

ANTECEDENTS OF BUDGETARY PARTICIPATION: ENHANCING EMPLOYEES' JOB PERFORMANCE

Fatmawati Nikmah

Faculty of Economics, Sebelas Maret University, Indonesia

This research investigated the antecedent budgetary participation (need for achievement and work attitude), then assess the impact on employees' job performance.

The data were obtained using questionnaires that distributed to respondents. Seventy two respondents were chosen as samples and path analysis was used as techniques to analyze the data.

The result of this research showed that need for achievement has significant positive association with budgetary participation. However, the result found that there is no significant association between work attitude and budgetary participation. Furthermore, the researcher found that budgetary participation had a significant positive association with job performance (e.i managerial performance). The researcher concludes that when employees have a higher need for achievement, they will tend to higher participation in budgetary process, and this condition will enhance employees' job performance. Here, budgetary participation acted as mediating variable between need for achievement and job performance.

Keywords: Need for achievement, work attitude, budgetary participation, job performance, path analysis.

Budgeting in public sector organization is political process. Thus, budget is an accountability instrument for public funding management and implementation of programs which cost by public fund (Mardiasmo 2005). The stage of budgeting process is important, because ineffective budget which is not performance-based oriented, will make the predetermined planning can be failed. Budget is managerial plan for action to facilitate the organization to achieve its goals (Rahayu, Ludigdo, and Affandi 2007). In order to obtain a good outcome of local government budget for society, the participation of stakeholder in budgetary process is needed. Budgetary participation in public sector occurred when among legislative, executive, and society cooperate in budget formulation process.

Based on the Minister of Domestic Affairs' Regulation No. 13/2006 that covered the standard of local government budget draft formulation, the proposal of local government budget arranged by executive budget team and local government institution units (*Satuan Kerja Perangkat Daerah/SKPD*). Here, the each manager unit (SKPD) has an important role for compiling the program-related budget form their own unit as a part of the whole local government budgeting (APBD). Thus, in performance-based budgeting process, each

institution unit should be involved in budgeting process; it means more employees have allowed participating in budgetary activities.

Thompson as cited in Williams et al. (1990) challenged researchers to examine budgetary behavior in such public sector organizations, as the budgetary behavior may be different in these organizations compared to the behavior in profit-making and less bureaucratic organizations. Similarly, Williams et al. (1990) suggested that future budgetary participation and performance research in the public sector is important as there may be a universal set of budget-related behavior factors which apply with equal facility to both sectors, but that particular combinations dominate depending on the state of other organizational variables. Moreover, the budgetary behavior in public sector organizations in the developed countries might be different from what is observed in developing countries.

Furthermore, many of the prior studies on the budgetary participation and performance relationship have produced conflicting results. Empirical evidence on the relationship between budgetary participation and performance has been offered by several researchers. Some studies have found a positive relationship between budgetary participation and job performance (Nouri&Parker 1998; Yuen 2007; Yahya et al 2008). Other studies have suggested that there is a weak positive relationship (Milani, 1975), or even a negative relationship (Kenis, 1979), between the two factors. The other research conducted by Sardjito and Muthaher (2007) showed that budget participation had direct effect on managerial performance which there is positive relationship between budgetary participation and manager performance in local government.

These mixed results indicate that no simple relationship exists between budgetary participation and job performance, and suggest that there could be other variables involved. Such inconsistent findings have prompted several researchers to examine the antecedent variables that affect job performance indirectly during budgetary participation. However, study of public-sector organizations remains scanty. It is therefore necessary to extend the study of the complex relationship between budgetary participation and performance to include an examination of the relevant variables in a public-sector setting.

The current study has selected two factors as potential antecedent variables: (1) need for achievement; and (2) work attitudes. However, previous studies of budgeting and performance (Milani 1975; Steers 1975; Alam and Mia 2006) have identified job attitude among employees and need for achievement can be represent as variables in the job performance.

According to Yuen (2007) who conducted the research about the antecedent of budgetary participation in the context of public sector organization in Macau, found that the two antecedent factors - a need for achievement and work attitude - have a significant positive relationship with budgetary participation, and concluded that indirect relationship exist between those two antecedent factors and the dependent variable (job performance) with budgetary participation as an intervening variable. From those result, this study wants to adapt that research in public sector organization especially in the budgeting process in Local Government's Surakarta.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Budgeting Process in Local Government

Based on performance approach, APBD was arranged relied on a certain target that will be achieved in one budget year. Preparing the local government budget draft (RAPBD), local government and legislative (DPRD) arrange the general policy of local government budget (APBD), which included guidance and general determinations that will be agreed as guideline for local government budget arrangement. The arrangement of general policy of APBD constitute the effort for the achievement of vision, mission, goal, and target were determined in Local government middle term development planning (*Rencana Pembangunan Jangka Menengah Daerah/RPJMD*) for 5 (five) year period, and mayor program which is arranged based on local government long term development planning (*Rencana pembangunan Jangka Panjang Daerah/RPJPD*) that consider with the national middle term development planning (*Rencana Pembangunan Jangka Menengah Nasional/RPJMN*), and also the minimal service standard that established by government.

