



The Effect of Budget Preparation Participation on Employee Performance at the Mataram City Regional Financial Agency

Komala Septi Ardini

Master of Accounting Program, Faculty of Economics and Business,
Universitas Mataram

Corresponding Author: Komala Septi Ardini komalasepti26@gmail.com

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ABSTRACT

Participation in budget preparation at the Mataram City Regional Financial Agency is the focus of this research, which aims to assess its influence on employee performance. This research uses descriptive statistics, reliability and validity tests, multicollinearity and heteroscedasticity tests, simple regression tests, and coefficient of determination, as well as reliability and validity tests, all of which were carried out via SPSS. A total of 53 participants filled out the survey which is a data collection technique. The performance of employees at the Mataram City Finance Agency is positively and significantly influenced by their involvement in budget preparation, according to research results.

INTRODUCTION

Fair distribution, utilization, and regulation of national resources, including the financial balance between the Central Government and Regional Governments, is necessary for implementing regional autonomy, as is the assignment, handover, and delegation of real and responsible government affairs to the Regions. The principles of good governance, which include openness, involvement, and accountability, are the basis for administering government and services in autonomous regions. Improving the institutional performance of society, the business world, and the government is very important to realize good governance.

Through planning and budgeting, regional vision, mission, and goals can be realized, so that regional governments can fulfill their responsibilities in managing their households. An important part of developing an area is planning. Sustainable regional development initiatives can be started with careful planning. The right goals, when combined with well-planned activities, will inspire more efficient strategy implementation, leading to long-term growth. Because it is directly related to the government's mission to serve its citizens, planning and budgeting, according to Halim (2007), are the most important activities in public administration. Because planning and budgeting are interdependent, planning and budgeting are input and output for the first activity.

When a company's top management forms different divisions of responsibility, also called responsibility centers, the budget preparation process requires strong collaboration between superiors and subordinates. Managers from each responsibility center then approve the finalized budget. Financial metrics are just one indicator of an organization's health. The performance of public sector organizations is also a good indicator to measure their success. In addition, this is in line with the performance budget used. Numbers and quantitative performance goals both belong in a well-crafted budget. Therefore, financial statements alone cannot meet accountability requirements; Performance reports are also required.

According to Narcisse and Harcourt (2008), evaluating employee performance is a very personal and meaningful part of working at a company. According to Boxall and Purcell (2011), a company or organization can run more smoothly if it has a well-defined method for reviewing employee performance. According to Rynes et al. (2000), companies have a major problem in evaluating employee performance and thinking of ways to make them more efficient. This means that companies need to find ways to evaluate employee performance in a way that highlights the differences between "good" and "bad" workers. To manage employees effectively and ensure that they are aligned with the company's overall business strategy, companies must have a good understanding of their employees' abilities (Boxall & Purcell, 2011). There may be no integrated model for assessing employee performance because, as pointed out by Murphy and Cleveland (1991), various important aspects of research and development of performance evaluation models are still often ignored. Nguyen et al. (2015) noted that although many studies have looked at how various factors influence employee performance, relatively few have looked at all three elements simultaneously. Firms are "consciously

coordinated systems” in which “individual, group, and organizational characteristics interact with each other,” according to Kozlowski and Klein (2000). The extent to which these factors influence each other is greatly influenced by company culture, which in turn influences employee productivity.

How public sector organizations spend allocated funds will say a lot about their efficiency and effectiveness. According to Siegel (1989), human behavior is directly influenced by the budget, so it is very important to consider stakeholders in the budget preparation process. Several stakeholders, including SKPD heads and SKPD members, must be involved in the budgeting process of government entities. Additionally, goal setting itself can impact the performance required to achieve those goals. When people work together to set goals, they will try their best to adhere to the rules that have been set so that they will feel responsible for achieving the goal to completion.

This research aims to investigate, as previously mentioned, how employee involvement in budget preparation affects their performance at the Mataram City Regional Financial Agency. This agency is responsible for carrying out regional authority and financial assistance tasks by the policies established by applicable laws and regulations. This research will test: Whether is there a relationship between employee performance and their involvement in budget preparation.

THEORETICAL REVIEW

Hasniasari & Sholihin (2014) stated that participation is the mental and emotional involvement of individuals in group situations to achieve common goals and share joint responsibilities. Participation provided by individuals is not only physical activity but also justice, namely how much influence a person has in decision making. In the dimension of distributive justice, the area of responsibility in receiving the budget must be clear and appropriate, the budget allocated to the area of responsibility adequately reflects needs and justice, and there are concerns and sensitivities expressed openly by superiors when discussing budget limitations. In the dimension of procedural justice, budgeting procedures are applied consistently in all areas of responsibility. Budget decisions for areas of responsibility that are based on accurate information and well-informed opinions and budgeting procedures that are deemed to comply with ethical and moral standards. Meanwhile, the interactional justice dimension relates to the feelings a person feels about whether they have been treated fairly in implementing procedures. In preparing the budget, managers must delegate each job to executors/subordinates fairly in accordance with the responsibilities of each employee. Employee participation in budget preparation if it is linked to interactional justice is very necessary so that managers can truly know the responsibilities of each implementer/subordinate, so that there is no overlapping in work and no one feels disadvantaged.

