

The Effect Of Budget Participation On Managerial Performance With Psychological Capital And Job Relevant Information As Mediation Variables

Nila Munana¹, Elvin Bastian², Tri Lestari³

Faculty of Economics and Business, Sultan Ageng Tirtayasa University
Serang, Indonesia
nilamunana12@gmail.com

ABSTRACT

The purpose of this study was to investigate the mediating impact of psychological capital and job relevant information on the budget participation to job performance at the public sector managers in the South Tangerang City Government. Data analyzed using SEM-PLS. The SEM-PLS allows the examination of the direct effects of budget participation on job performance and the indirect effects between budget participation and job performance that run through psychological capital and job relevant information. The findings of this study are that psychological capital fully mediates influence of budget participation to job performance, job relevant information fully mediates influence of budget participation to job performance. Limitations of this study are using questionnaire media to obtain primary data so that it relies on the level of respondent perception so that the subjectivity factor can be contained in it. Second limitation is generalizability of samples. Despite its limitations, this study has both academic and practical implications. The study adds to the job performance literature in a public sector organizations. The study also finds that manager's job performance can be improved by minimizing Psycap and JRI. Future research should study other mediation variables on the effect of budget participation on job performance

Keyword: *budget participation, managerial performance, psychological capital, job relevant information.*

INTRODUCTION

Participation in the context of the preparation of the budget is a process which individuals were involved and have influence in the preparation of budget targets, evaluating performance, and awarded based on the achievement of budget (Lina, 2015). In short, it can be said that the public budget describes the financial condition of public organizations which includes information on budgets, income, and activities carried out.

In the past, public sector budgeting in Indonesia was carried out using a top-down system, where the budget and financial amounts were determined by superiors/budget authorities so that subordinates only carried out what had been prepared. The application of this system results in the performance of subordinates/ budget executors being ineffective because the targets set are too high while the available resources are insufficient or vice versa.

From the other side, superiors/budgetary holders do not know exactly the challenges, obstacles, and budget projections needed by their subordinates/budget implementers (Ompusungu and Bawono, 2006). To overcome the above problems, the public sector has begun to implement a system, namely a participatory budgeting system which involves subordinates in the drafting process.

Through a some of performance measurement, the success of management in managing an organization will be seen more from the ability of the agency based on the resources it manages to achieve results in accordance with plans that have been outlined in planning organizational goals (Kristiyanti, 2012). Targets and objectives are very necessary in determining good or bad performance which can be seen from the process of preparing and implementing the budget. Therefore the budget preparation process in public sector organizations greatly determines the assessment of the organization's performance (Lina, 2015).

Soleha et al. (2013) tested the effect of participation on employee performance using the intervening variables Psychological Capital and Organizational Commitment. The population in this study were all employees of the Regional

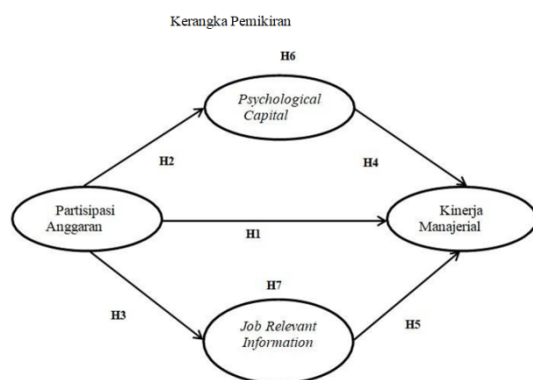
Revenue and Financial Management Service (DPPKD) of Lebak Regency. The results of his research show that budget participation has an effect on Psychological Capital and Organizational Commitment, Budget Participation also has a direct effect on Employee Performance, Psychological Capital has an effect on Employee Performance, and Organizational Commitment has an effect on Employee Performance.

This study also succeeded in proving the role of Psychological Capital and Organizational Commitment as intervening variables that mediate the relationship between Budgetary Participation and Employee Performance.

Previous studies in analyzing the effect of budgetary participation on managerial performance still experienced many different results. Research conducted by Noor and Othman (2018) examined the relationship between budgetary participation and managerial performance at the Malaysian Ministry of Home Affairs. The results revealed that participatory budgeting has a significant impact significant effect on managerial performance by increasing organizational commitment.

Based on the results of previous research, this study wants to confirm whether the Psychological Capital and Job

Relevant Information variables can mediate the effect of budgetary participation on performance. The difference between this study and previous studies is that two mediating variables are used simultaneously in the effect of budgetary participation on performance.



The use of these two variables is intended for confirms the contingency theory through Psychological Capital and Job Relevant Information as contingent factors that mediate the effect of budgetary participation on performance. If previous research was conducted on various types of organizations, this research was conducted on one type of organization, namely public sector organizations where the respondents in this study were echelon II and III structural officials in the Regional Apparatus Organization (OPD) of South Tangerang City.