In addition, based on Minister of Domestic Affair's Regulation No.13/2006 about the standard of local government budget management, for local government budgeting (APBD) arrangement, after there is agreement (MoU) about general policy of budgeting (KUA PPAS) between the chief of local government and legislative, every institution unit (SKPD) of local government will arrange program planning and budget of institution unit (RKA-SKPD) with use local government middle term expenditure frame-approach, harmony budgeting, and performance-based budgeting. RKA-SKPD will be used by local government budgeting team (*Tim Anggaran Pemerintah Daerah/TAPD*) as material for arrange the local government budgeting draft (RAPBD). Finally, RAPBD will be discussed together by TAPD and legislative budgeting team (*Tim Anggaran DPRD/Badan Anggaran DPRD*), and after evaluated by governor, those RAPBD will be established as APBD.

Budgetary participation

Budgetary participation refers to the extent to which manager participate in preparing the budget and influence the budget goals of their responsibility center (Kennis 1979). According to Brownell (1986), budgetary participation is defined as a process whereby subordinates are given an opportunity to get involved in and have influence on the budget setting process. Budgetary participation also can be refers to the budget process planning in which managers who are involved to decision making from the information exchange in their organization (Shields and Shields, 1998).

Need for achievement

A need for achievement also can be defined as the personal striving of individuals to attain goals within their social environment (Cassidy and Lynn

1989). The need for achievement is the employees' desire to perform to high standards and to excel in their job. Individuals with a high need for achievement like to set their own personal goals and are opposed to the organization setting goals. These individuals also like goals in which they have a fifty percent chance of achieving, because they do not want goals that are too easy to achieve. Individuals with a high need for achievement want frequent, specific feedback and to know how well they are performing their job. Individuals with a high need for achievement also want to be in control of their workplace and work environment and to be responsible for their productivity (Rayburn, Hammond, and Overby 2004). Individuals high in achievement needs have been characterized as 'realistic' and generally have occupational goals that are congruent with their abilities. They are also found to be flexible in seeking detailed information and feedback from a variety of sources to help in their pursuit of excellence (Subramaniam 2002).

Work attitudes

Work attitude is important because committed executives are expected to exemplify a willingness to work harder to achieve organizational goals. Executives demonstrating this commitment have a greater desire to remain employed with that organization. (Pool and Brian Pool 2007). Milani (1975) divided working attitudes into job attitudes and organization attitudes. He found that positive attitudes towards a job enhance an employee's identification with the organization's goals, thus leading to an effective overall performance for the organization. The work attitudes investigated in this study included job satisfaction and organizational commitment. In this present study, work attitude is related to job satisfaction as attitude toward job and affective commitment as attitude toward organization (Muse & Stamper 2007; Larson & Luthans 2006).

1. Job satisfaction as attitude toward job

According to Shahnawaz and Jafri (2009) job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job - an affective reaction to one's job and an attitude towards one's job.

Job satisfaction also can be refers to one's feelings towards one's job. Positive attitudes towards the job are conceptually equivalent to job satisfaction and negative attitudes towards the job indicate job dissatisfaction. If any employee likes his job intensely he will experience high job satisfaction. If he dislikes his job intensely, he will experience job dissatisfaction (Jegadeesan 2007).

2. Affective commitment as attitude toward organization

Affective (or attitudinal) commitment is defined as the willingness to execute continuous effort for the success of the organization. It is characterized by a strong belief in, and acceptance of, the organization's goals and values (Yahya et al 2008).

Employees' job performance

Job performance is the degree of how an individual manager perceives the resources to fulfill and support job requirement. The job requirement some concerns the budget process to show the managers' decision making to archived

their job performance and job outcome (Agbejule and Saarikoski, 2006). In this study the employees' job performance refers to the managerial performance. It means, Job Performance is the competence of employees in conducting the managerial activity include planning, investigating, coordinating, evaluating, supervising, staffing, negotiating and representing.

Need for Achievement and Budgetary Participation

Subramaniam (2002) stated that increasing participation in the budgetary process becomes useful for managers with high need for achievement because participation helps them gain appropriate job-relevant information and set more challenging yet attainable targets. Thus, from a psychological viewpoint, managers with high need for achievement would seek to have greater control over their work environment in order to maximize the probability of achieving or attaining their goals, and budgetary participation facilitates achieving such control. So, it suggest that managers' need for achievement may lead to (or act as an antecedent of) their budget participation, which in turn may positively influence their performance. As results of the above discussion, Hypothesis (H1) can be stated as follows:

H1 : There is a direct and positive association between an employee's need for achievement and employee's budgetary participation.

Work Attitudes and Budgetary Participation

In evaluating the effectiveness of budgetary participation, researchers have commonly treated the construct of "attitude" as an outcome variable. This is because it is commonly assumed that participation should positively affect attitude as an outcome phenomenon. However, improved budgetary participation can also be a result of positive work attitudes among employees. Conversely, employees with negative work attitudes might not care about achieving their budgeting goals during budgetary participation (Yuen 2007).

An important reason for examining this variable in the present study is the belief that a good attitude towards job and organization will lead to a more effective overall performance through participative budgeting. The relationship between budget participation and work attitudes (job satisfaction and affective commitment) should therefore be tested. The research conducted by Yuen (2007) reported that managers with a positive attitude are more likely to willing to participate in budgetary activities. H2 can thus be formulated as follows:

H2 : There is a direct and positive association between an employee's work attitude and employee's budgetary participation.

Budgetary Participation and Employees' Job Performance

The argument that managers' participation in a budget setting affects job performance is based on two arguments. Firstly, psychological theory suggests that participation is related to performance through self-identification and ego-involvement with budget goals. Secondly, participation is seen to improve the flow of information between subordinates and superiors, thus leading to improved

cognition and enhanced decision-making (Shields and Young, 1993). As a result, participation can promote better performance through facilitation of learning and knowledge acquisition.

