
EFFECT OF BUDGET PARTICIPATION ON MANAGERIAL PERFORMANCE MEDIATED BY JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT

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ABSTRACT

Budget usage within University of Sultan Ageng Tirtayasa is considered as not proportionally used. It can be seen from the budget usage that has not been maximized. Overcoming the budget usage and also improving managerial performance is requiring the involvement of a manager in the preparation of the budget. As some theories and studies shows that managerial performance can be affected by the budget participation, this case in University of Sultan Ageng Tirtayasa can be assessed based on the theories, this also check the relationship when mediated by organizational commitment and job satisfaction. The aim of this study was to determine the effect of budget participation on managerial performance with the mediation of organizational commitment and job satisfaction. The study was conducted by collecting quantitative data, with questionnaires distributed to 45 respondents, as the total received 36 back in the form of data that can be processed. This data is then analyzed by Structural Equation Model with Partial Least Square (PLS-SEM). The results indicate that the hypothesis is accepted, the participation of high budget can affect organizational commitment, high participation can influence job satisfaction, job satisfaction and organizational commitment of high influence managerial performance. In addition, based on the results of path analysis showed that job satisfaction is higher influence because rather than organizational commitment.

Kata Kunci: Budget Participation, Organizational Commitment, Job Satisfaction, Managerial Performanc

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INTRODUCTION

Managerial performances and achievements show the ability of a manager to run the organization and realizing the goals that leading to the achievement of organizational goals. Managerial performance is needed to assess how an organization can implement their vision-missionso that organizational goals can be achieved well. Currently University of Sultan Ageng Tirtayasa,that also wants to achieve this goal, is one of the state owned universitythatare still relatively young and is still considered as weak in the achievement of organizational goals. It can be seen from the results of independent financial auditheld for financial review on December 31, 2012 and December 31, 2014. The result showed that the absorption of the budget is still not optimal, especially when viewed from the absorption of capital expenditure. It is the expenditure for the payment of the assets acquisition or increase the value of assets in capital expenditure for land acquisition, capital expenditure of equipment and machinery, or capital expenditure for buildings and constructions.

Absorption of budget from year to year can be seen from the presentation attainment absorption that show an unstable number due to the movements each year as well as the achievement that was not optimal. For example, as in fiscal year 2012 it's only reached 19.83%, then in fiscal year 2013 increased reaching 70.87% but in fiscal year 2014 it has a declining down to only 43.99%. This indicates that there is a problem that could hinder the achievement of managerial performance that impact on the achievement of organizational goals.

One factor that can improve managerial performance is the budget participation. In the budgeting process it's required the involvement of managers, not just top managers but also lower-level managers. It's should be run with the well managed coordination in between the units that is expected to create a budget that suits organizational needs. Effects caused in the budget participationisgenerally some positive impacts such as increased in motivation,

initiative, job performance, job satisfaction, subordinate attitude towards work and commitment to the organization.

Based on the problems and previous research, this study tried to assess the relationship between budget participation and managerial performance with mediating variables of organizational commitment and job satisfaction. Use of mediating variables is expected to give a clearer picture of the relationship between budgetary participation and managerial performance.

This study is an extension of previous research, previous research examining the relationship between budgetary participation and managerial performance in the Malaysian Ministry of Defence (MINDEF) as the public sector. The empirical research in which researchers set out to see whether the results of research conducted by previous researchers will provide the same or different results when applied in different environments.

LITERATURE REVIEW

Budget Participation

According to Hansen and Mowen (2009) budget is a financial plan for the future, or the plan that identifies goals and actions necessary for the achievement. While on budget participation, Brownell (1982) suggested that budgetary participation is a process of participation of individuals that directly involved in the process and have an influence on the determination of the budget and its purpose. There are three approaches used in the preparation of the budget, ie top-down (approach from top to bottom), bottom-up (bottom-up) and the other approach is a combination of both approaches, commonly known as the approach of participation (Anthony and Govindarajan, 2005).