Public sector organizations, especially the government, need a measurement model for the relationship between budget participation and

performance, and this research is based on the idea that there is a need for research in the public sector, especially government in the non-financial sector for the behavioral field. In addition, public sector organizations are actively involved in budget preparation, and performance-based budgeting.

It includes background, objectives, and literature reviews/theoretical construct the research. The introduction section ends with an emphasis on items to be discussed. It is without subsection, 2-3 pages). Introduction section is essentially starts what you are discussing, what is the issue, why this issue is important, and how you address this issue.

Research in the field of public sector budgeting is very important, because it involves services to the wider community. Therefore, the structure and budgeting mechanism must be designed to create good Psychological Capital and Job Relevant Information so as to ultimately create positive managerial performance. The selection of South Tangerang City was based on the achievements of the South Tangerang City Government which received an award from the Ministry of Home Affairs (KEMDAGRI) in 2020 as a very innovative city in the 2020 Innovative Government Award (IGA) awarding event. This is based on Law Number 23 of 2014

concerning Regional Government and Government Regulation Number 38 of 2018 concerning Regional Innovation and based on Permendagri Number 104 of 2018 concerning Assessment of Regional Innovation Awards and Awards or Incentives(dpu.tangerangselatankota.go.id), but on the other hand, the realization of absorption.

The South Tangerang City Regional Revenue and Expenditure Budget (APBD) as of November 2020 was only 71.45%, while the absorption of the previous year's budget was around 95%. This shows poor planning because programs pile up at the end of the period and Regional Apparatus Organizations (OPD) compete to spend each other's budgets. Program implementation at the end of this period caused program quality to be neglected because the measure of success was only limited to program implementation without considering quality.

Jenis Belanja	Realisasi Belanja Pemerintah Kota Tangerang Selatan Menurut Jenis (Ribu Rupiah)	
	2019	2020
1. Belanja Tidak Langsung	1.617.505.710,18	1.538.705.693,44
1.1 Belanja Pegawai	1.603.186.593,93	1.345.141.128,04
1.2 Belanja Bunga	48.607.067,03	62.630.682,28
1.3 Belanja Subsidi	-	-
1.4 Belanja Hibah	165.712.049,22	130.933.883,12
1.5 Belanja Bantuan Sosial	901.915.592,50	907.142.937,24
1.6 Belanja Bagi Hasil	152.596.723,64	193.115.125,43
1.7 Belanja Bantuan Keuangan	-	-
1.8 Belanja Tidak Terduga	609.575.078,00	558.077.884,00
2. Belanja Langsung	139.743.790,86	155.949.927,81
2.1 Belanja Pegawai	724.819.354,66	558.667.834,80
2.2 Belanja Barang dan Jasa	91.094.680,00	158.843.949,44
2.3 Belanja Modal	-	-
Jumlah	564.569.204,66	284.058.129,36

This description of the conditions in the South Tangerang City Government shows that there is still a need for improvements in planning and budgeting so that regional funds can be allocated appropriately for the interests and welfare of the community.

METHOD

The sample in this study were employees at the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment and who were directly involved in the budgeting process. Sampling is done by means of purposive sampling, namely non-probability samples that adjust to certain criteria or considerations.

The type of data in this study is primary data. Primary data were obtained from questionnaires distributed by sending them directly to Officials in Regional Work Units within the South Tangerang City Government. Respondents to this study were officials who were directly involved in the budgeting process and had at least one year's experience in the budgeting process.

DISCUSSION

This research was conducted at the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment with a sample of officials

working in the Organization. Respondents in this study were Echelon IV officials at the level of Subdivision Heads or Section Heads who were directly involved in the budgeting process. The respondents were selected using a purposive sampling method or a sampling technique with certain considerations.

Data processing in this study uses SmartPLS (Partial Least Square) software. The data processed is respondents' answers related to budgetary participation, psychological capital, job relevant information and managerial performance.

The distribution of the questionnaire was carried out by visiting the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment. The time span for filling in was given 1 month from the time the questionnaire was submitted to the respondent. Return of the questionnaire is carried out through confirmation to the contact person receiving the questionnaire or visiting the relevant Regional Apparatus Organization (OPD) according to the agreement

It was explained that the number of questionnaires sent to respondents totaled 130 questionnaires consisting of 3 respondents for each Regional Apparatus Organization (OPD). Questionnaires that returned amounted to 90 or 69.77% and

questionnaires that did not return 40 or 30.23%. This was caused by several factors, including the distance between the Regional Apparatus Organizations (OPD) being studied was too far, the respondents had not finished filling out the questionnaire by the predetermined deadline and several respondents are hard to find.