The present study thus proposes that managers with a high need for achievement and positive job attitudes are likely to seek greater control over their working environment, and that budgetary participation could therefore provide them with such control. The previous research result conducted by Yuen (2007) found that there is a significant positive relationship between budgetary participation and job performance. So, H3 is therefore postulated as follows:

H3 : There is a direct and positive association between an employee's budgetary participation and employee's job performance.

Conceptual Schema

Two variables were selected for examination in the present study as possible antecedent variables of participative budgeting:

- (1) managers' need for achievement; and
- (2) manager's work attitudes.

These variables were chosen for examination because employees who have a need for achievement and those who have a positive work attitude are likely to demonstrate enhanced budgetary participation. Such employees are likely to develop greater identification with, and involvement in, the organization. In turn, their job performance is likely to be enhanced. These propositions, as shown in Figure below:

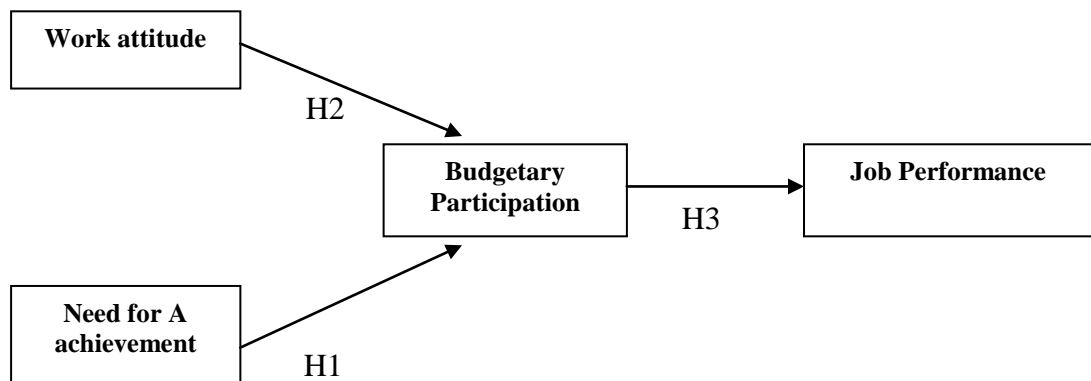


Figure 1. Conceptual Schema

This research consider only the indirect relationship between the two antecedent variables (need for achievement and work attitude) and the dependent variable (job performance), which budgetary participation is taken as the intervening variable in this indirect relationships. No hypothesis is developed for the direct relationship between those two antecedent variables and job performance.

RESEARCH METHOD

The population in this research is the employees who participate in the budget setting process of local government Surakarta. In the process of local government budget setting, participation from each of institution units (*Satuan Kerja Perangkat Daerah /SKPD*) are needed, because they should be arranged the budget program planning (Rencana Kegiatan Anggaran/RKA) for their units. Here, researcher chose the managers of institution units (SKPD) of local government of Surakarta that participate in the budget setting process of local government Surakarta, who has role in the units to decide the budget as respondent. Ninety two (92) managers of the institution unit (SKPD) in Local Government Surakarta are chosen as samples of this research.

This research used *survey method*. The data obtained by listing question (questionnaire). The questionnaire spread directly (questionnaire was sent directly to the respondent) for the each manager of institution units (*Satuan Kerja Perangkat Daerah/SKPD*) as decision maker (*Pengguna Anggaran/Kuasa Pengguna Anggaran*) who responsible about the budget of their own institution.

According to Local Government of Surakarta's Regulation No.8 /2008 about Local Government Organizing and Managing Section (*Susunan Organisasi dan Tata Kerja Perangkat Daerah*), the amount of institution units (SKPD) are such the following:

Table 1. The amount of SKPD in Local Government of Surakarta

NO	SKPD	AMOUNT
1	Bagian	9
2	Sekretariat DPRD	1
3	Dinas	15
4	Inspektorat	1
5	Badan	4
6	Kantor	6
7	Kecamatan	5
8	Kelurahan	51
	AMOUNT	92

Source: Surakarta Local Government

RESULT AND DISCUSSION

Respondent Description

This study uses primary data from questionnaire which is collecting from managers of unit institution (SKPD) in Local Government of Surakarta. The population of this research is the employees of Local Government Surakarta who participate in the budgetary process. Regarding the sampling design, this research uses purposive sampling with judgment-sampling, meaning that the sample is taken with criteria of certain judgment (Jogiyanto 2005). The respondent who has chosen to fill the questionnaire are the managers of institution unit (*Satuan Kerja Perangkat Daerah/SKPD*) as decision maker (*Pengguna Anggaran/Kuasa*

Pengguna Anggaran) who participate in the budgeting process and responsible about the budget of their own institution.

The researcher has delivered 92 questionnaires. The researcher has done the survey by delivering the questionnaires. The questionnaires which were sent back to the researcher are 72.

The detail amount of the respondent that participates in this research is as follow:

Table 2. Questionnaire Description

NO	UNITS	QUESTIONNAIRE SENT	QUESTIONNAIRE RECEIVED
1	Bagian	9	8
2	Sekretariat DPRD	1	1
3	Dinas	15	12
4	Inspektorat	1	1
5	Badan	4	4
6	Kantor	6	5
7	Kecamatan	5	5
8	Kelurahan	51	36
TOTAL		92	72

Classic Assumption Analysis

1. Result of Multicollinearity Test

The goal of multicollinierity test is to test whether the regression model found the correlation between the independent variables. The good regression model must not have correlation between the independent variables. If the independent variables have correlation, so the variables are not orthogonal.