Budget participation is engagement between manager and subordinate to determine the use of resources on the activities and operations of their company (Eker, 2007). According to Eker (2007) budget participation has some benefits: (i) because they are involved in developing the budget goals, participants may have their motivation increased and has more commitment

on the budget. (ii) The benefit also seen as budget participation can produce high-quality decisions, it is due to the improvement of information between supervisors and subordinates

Organizational Commitment

Organizational commitment is defined as the level of engagement and feeling of confidence in the organization they work for (George and Jones, 1999, in Ahmad and Fatima, 2008). Buchanan (1974) in Eker (2007) mentioned that organizational commitment is a factor that influence the purpose, value and interest in the organization. It can be assessed on three dimensions, ie the identification, engagement, and loyalty. Organizational commitment as the relative strength of the person's identification and involvement, especially in the organization, has two dimensions, namely the mind and character style (Mowday and Steers, 1974 in Eker, 2007).

Mathieu and Zajac (1990) in Supriyono, (2004) defined organizational commitment as a binding link among the individual to the organization so that individuals feel they have worked for the organization. Organizational commitment is the motivation from within the individual to do something in order to support the success of the organization in accordance with the objectives and prioritize the interests of the organization (Darlis, 2002).

Job Satisfaction

Robbins and Judge (2008) suggested that the term job satisfaction is defined as a positive feeling that appear as the result of a self evaluation. Job satisfaction may seen as when the individual feels happy, means that the individual is willing to work properly and responsibly. Job satisfaction also reflects an attitude of excitement or positive emotions that come from a person's work experience. Job satisfaction is basically a statement of a positive or pleasant emotional as a result of the appreciation of the work against a specific job (Locke, 1986).

Hezberg (2005) in Kurniawan (2011) said that it also can be defined as a positive feeling that is the result of an evaluation of its characteristics. There are four factors that affect a person's job satisfaction, ie: (i) psychological factors that associated with employee's psychiatric with its dimensions are interest, peace in work, attitude towards work, talent and skills. (ii) Social factors associated with social interactions with dimensional interactions among employees, interaction with superiors, interaction with different employee with the job. (iii) Physical factors that related to working conditions and the physical condition of the employee with the dimensions of this type of work, timing, work equipment, state of the room, temperature, lighting, ventilation, employee health condition, age and so on. (iv) Financial factors, associated with the guarantee as well as the livelihoods of employees, with the

dimensions of the system and the amount of salary, social security, various allowances or facilities provided, promotion and so on.

Managerial Performance

Stoner (1995) explains that the managerial performance is defined as how effective and efficient managers have been working to achieve organizational goals. According to Mahoney, Jerdee and Carroll (1963) in Sumarno (2005) states the performance as a factor that can improve organizational effectiveness. This performance is usually determined on the basis of the classical management functions include managerial achievements include planning, investigation, coordination, evaluation, monitoring, staffing, negotiation and representation.

Hypothesis Development

Nouri and Parker (1998) suggested that the budgetary participation influence managerial performance through organizational commitment. Managers who involved in and participate in the budgeting process will have better understanding on the purpose of a budget that reflects the organization's goals. Organizational commitment is the impetus from within the individual to do something in order to support the success of the organization in accordance with the objectives and prioritize the interests of the organization (Darlis, 2002).

When a manager understands the purpose of the budget due to the participation of managers involved in the budget, then the manager will have a common personal goals with organizational goals that ultimately the manager will have a strong commitment within the organization where berkerja. Hasil research in the tian suggested a positive relationship between budgetary participation and commitment organizational. From various reviews the research above, the proposed hypothesis is as follows:

H₁: A higher budget participation can increase organizational commitment.

Lee (2009) states that the budget has a direct impact on human behavior, especially for people who are directly involved in drafting or design budget. Job performance, job satisfaction, the attitude of subordinates, superiors and moral attitudes can be realized from the participation of someone against something of value both for the part where he is involved daily, as well as for the organization as kesuluhan.