Questionnaires that can be processed are 76 or 58.91% and questionnaires that cannot be processed are 14 or 10.85%. Questionnaires that cannot be processed are questionnaires that are returned but not filled in completely by the responden

Hypothesis one (H1) states that budgetary participation has a positive effect on managerial performance. From the results of the study it can be concluded that the better the budgetary participation, the better the managerial performance. The highest statement from the questionnaire distributed regarding budget participation is the contribution in preparing the budget (PA4) which has an original sample estimate value of 0.897. This can explain that increasing the contribution in preparing the budget will have an impact on managerial performance which can be demonstrated by the success of a manager in budget planning and in monitoring its implementation. This is evidenced by the

value of the managerial performance variable indicator ability to monitor the budget (KM5) of 0.936 and the contribution loading factor value in preparing the budget (PA4) which is the largest loading factor value in shaping budget participation.

The results of data processing with SmartPLS show that H2 has an original sample estimate of 0.882, meaning that budgetary participation is positively related to psychological capital. H2 has a t-statistical value of 26,744 which is greater than the t-table of 1.96. Thus it can be said that Hypothesis 2 in this study is accepted, which means that there is a significant positive relationship between budgetary participation and psychological capital. When all parties contribute to budget preparation properly, it will have an impact on psychological capital. This can be seen from the indicators of budget participation, namely the contribution in preparing the budget, which explains that the greater the employee's contribution, the budget made will be on target and in accordance with the needs of the organization so that the employee can be said to be successful in carrying out the task.

Hypothesis four (H4) in this study is Psychological Capital (PSC) which is positively related to Managerial Performance (KM). The results of data

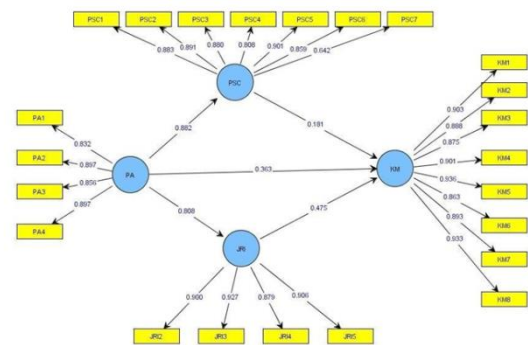
processing with SmartPLS show that H4 has an original sample estimate of 0.475, meaning that psychological capital is positively related to managerial performance. H4 has a t-statistic value of 5,568 which is greater than the t-table of 1.96. Thus it can be said that hypothesis 4 in this study is accepted, meaning that there is a significant positive relationship between psychological capital and managerial performance.

The results of this study are based on the variable Psychological Capital (PSC) which is formed by 7 indicators which are all valid, namely PSC1 (able to complete work), PSC2 (able to provide the best ideas), PSC3 (able to provide the best work results), PSC4 (has high spirits) , PSC5 (successful in carrying out tasks), PSC6 (finding various ways to achieve the target), PSC7 (always expecting the best results).

The results of this study are based on the Job Relevant Information (JRI) variable which is formed by 4 indicators which are all valid, namely JRI2 (adequate information), JRI3 (accurate information), JRI4 (strategic information) and JRI5 (availability of information). Budgets that are prepared with the right, strategic, adequate and available information when needed by employees will produce a budget that fits the needs of the organization.

The implementation of the budget will be monitored by officials and evaluated for future improvements, so that the end result of implementing the budget will improve organizational performance and the performance of its officials. Thus, good job relevant information or information related to the duties of officials and employees will improve the performance of officials in the Regional Apparatus Organizations (OPD) in the South Tangerang City Government.

The existence of job relevant information will increase the influence of budgetary participation on managerial performance. Job relevant information is indicated by adequate information, appropriate information and the availability of information that will affect the contribution in preparing the budget and the ability to give opinions. Thus the existence of good task-related information will optimize budget participation so that managerial performance will also increase. This is consistent with research conducted by Lina and Stella (2013), Luluk and Henny (2014) and Leach-Lopez et al. (2007) that job relevant information can mediate the effect of budgetary participation on managerial performance.



CONCLUSION

Based on the results of data processing and discussion, several research findings were produced as follows Budget participation has a positive and significant effect on the performance of officials in the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment.

Budget participation has a positive and significant effect on psychological capital owned by employees at the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment.

Budget participation has a positive and significant effect on job relevant information in Regional Apparatus Organizations (OPD) in the South Tangerang City Government Environment.

Psychological capital has a positive and significant effect on the performance of officials in the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment.

Job relevant information has a positive and significant effect on the performance of officials in the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment.

Psychological capital can mediate the effect of budget participation on the performance of officials in the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment.

Job relevant information can mediate the effect of budget participation on the performance of officials in the Regional Apparatus Organization (OPD) in the South Tangerang City Government Environment.

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