The result multicollinearity test from the independent variables examinee of both regression model above, the correlation among independent variables is not exceed boundary 95%. Hence it can be told there is no multicollinearity. Result of calculation assess the tolerance seen that there is no independent variable owning value tolerance is less than 0.10 it means that there is no correlation between variable independent which more than 95%. The calculation result of Variation Inflation Factor (VIF) from four independent variables of examinee, there is no VIF value which more than 10, hence it can be conclude that there are no multicollinearity between variable independents in regression model.

2. Result of Heteroskedasticity Test

The goal of heteroskedasticity test is to test whether in the regression model there is inequality variance from residual of the certain research to another, if there is fix variance of residual of the certain research to another, it called homoskedasticity. If the result is different, it called heteroskedasticity. The good regression model must eliminate the heteroskedasticity.

Scatterplot result shows that dot disseminate at random and spreads over on above and under number zero at axis of the ordinate, this matter inferential that the heteroskedasticity is not happened at both of the regression models. The regression model is competent to predict the dependent variable based on the input from independent variables.

3. Result of Normality Test

The goal of normality test is to test whether the regression model disturbing variable value or residual value normally distributed. The researcher uses the analysis of statistic One-Sample Kolmogorov-Smirnov (K-S) test with the significant level 0.05. Result test K-S show that level of K-S value for the first regression which budgetary participation as dependent variable is 0.857 and significant at 0.455, while the level of K-S value for the second regression which job participation as dependent variable is 0.948 and significant at 0.330. Hence, this matter show that data of residual normally distributed. The Histogram and Normal P-P Plot of Regression Standardized Residual for both models (appendix V) show that histogram graphic give the normal pattern distribution, while the normal plot graphic show that the dot spread around the diagonal line and follow the diagonal line, it means that the histogram graphic show the normal plot distribution, thus both of the regression model are fulfill the normality assumption.

Hypothesis Testing

Table 3 presents the correlation matrix for the three variables in this study. The table shows a significant positive association between need for achievement and job performance at the significant level p value < 0.01, but not significant for work attitude and job performance. The regression results also found a positive significant for the relationship between job performance with need achievement and budgetary participation, while there is no significant direct relationship between work attitude and job performance.

Table 3. Pearson correlation matrix

Variables	JP	NA	WA	BP
Job Performance (JP)	1.000			
Need for achievement (NA)	0.476**	1.000		
Work Attitude (WA)	0.155	0.133	1.000	
Budgetary Participation (BP)	0.489**	0.367**	0.247*	1.000

Notes: **significant at the 0,01 level; *significant at the 0,05 level.

Hypothesis testing in this research is done by using path analysis. The path model in this research is employed for the data analysis. The finding relating to the two antecedents variable and job performance were decomposed and assessed in term of the total relationships. Path coefficients (representing the relationships between variables) were estimated by standardizing the β regression coefficients. The relationships between the variables in the path model can be stated as two equations:

$$BP = P_{31}NA + P_{32}WA + P_{3a}R_i \dots \dots \dots (1)$$

$$JP = P_{41}NA + P_{42}WA + P_{43}BP + P_{4b}R_i \dots \dots \dots (2)$$

Where JP: is the managerial performance, BP: is the budgetary participation, NA: the need for achievement, WA: the work attitude, P: the standardized partial regression coefficients (path coefficients), and Ri: the standardized residual.

The first Hypothesis (H1) and the second hypothesis (H2) were tested by regressing budgetary participation against need for achievement and work attitude using equation (1). The results are shown in the following Table 11:

The first hypothesis (H1) in this research states that there is a direct and positive association between an employee’s need for achievement and that employee’s budgetary participation. Based on the regression results in Table 11 showed there is a significant positive association between need for achievement and budgetary participation at significant level $p = 0.003$. If we use significance rate 5 % or 0.05 thus $p=0.003$ is less than 0.05. H1 is therefore verified. It means that a need for achievement has a direct positive association with budgetary participation. The second hypothesis (H2) states that there is a direct and positive association between an employee’s work attitude and employee’s budgetary participation. The result of regression in Table 11 showed that work attitude has no direct significant relationship with budgetary participation which p value is 0.073. It more than the level significance rate 5 % or 0.05. So, H2 is rejected, it means that there is no direct positive association between employee’s work attitude and budgetary participation. Based on those result, only need for achievement variable that significant in explaining budgetary participation. But, work attitude is not significant. The path of need for achievement – budgetary participation showed a significant relationship supported with standardized coefficient (path coefficient) 0.340 at probability value / p value = 0.03 < 0.05.

The results in the table above shows that the path of budgetary participation – job performance supported with standardized coefficient (path coefficient) 0.359 at probability value / p value = 0.01 (less than 0.05). So, this result verify the third hypothesis (H3) stated before that there is a direct and positive association between an employee’s budgetary participation and that employee’s job performance.