Lee (2009) stated that the participation of managers in budgeting will encourage morale and create a high initiative managers. High employee morale is defiend as someone having job satisfaction on their boss and co-workers. Lee (2009) found that the budgetary participation has a positive impact on job satisfaction. When the managers involved in the participation of the

budget, it will lead to better confidence to carry out their duties properly which then will have an impact on the work satisfactory. This can be concluded into next hypothesis:

H₂: High budget participation will increase job satisfaction.

Mahoney (1963) in Listiyaningsih (2005) suggested managerial performance as the performance of individual members of the organization in managerial activities include planning, investigation, coordination, staffing, supervision, and carry out negotiations with outside parties and representations. According to Milani (1975) level of involvement and influence of managers in the budgeting process is a condition that distinguish between participatory budgets and non-participatory budget.

An organization has systems and policies related to the process of budget preparation and their usage, which these policies could be different from other organizations. Research conducted Eker (2007) with the results of the study found that there is a positive and significant relationship between budget participation and managerial performance. It can be concluded that the higher the involvement of a manager in the preparation of the budget, the higher the managerial performance and can give a good impact on the organization of the various review of research on the proposed hypothesis is as follows:

H₃: High budget participation can improve managerial performance.

According to Buchanan (1974) in Eker (2007) organizational commitment is a factor that has influence on the goals, values and interests of the organization. The purpose of the organization is part of the organizational commitment, which each organization has a different organizational goals. The purpose of the organization is a measure on how success of an organization if the organization's goals have been achieved, with the achievement of the necessary commitment among themselves managers to always be aligned with organizational objectives. The higher the organizational commitment of a manager, the better the managerial performance.

Research conducted by Eker (2007) about the influence of organizational commitment to the relationship between budgetary participation and managerial performance, said that the organizational commitment and managerial performance has a positive and significant correlation. It can be concluded that the higher the commitment that a manager of the organization where he works, then the higher the managerial performance of each manager within the organization.

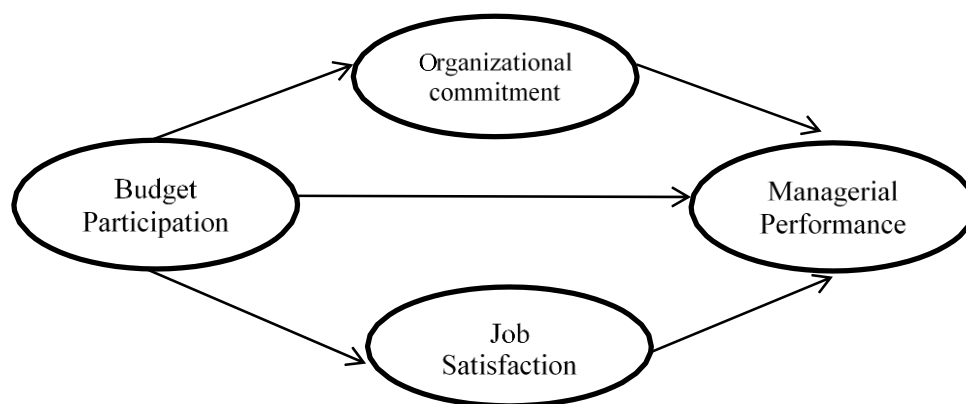
H₄: Commitment organisasional high will improve managerial performance.

Puspaningsih (2002) states that the employee's performance will be improved if employees feel the justice and extrinsic rewards (salary and promotion) and intrinsic rewards (feeling of what has been achieved), this condition will lead to a high level of satisfaction. When managers have a sense of satisfaction with the work he has done since the manager already involve the participation of the budget, it will have an impact on the good managerial performance in which the purpose of the budget has been reached.

H₅: High job satisfaction will improve managerial performance.

Based on above theories and studies about replationship between the independent variables, namely the participation of the budget, organizational commitment and job satisfaction as mediating variables and the dependent variable is the managerial performance, can be described with the framework research model as figure1.

