0.421, meaning that if organizational commitment increases by one unit, the performance of regional government officials (Y) will decrease with the assumption that other variables are constant. The interaction coefficient value between participation in budgeting and organizational commitment ($X_1 \cdot X_2$) is positive at 0.033, meaning that if the interaction value between participation in budgeting and organizational commitment increases by one unit, the performance of regional government officials will increase with the assumption that other variables are constant.

The coefficient of determination is used to measure the ability of the model to explain the dependent variable. Based on the results of Table 4, the Adjusted R Square value of 0.606 means that 60.6% of variations in the performance of regional government officials were explained by participation in budgeting, organizational commitment, and interaction between participation in budgeting and organizational commitment, while the remaining 39.4% was influenced by other factors that were not incorporated into the research model.

Model feasibility test (F test) is used to determine whether the independent variables used in the research model have an influence on the dependent variable. Table 4 shows that the Sig. F value is 0.000 where this value is less than 0.05 which means that the independent variables, namely participation in budgeting, organizational commitment, and the interaction between participation in budgeting and organizational commitment have a significant effect simultaneously on the dependent variable, namely the performance of regional government officials.

The t test is used to partially test the effect of each variable. In Table 4, it can be seen that the participation in budgeting variable has a value of -0.401 with a significance level of 0.287 where this value is greater than 0.05, meaning that the participation in budgeting has no effect on the performance of regional government officials, so that H_1 is rejected. The interaction of participation in budgeting with organizational commitment has a value of 0.033 with a significance level of 0.016 where this value is less than 0.05, which means that organizational commitment is able to strengthen the effect of participation in budgeting on the performance of regional government officials, so that H_2 is accepted.

V. CONCLUSION

Based on the research results, participation in budgeting has no effect on the performance of regional government officials. This means that the low level of participation in budget formulation will have an impact on the ineffective performance of regional government officials. It can happen because of the situational factors that influence it. Meanwhile, organizational commitment is able to strengthen the influence of participation in budgeting on the performance of regional government officials. The positive coefficient value of the interaction between participation in budgeting and organizational commitment means that organizational commitment can strengthen the effect of participation in budgeting on the performance of regional government officials. A strong organizational commitment will encourage organizational members to strive to achieve goals.

The suggest that can be given isfor regional government officials, especially Regional Apparatus Organizationin Badung Regency who are involved in the budget preparation process, is expected to improve several things because from the result researchthey are still several things that need to be improved. One of the limitations of this study is that it still uses interpretation in the research questionnaire so that future researchers who wish to conduct similar research can use experimental designs.

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