The following path model (Figure 2) shows the standardized path coefficients and the relationship between variables:

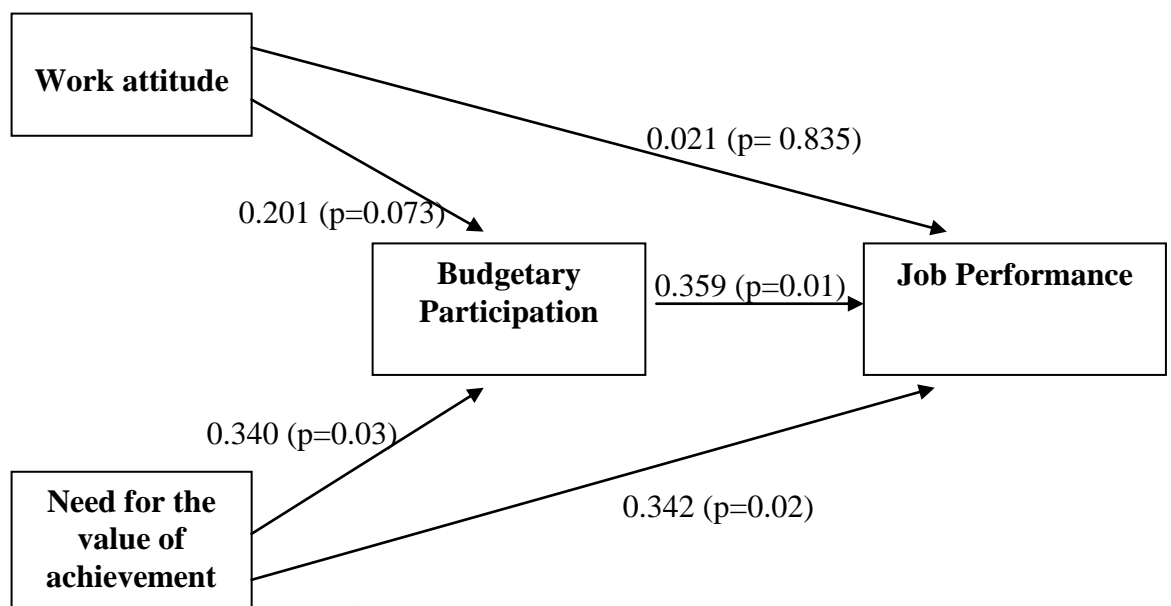


Figure 2. Path Model

The results in Figure 2 suggest that a need for achievement affect job performance indirectly via budgetary participation, but there was no direct significant relationship found between work attitude with both of budgetary participation and job performance.

Researcher also examines the indirect effect between the constructs. The indirect effects consisted of the following paths:

Path (1) need for achievement – budgetary participation – job performance:

$$X1 \rightarrow Y1 \rightarrow Y2 = 0.340 \times 0.359 = 0.122.$$

Path (2) work attitude – budgetary participation – job performance:

$$X2 \rightarrow Y1 \rightarrow Y2 = 0.201 \times 0.359 = 0.072.$$

Table 4. Decomposition of observed correlations on job performance

	Observed correlation		Direct effect		Indirect effect		Spurious
NA – JP	0.476	=	0.342	+	0.122	+	0,012
WA – JP	0.155	=	0.021	+	0.072	+	0,062

Table 4 indicates the breakdown components of the direct and indirect effects of the two paths. The results suggest that budgetary participation mediates the relationship between need for achievement and job performance. According to Baron and Kenny (1986), a variable functions as a mediator (in this case, budgetary participation) when it meets the following three conditions:

1. If the independent variables (in this case, need for achievement and work attitude) are significantly related to the mediating variable (in this case, budgetary participation).
2. If the mediating variable (in this case, budgetary participation) is significantly related to the outcome variable (in this case, job performance).
3. If the relationship between the independent variables (in this case, work attitude and need for achievement) and the dependent variables, the path coefficient decreases after controlled by the mediating variables (in this case, the relationship between: need for achievement and work attitude and job performance directly).

This research found that regarding the three conditions above, only in the path need for achievement – budgetary participation – job performance, where budgetary participation acted as partially mediation variable. The magnitude of the association between need for achievement and job performance decreased but still significant after controlling for the intervening variable (budgetary participation). It showed by the decreased of its path coefficients (Table 13). It indicates that with regard to the total (direct) relationship between need for achievement and job performance, the zero order correlation is 0.476 ($p < 0.01$). The correlation of 0.476 consists of a direct effect of 0.342 and an indirect effect of 0.122. With regard to the direct effect, the link between need for achievement and job performance, the 0.342 path coefficient is still significant ($p < 0.05$). While, in the path of work attitude – budgetary participation – job performance, cannot fulfill those three conditions above. There were no significant relationships between work attitude with both budgetary participation and job performance.

The finding suggests that a need for achievement have a positive association with budgetary participation, then that budgetary participation also has

a positive association with job performance. It means that a higher need for achievement can influence for higher budgetary participation, then through in participation in budgetary process effect on improving employee's job performance (e.i managerial performance).

This result support Yuen (2007) who find that high budgetary participation should improve job performance only when participants have a significant need for achievement, on the other hand, the relationship between budgetary participation and job performance is negative when participants have less need for achievement. Subramaniam (2002) stated that individuals with a high need for achievement will seek organizational processes such as participative budgeting for two reasons. First, individuals with high need for achievement are likely to desire participation in budget-setting because they are motivated to create their own destiny. Kukla (1972), for example, found that individuals with high need for achievement take personal responsibility for success and generally perceive themselves as high in ability. This attribution for success increases their feeling of self-worth. Second, by participating in budget-setting, individuals can gain job-relevant information that may help them to set appropriate goals.

The finding also implies that budgetary participation in local government can improve employees' job performance when the participants have high need for achievement. It also aligned with Mia (1988) who revealed that budget participation by managers who had a more favorable (high) motivation was associated with improved performance, while that by managers who had a less favorable (low) motivation was associated with hampered performance.

The adversely expected result evidenced in relationship between work attitude with job performance and also budgetary participation, which there is no significant association between those variables ($p > 0.05$ see in Table 11 and Table 12). Although, the work attitude has no direct significant association with the job performance, budgetary participation cannot acted as mediating/intervening variable because the result shows that work attitude also has no direct significant association with budgetary participation.