Figure 1. Research model



Source: processed primary data (2019)

METHOD

Budget participation is defined as how far the involvement of managers in the budgeting process. In this study participation variables were measured using a modified budget adopted instruments of Eker (2007). The instrument consists of six indicators, namely involvement in the preparation of the budget, revised budget reasons, the frequency of the advice in the budget, the amount of influence exerted, the importance of the contribution, and the frequency of a given opinion.

Organizational Commitment variable was measured using an instrument developed by Eker (2007) which consists of the nine indicators used are the willingness of employees to help the leadership, the pride of the organization, the willingness to accept the task, the

similarity values that employees with organizational values, pride to be part of organization, the influence of the organization for employees to excel, employee satisfaction choose the organization as a place to work, concern for the fate of the organization, and the assessment of the organization's employees.

Measurements for job satisfaction was developed by Puspaningsih (2002) ie how fair people/employees are treated by superiors at work, salary received, the fulfillment of the value of individual work, his current role, relationship with colleagues, relations with superiors, career promotion and equipment support the work.

Managerial performance is usually determined on the basis of the classic manager functions that include managerial achievement in the planning, investigation, coordination, evaluation, monitoring, staffing, negotiation, and representation. Then the managerial performance is the result of efforts made in the task manager within the organization (Mahoney et al, 1963).

Sampling and Pre-Test

The sampling method used in this research is *purposive sampling method*, sampling technique with particular consideration (Sugiono, 2011), where objects were sampled in this study has determined the criteria beforehand. In this study the number of questionnaires that will be distributed as many as 45 respondents according to the number of managers within the University of Sultan AgengTirtayasa. Analysis tool used is *Structural Equation Model* with *Partial Least Square (PLS-SEM)* wherein the recommended sample size ranged from 30 to 100 (Ghozali, 2008).

Before the instrument used to collect the data needed to be done first then test to get a valid instrument (*valid*) and reliable (*reliable*) empirically, *pre-test* analysis tools used factor analysis (SPSS).

In this study, there are five hypotheses tested, the analysis tools used in this research is Structural Equation Model with Partial Least Square (SEM_PLS). In analysis using PLS two things are done is first rate Outer Model or Measurement Model, then assess Inner Structural Models or Models.

RESULT AND DISCUSSION

From the results of hypothesis testing showed that the entire hypothesis is accepted or the data support the hypothesis. Budgetary participation was positively related to

organizational commitment, with the original sample values of 0.604 and significant estimate the value of t-statistics for 8266 were greater than 1.96. The results support the first hypothesis, which means H 1 received, that there is a positive relationship between budgetary participation and organizational commitment.

Budgetary participation was positively related to job satisfaction, with the original sample values of 0.686 and significant estimate the value of t-statistics for 9802 were greater dari 1,96. H 2 study results received, that there is a positive relationship between budgetary participation and job satisfaction that there is a positive relationship between budgetary participation and job satisfaction.

Budgetary participation has a positive relationship with the managerial performance, with the value of the original sample estimate obtained at 0.107 and significant value of 2.605 t-statistic greater than 1.96. The results support the hypothesis H3 received third means, that there is a positive relationship between budgetary participation and managerial performance.

Based on the test results of the analysis show that the hypothesis of four analysis results support the hypothesis is accepted. Based on the data that has been processed to researchers, the results of the calculations in the table above is known that organizational commitment linked to managerial performance, with the value of the original sample estimate for 0284 and significant value of 1,977 t-statistic greater than 1.96. The results support the hypothesis H 4 fourth means is acceptable, it can be dijelaskan bahwa there is a positive relationship between organizational commitment to managerial performance.

Based on the test results of the above analysis supports the hypothesis that the fifth or H 5 accepted. High job satisfaction can improve managerial performance. Based on the data that has been processed to researchers, the results of the calculations in the table above is known that job satisfaction has a significant positive relationship on managerial performance, with the value of the original sample of 0634 and significant estimate the value of t-statistic of 5.084 greater than 1.96. The results support the hypothesis that the fifth is a positive relationship between job satisfaction and managerial performance.