Bastian (2009) explains that budgeting is an activity that produces a budget as a work result that is used as a work guide. The budget provides direction and also provides targets that must be achieved by an organization or company. As a coordination tool, the budget coordinates all parts of the organization or company to achieve the stated goals. According to Keith Davis (1985), employees are actively

involved emotionally and mentally in group or organizational activities which motivates them to contribute and be responsible for group or organizational goals. A person's involvement or participation in preparing and deciding on a budget together can be understood from this point of view as participation in budget preparation. In an SKPD, the effectiveness or ineffectiveness of the budget is proportional to the extent to which SKPD managers fulfill their obligations.

Apart from the quality of human resources, the research results of Rahayu et al. (2014) show that local government performance is influenced positively and significantly by the participation variable in budget preparation. According to Anthony and Govindarajan (2005), there are three ways of preparing a budget, namely the top-down method, the bottom-up method, and a combination of the two which is called the participation approach.

In general, performance can be interpreted as the results or level of success of a person in a certain period in carrying out duties and authority. Performance can be seen as an illustration of the level of achievement of targets for the vision, mission and strategy of a government agency which identifies the level of success or failure in implementing work programs at that agency. According to Mangkunegara (2011) that performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties and responsibilities.

One thing that influences employee performance is employee participation in preparing the budget. In carrying out programs and activities, government organizations have plans that have been regulated and used as guidelines for implementing the program. The work program can begin with preparing a budget. A budget is a useful tool to assist in the planning and coordination process of activities to achieve the desired goals. The budget preparation process is a technical matter involving finances, numbers and estimates. According to Gusti et al. (2018) budgets function as guidelines, instructions and performance assessment tools that can be seen based on target achievement and efficiency of budget implementation

Human resources in an organization are the most valuable assets, so it is very important to manage them well to reach their full potential and help the business achieve its goals. People, both individually and collectively, are the most valuable resource for an organization. Human resource quality is defined as the extent to which an organization's employees have the knowledge, skills, and experience to successfully perform the tasks that have been delegated to them.

Participative budgeting focuses on efforts to increase employee motivation to achieve organizational goals. Motivation is also a factor that encourages individuals, both from within themselves and from outside influences, to carry out a business or activity with all forms of skill, expertise, energy and time as a form of responsibility and obligation as an effort to achieve the goals and objectives of the organization. These conditions have an influence in generating, directing and selecting behavior related to building integrity with the work environment. Motivation is a driving factor that influences a person to fulfill their needs and achieve certain goals. in line with research that has been conducted, Gusti (2018) Participation in budget preparation and motivation are things that influence employee performance. The higher the budget participation, the higher the employee motivation. Motivation and organizational commitment work together to achieve performance. Participatory budget implementation is not only a planning and control tool but also a tool or means related to motivation as performance accountability to the public.

According to Ni luh Sri Rahayu et al. (2014), government employees will be motivated to perform better if the quality of human resources is improved.

Government performance is directly proportional to the quality of its human resources, and conversely, poor human resources cause poor government performance.

Below is a table detailing reports on the realization of the income and expenditure budget for the last five years at the Mataram City Regional Financial Agency;

Table 1. Realization of BKD Shopping Revenue 2018-2022

Years	Income		SHOPPING	
	BUDGET	REALIZATION	BUDGET	REALIZATION
2018	145,129,000,000.00	146,993,063,521.56	116,416,173,580.19	109,442,420,914.00
2019	157,905,000,000.00	162,275,862,368.84	141,132,615,422.89	120,025,123,080.00
2020	110,690,500,000.00	119,163,533,196.00	82,293,304,852.37	80,350,851,769.00
2021	153,722,232,419.00	163,430,836,251.29	56,131,041,731.27	48,056,167,339.00
2022	167,424,677,698.00	175,441,502,565.00	58,323,622,615.00	51,927,778,188.00

SOURCE: Badan Keuangan Daerah Kota Mataram

The realization of the Mataram City Regional Financial Agency's income over the last five years reflects the dynamics of its financial performance, which shows that the Mataram City Regional Financial Agency is still proficient in managing its budget, as can be seen in the table above. Annisa et al. (2020) found that managers' performance improved significantly when they were involved in budget preparation. Umami (2020) found that manager performance is influenced by leadership style, motivation, and participation in budget preparation at the same time. Managerial success is influenced, at least in part, by factors such as involvement in budget preparation, leadership style, and motivation. To understand the interaction between employee performance and budget participation and how it affects regional financial conditions, research on this topic is essential.