The insignificant of the relationship between work attitude and budgetary participation is contrary with the previous research result conducted by Yuen (2007) which found that there is a significant direct positive association among the two variables. Thus, budgetary participation acted as a full mediator between work attitude and job performance. In other words, the relationship between work attitude and job performance cannot exist without the employee's participation.

The result also not supported by Mia (1988) whose research revealed that budget participation by managers who had a more favorable (high) attitude was associated with improved performance while that by managers who had a less favorable (low) attitude was associated with hampered performance. Thus, managers' attitudes toward their jobs and employer appear to be a contingent variable moderating the relationship between their budget participation and performance.

The insignificant of direct association between work attitude with budgetary participation and job performance, might be caused by budgetary participation is relatively recent in public sector such as local government institutions, since the emergence of decentralization or local government autonomy in Indonesia also is not in long standing yet. Dahkli (2009) stated when

the participative management is, relatively recent, the managers did not already familiarize themselves with this new managerial practice and, so, they do not value the benefits brought by this opportunity.

In addition, most of the respondent of this research are the managers of kelurahan, which the institution still new in budgetary process since the declared of Minister of Domestic Affairs Regulation No.13/2006. Regarding this presumption, to make sure that Kelurahan was a suitable sample in this research, the T-test between two samples (Kelurahan and Non Kelurahan SKPD) and analyzed both of samples separately were conducted by researcher as the additional analysis that was excluded from hypothesis.

Inferring from the result of T-test analysis between two group samples based on the institution unit (Kelurahan and Non Kelurahan) revealed that there is no significant different means of need for achievement value and work attitude value between Kelurahan institution unit and Non Kelurahan institution unit. Meanwhile, it found that there is a different means of budgetary participation and job performance between respondents who came from Kelurahan institution units (SKPD Kelurahan) and respondent who came from Non Kelurahan. The group statistics output showed that the mean of the budgetary participation value for the respondent that came from Kelurahan is 30.03 while for the respondent that came from Non Kelurahan is 33.78, the t value is 3,944 with probability 0.00 less than 0.05 (Appendix VII). It implied that the budgetary participation value for respondent that came from Kelurahan and the respondent that came from Non Kelurahan is significant different.

However, the regression analysis for two sub samples (Kelurahan and Non Kelurahan SKPD) showed both of samples result presented that budgetary participation cannot acted as mediating variable. For the regression result of Kelurahan sample group showed the work attitude has significant association with budgetary participation, but budgetary participation has no significant association with job performance. Meanwhile, for the regression result of Non Kelurahan sample group showed the work attitude has no significant association with budgetary participation, but budgetary participation has significant association with job performance (Appendix VIII). Thus, the result is consistent with the previous regression result in this research when the two sub samples (Kelurahan and Non Kelurahan SKPD) were not separated, budgetary participation cannot acted as mediating/intervening variable in the relationship between work attitude and job performance.

Regarding this finding, the researcher presumed that there is another factor or variable beyond need for achievement and work attitude that could influenced the level of budgetary participation and job performance. Jermias and Setiawan (2007) stated that the impact of budgetary participation on performance might be different in this setting (government units) might be caused by most budgets in public sectors and/or developing countries are prepared in response to political pressure rather than careful analyses. Political interventions in staff recruitments, budget preparations and budget executions are very common in this environment. As such, the benefits of participation might not be fully realized.

CONCLUSION AND RECOMMENDATION

Conclusion

This research examines the two antecedents factors of budgetary participation (need for achievement and work attitude) and then to assess the impact of these two variables on job performance in Local Government of Surakarta. The empirical results showed that need for achievement had a significantly positive association with budgetary participation, but, work attitude had no significant association with budgetary participation. While, budgetary participation had a positive influence on job performance. Regarding the finding, budgetary participation can be acted as mediating/intervening variables in the relationship between need for achievement and job performance. However, budgetary participation cannot be facilitated as mediating in the relationship between work attitude and job performance because work attitude did not have significantly positive association with budgetary participation. It means that only need for achievement is confirmed as significant influencing factor to job performance during participation in the budgetary process. A higher need for achievement can influence for higher budgetary participation, then through in participation in budgetary process effect on improving employees' job performance.

Implications

Regarding to the results of this research indicated that job performance can be fostered among managers with high need for achievement and through participative budgeting. These findings have implications for human resource management for better understanding of individual-level behavior, senior management can effectively foster better job performance through the encouragement of budgetary participation, particularly among those who have a significant need for achievement. In order to motivate the employee for having higher need for achievement, Local Government need to clearly implement reward and punishment for all the employees regarding their job performance. So, they have higher motivation when they involve or participate in budgetary process, not merely caused by obeying the mandatory regulation.

Limitations

This research has several limitations:

1. The use of a self-rating scale for performance may result in a higher leniency error or personal bias. This will reduce the objectivity of the data.
2. This research did not consider another variables that might be have association with budgetary participation, it only assume a need for achievement and work attitude as the antecedent of budgetary participation related to enhance job performance.