Organizational Commitment and Job Satisfaction Partially Act as Mediating Variable

The study involved organizational commitment and job satisfaction as a mediating variable. Analysis of mediating variables can be done through two approaches: the difference between the coefficients and multiplication. The first approach is done by examination

through analysis with and without the mediating variables, while the second method is done by using the procedure Sobel (Hair, Anderson, Tatham and Black, 2008).

First, the budget participation variables affecting organizational commitment. Sultan Ageng Tirtayasa University should undertake activities that foster attachment, trust, and a feeling of belonging to the organization, so that each individual will prioritize the interests of the organization as compared to private interests.

The second implication of job satisfaction are high can affect managerial performance. In an effort meningkatkan job satisfaction is the justice the first leaders in treating individuals, provide compensation or remuneration in accordance with performance, the fulfillment of individual values, their satisfaction with the position taken, which existence of relationships both with colleagues, good relations between superiors and subordinates, job security, as well as a means of supporting the work.

Managerial performance that both can be affected by the influence of the participation of a high budget, organizational commitment higher than any manager, as well as their job satisfaction is higher than the manager, so it can affect managers to work well and be more accountable for their work, it will have an impact on improvement of managerial performance. Factors to consider to improve performance is the first of a manager must have the ability in planning, such as planning a work program for the current planning will carry out the activities and work programs have been drawn up, it should have investigative abilities, can coordinate well with co-workers and other work units, should have the ability to conduct surveillance, selection of staff, have the ability to negotiate with other parties as well, and has the ability in the forum to represent the organization well.

CONCLUSIONS

This study focuses on the effect of budget participation on managerial performance with the mediation of organizational commitment and job satisfaction. The results showed that of the five hypothesis result that the data supports the entire hypothesis or the hypothesis is accepted. The first hypothesis is accepted, that there is a positive relationship between budgetary participation and organizational commitment. Managers who are involved in budget participation can better understand the purpose of the organization and responsible for the job.

Results of the second hypothesis that the participation of high budget can increase job satisfaction, when managers involved in budget participation, and is given a major role in the preparation of the budget, as requested for menybangkan advice, opinions, giving reasons in case of budget revision will lead to confidence good to carry out their duties, so that will have an impact on the work satisfactory. Hypothesis H 3 that the participation of high budget can improve managerial performance. Managers who are involved in participation can better understand the purpose of the budget, work program compiled, the manager will be working hard to achieve goals. This will affect the attitude of managers in improving the effectiveness of the organization and the more efficient a manager in carrying out its work to achieve organizational goals.

Results show that the fourth hypothesis that high organizational commitment can improve managerial performance, a manager who has high organizational commitment can improve managerial performance. This means that when a manager has a high organizational commitment, managers can work hard, capable of receiving all types of work for the survival and promote the organization and will have a sense of pride for being part of the University of Sultan AgengTirtayasa.

Job satisfaction can increase performance manjerial means hypothetical fifth received, this means that when a manager has the job satisfaction is high then a manager will be happy to do the job properly and responsibly, it will have an impact on the effectiveness and the more efficient a manager in achieving organizational goals.

Research Limitation

This limitation is expected to be addressed in subsequent studies that measure the relatively small sample consisting of 45 respondents, as the questionnaires are not all get into the hands of the respondents or when the respondent was no time for a lot of bustle and this research only using questionnaires without the direct interview to the respondents, so the emergence of the possibility that the results will be biased because respondents bias just fill with not serious.

Based on the results of the above conclusions, this study can be used to provide optimum benefit to the object of study and research also can be as a comparison in other studies, for further research it is expected to increase the number of the sample size by using the object of other research, and may conduct research with interviews directly to the respondents, so that research results better reflect the real situation.

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