H1: "Budget Preparation Participation has a positive and significant influence on employee performance."...

METHODOLOGY

To test the relationship between budget preparation participation and employee performance, this research uses descriptive statistics, reliability, validity, normality, multicollinearity, heteroscedasticity, simple regression, and coefficient of determination tests, all of which were carried out using the SPSS program. For three months, from February to April 2024, this research will focus on the Mataram City Regional Financial Agency. The variables derived from respondents' answers can be better understood by using descriptive statistical analysis. There were 53 participants in this study.

RESULTS

1. Validity Test

Table 2. Validity Test Results

Variable	Item	r count	r table	Information
PA	PA 1	0,596	0,279	Valid

KP	PA 2	0,800	0,279	Valid
	PA 3	0,811	0,279	Valid
	PA 4	0,752	0,279	Valid
	PA 5	0,724	0,279	Valid
	PA 6	0,744	0,279	Valid
	KP 1	0,717	0,279	Valid
	KP 2	0,560	0,279	Valid
	KP 3	0,738	0,279	Valid
	KP 4	0,847	0,279	Valid
	KP 5	0,787	0,279	Valid
	KP 6	0,821	0,279	Valid
	KP 7	0,898	0,279	Valid
	KP 8	0,831	0,279	Valid

Source: Primary data processed via SPSS

The results obtained are valid based on the validation test table for the budget participation and employee performance variables because the calculated r-value is higher than the r-table value.

2. Realibility Test

Table 3. Reliability Test Results

Variable	Cronbach Alpha	N of item	Informatio n
PA	0,834	6	Reliabel
KP	0,906	8	Reliabel

Source: Primary data processed via SPSS

Each of these variables has a Cronbach alpha value greater than 0.6, as can be seen in the reliability test table. Budget Participation and Employee Performance metrics can be trusted.

3. Variance Coefficient Normality Test Results

Table 4. Variance Coefficient Normality Test Results

Variable	Koefisien Varians	Information
PA	19,05	Data is normally distributed
KP	11,99	Data is normally distributed

Source: Primary data processed via SPSS

The normality test results for the coefficient of variation are less than 30%, as shown in the table above. This indicates that the results follow a normal distribution.

4. Multicollinearity Test

Table 5. Multicollinearity Test Results

Variable	VIF	Information
PA	1,000	No
Multicollinearity		

Source: Primary data processed via SPSS

The findings from the VIF analysis show that no variable has a value higher than 10. All variables in the regression model do not show multicollinearity, based on these results.

5. Heteroscedasticity Test

Table 6. Heteroscedasticity Test Results

Modal	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	0,009	1,230		0,007	0,994
PA	0,129	0.69	0,254	1,874	0,067

Source: Primary data processed via SPSS

The variables listed above all have sig values higher than 0.05, as seen in the table. This shows that this variable does not show heteroscedasticity.

6. Simple Regression Analysis

Table 7. Results of Simple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	19.289	2.137		9.028	.000
TOTAL_PA	.400	.120	.424	3.340	.002

Source: Data Primer diolah melalui SPSS

Based on the results of the multiple regression analysis test above, the following equation is obtained: $KP = 19.289 + 0.400"$

7. Coefficient of Determination Test Results

Table 8. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,424	0,179	0,163	2,88456

Source: Data Primer diolah melalui SPSS

Based on previous calculations, the PA variable contributes 0.263 or 16.3% to the KP variable, because the coefficient of determination is 0.163 or 16.3%. Meanwhile, others have causes that have not been studied by researchers.

The hypothesis of this research will be determined through the use of hypothesis testing. The findings from this research can be seen in the simple regression table above which displays the test results:

Participation in Budget Preparation has a positive and statistically significant effect on employee performance, according to the results of PA data processing. The calculated t value is 3.340 and the sig value is 0.002, confirming the results of H1.

CONCLUSIONS

Research on data processing shows that employee performance is influenced positively and significantly by their involvement in budget preparation. The performance of employees at the Mataram City Regional Financial Agency is influenced by their participation in budget preparation, as explained below.

RECOMMENDSTIONS

Evaluating employee performance is a very important and meaningful part of working at a company. a company or organization can run more smoothly if it has a well-defined method for reviewing employee performance. In addition, human behavior is directly influenced by the budget, so it is very important to consider stakeholders in the budget preparation process. A number of stakeholders, including SKPD heads and SKPD members, must be involved in the budgeting process of government entities. When people work together to set goals, they will try their best to adhere to the rules that have been set so that they will feel responsible for achieving the goal to completion. The results of the research that has been carried out show that the performance of employees at the Mataram City Regional Financial Agency is influenced by their participation in budget preparation. So researchers suggest that these agencies continuously measure the performance of their employees.

FURTHER STUDY

It is hoped that future research can expand the scope of the research sample area so that it is not only limited to one city. This is intended so that the sample can

provide a more representative picture of the influence of Budget Preparation Participation on Employee Performance.

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