Suggestions

There are some suggestions that the researcher can give regarding this research, such as:

1. Regarding the research result, researcher suggests local governments need to improve the motivation for the employees to have higher need for achievement in order to higher participation in budgetary process and enhancing employees' job performance.
2. The quantitative data used in this research. The quantitative nature of the data used in the study means that the study can answer only certain limited questions about what seems to have happened. Therefore, it is recommended that the future study can investigate further by combining the quantitative and qualitative method to get more information from respondents in order to deeper analysis.
3. This research uses two independent variables as antecedent of budgetary participation (need for achievement and work attitude). It is possible that other variables, which are not included in the model, can produce strong statistical associations with performance. Therefore, researcher suggests that future research can be done with additional independent variables that conveniently fit into the model of relationship between budgetary participation and performance. A budgetary participation and employee's performance may be influenced by other variables such as group behavior, decentralized structure, reward systems and top managements' policies not investigated in this study.

REFERENCES

- Agbejule, A., Saarikoski, L. 2006. The Effect of Cost Management Knowledge on The Relationship Between Budgetary Participation and Managerial Performance. *The British Accounting Review*. 38. pp. 427-440
- Alam, Baidul and L. Mia. 2006. Need For Achievement, Style of Budgeting and Managerial Performance in A Non Government Organization (NGO): Evidence From An Oriental Culture. *Papers*
- Baptiste, N. R. 2008. Tightening The Link Between Employee Wellbeing at Work and Performance: A New Dimension for HRM. *Management Decision*. Vol. 46 No. 2, pp. 284-309
- Baron, R.M. and Kenny, D.A. 1986. The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations. *Journal of Personality and Social Psychology*. pp. 1173-1182
- Brownell, P. and M. McInnes. 1986. Budgetary Participation, Motivation, and Managerial Performance. *The Accounting Review*. 61(4). 587-60
- Cassidy, T., and Lynn, R. 1989. A Multifactorial Approach to Achievement Motivation: The Development of A Comprehensive Measure. *Journal of Occupational Psychology*, 62: 301-312
- Choi, Jaepil. 2006. A Motivational Theory of Charismatic Leadership: Envisioning, Empathy, and Empowerment. *Journal of Leadership & Organizational Studies*. Vol 13. No.1
- Chong, Vincent K. and K.M. Chong. 2002. The Role of Feedback on The Relationship Between Budgetary Participation and Performance. *Pacific Accounting Review*. Vol.24, No. 2. pp. 33-55
- Dakhli, Anissa. 2009. Budgetary Participation, Locus of Control and Job Satisfaction in Tunisia. www.google.co.id. Published In "La Place De La Dimension Européenne Dans La Comptabilité Contrôle Audit, Strasbourg: France
- Elanain, Hossam M.A. 2009. Job Characteristics, Work Attitudes and Behaviors In a Non-Western Context Distributive Justice as A Mediator. *Journal of Management Development*. Vol. 28 No. 5, pp. 457-477
- Frucot, Veronique and White, Stephen. 2006. Managerial levels and the effects of budgetary participation on managers. *Managerial Auditing Journal*. Vol.21 No. 2, pp.191-206
- Ghozali, Imam. 2006. *Aplikasi Analisis Multivariate dengan Program SPSS*. Semarang : Bagian Penerbit UNDIP

- Halim, Abdul. 2007. *Akuntansi Sektor Publik (Akuntansi Keuangan Daerah)*. Jakarta : Salemba Empat
- Jayan, C. 2006. Emotional Competence, Personality and Job Attitudes as Predictors of Job Performance. *Journal of the Indian Academy of Applied Psychology*. Vol. 32, No.2, 135-144.
- Jegadeesan, G. 2007. Job Satisfaction: A conceptual framework. *The ICAI Journal of Organizational Behavior*. Vol. VI. No. 4
- Jermias, Johnny and Trisnawati Setiawan. 2007. The Moderating Effects of Hierarchy and Control Systems on The Relationship Between Budgetary Participation and Performance. *Working papers*. <http://ssrn.com/>
- Jogiyanto. 2005. *Business Research Methodology*. Yogyakarta: BPFE
- Kenis, I. 1979. Effects of Budgetary Goal Characteristics on Managerial Attitudes and Performance. *The Accounting Review*, 707-721
- Ketchand, Alica A. and Jerry R Strawser.1998.The Existence of Multiple Measures of Organizational Commitment and Experience-Related Differences in A Public Accounting Setting. *Behavioral Research in Accounting*. vol.10. pp.109-137
- Kilch, N.R. and Feldman, D.C. 1992. The role of approval and achievement needs in Feedback seeking behavior. *Journal of Managerial Issues*, Vol 4. pp 554-570
- Kukla, Andy. 1972. Attributional Determinants of Achievement Related Behavior. *Journal of Personality and Social Psychology*. Vol 21. No.2. pp 166-174
- Larson, M. And F. Luthans. 2006. Potential Added Value of Psychological Capital in Predicting Work Attitudes. *Journal of Leadership & Organizational Studie*. Vol. 13. pp. 45-62
- Loon, Mark., and G. Casimir. 2008. Job-Demand for Learning and Job-Related Learning The Moderating Effect of Need For Achievement. *Journal of Managerial Psychology*. Vol. 23 No. 1. pp. 89-102
- Mardiasmo. 2005. *Akuntansi Sektor Publik*. Yogyakarta : Andi Offset
- Meyer, J. P. and N. J. Allen. 1990. The Measurement and Antecedent of Affective, Continuance and Normative Commitment to the Organization. *Journal of Occupational Psychology*. pp.1-18.

- _____. and _____. 1991. A Three-Component Conceptualization of Organizational Commitment. *Human Resource Management Review*. Vol.1. pp. 61-89.
- Milani, K. 1975, The Relationship of Participation in Budget-Setting to Industrial Supervisor Performance and Attitudes: A Field Study, *The Accounting Review*, April, pp. 274-284
- Muse , L. A. And C.L. Stamper. 2007. Perceived Organizational Support: Evidence for a Mediated Association With Work Performance. *Journal of Managerial Issues*. Vol. 19. pp. 517-534
- Nouri, H. and R. J. Parker. 1998. The Relationship Between Budget Participation And Job Performance: The Roles Of Budget Adequacy And Organizational Commitment. *Accounting, Orgnnizatiom And Society*. Vol. 23. No 5/6. pp. 467-483
- Ompusunggu, Krisler B. and Icuk R. Bawono. 2006. *Pengaruh partisipasi anggaran dan job relevant information (JRI) terhadap informasi asimetris (Studi Pada Badan Layanan Umum Universitas Negeri di Kota Purwokerto Jawa Tengah)*. Simposium Nasional Akuntansi IX
- Parker, Robert J. Larissa Kyj. 2006. Vertical Information Sharing in The Budgeting Process. *Accounting, organization and society*. Vol. 31 p.27-45
- Pool, Steven. B. Pool. 2007. A Management Development Model Measuring Organizational Commitment and its Impact on Job Satisfaction Among Executives in a Learning Organization. *Journal of Management Development* Vol. 26 No. 4, pp. 353-369
- Rahayu, Sri., Unti Ludigdo, and D.Affandy. 2007. *Studi Fenomenologis Terhadap Proses Penyusunan Anggaran Daerah Bukti Empiris dari Satu Satuan Kerja Perangkat Daerah di Provinsi Jambi*. Simposium Nasional Akuntansi X.
- Rayburn, J. Mike., K. Hammond, and J. Overby. 2004. An Empirical Study of the Indicators of The Need for Power, Achievement and Affiliation, and The Ethical, Machiavellian and Political Orientation of Marketing MAJORS. *Academy of Marketing Studies Journal*. Vol. 8, No 1.
- Sardjito, Bambang dan Osmad Muthaher. 2007. *Pengaruh Partisipasi Penyusunan Anggaran Terhadap Kinerja Aparat Pemerintah Daerah : Budaya Organisasi Dan Komitmen Organisasi Sebagai Variabel Moderating*. Simposium Nasional Akuntansi X, Unhas Makasar 26-28 Juli 2007.
- Sekaran, Uma. 2003. *Research Methods for Business: a Skill Building Approach*. New York: John Wiley and Sons, Inc.

- Shahnawaz, M. G. and Md. Hassan Jafri. 2009. Job Attitudes as Predictor of Employee Turnover Among Stayers and Leavers/Hoppers. *Journal of Management Research*. Vol. 9. No. 3. pp. 159-166.
- Shields, J. and M. Shields, 1998. Antecedents of Participative Budgeting, *Accounting, Organizations and Society*, Vol. 13, pp. 49-76.
- Shields, M. and S.M. Young. 1993. Antecedents and Consequences of Participative Budgeting: evidence on the effects of asymmetrical information, *Journal of Management Accounting Research*, Vol. 5, pp. 265-280.
- Steers, Richard M., 1975. Effect of Need for Achievement on Job Performance-Job Attitude Relationship. *Journal of Applied Psychology*. Vol. 60 No. 6, pp.678-682.
- Steers, R.M. and D.N.Braunstein. 1976. A Behaviorally Based Measure of Manifest Needs in Work Settings. *Journal of Vocational Behavior*. Vol. 9. pp. 251-266.
- Subramaniam, N., L.McManus, and L.Mia, 2002. Enhancing Hotel Managers' Organizational Commitment: an Investigation of The Impact of Structure, Need for Achievement and Participative Budgeting, *Hospitality Management*, Vol. 21, pp. 303-320.
- Warsito, Kawedar, Abdul Rohman, Sri Handayani, 2008. *Akuntansi Sektor Publik: Pendekatan Penganggaran Daerah Dan Akuntansi Daerah*. Semarang : Badan Penerbit Universitas Diponegoro.
- Wentzel, K. 2002. The Influence of Fairness Perceptions and Goal Commitment on Managers' Performance in a Budget Setting. *Behavioural Research in Accounting*, Vol. 14, pp. 247-271.
- Williams, J.J., N.B. Macintosh, and J.C. Moore. 1990. Budget Related Behaviour in Public Sector Organizations: Some Empirical Evidence. *Accounting, Organizations and Society*. Vol. 15 No. 3, pp. 221-246.
- Yahya, Mohd Nor., Nik Ahmad, Nik Nazli., and Fatima, Abdul H. 2008. Budgetary Participation and Performance: Some Malaysian Evidence. *International Journal of Public Sector Management* Vol. 21 No. 6, pp. 658-673.
- Yuen, Desmond. 2007. Antecedents of Budgetary Participation : Enhancing Employees' Job Performance". *Managerial Auditing Journal*. Vol.22 No.5. pp.533-548.
- Republik Indonesia. 2003. Undang-undang No. 17 Tahun 2003 tentang Keuangan Negara.

_____. 2004. Undang-Undang No. 32 Tahun 2004 tentang Pemerintah Daerah.

_____. 2004. Undang-Undang No. 33 Tahun 2004 tentang Perimbangan antara Keuangan Pemerintah Pusat dan Pemerintah Daerah.

_____, Peraturan Pemerintah No. 58 Tahun 2005 tentang Pengelolaan Keuangan Daerah.

_____, Peraturan Menteri Dalam Negeri No. 13 Tahun 2006 tentang Pedoman Pengelolaan Keuangan Daerah.