

The role of budget participation in improving managerial performance

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ABSTRACT

This study aims to analyze the effect of budget participation on the performance of the government apparatus of Palu City through budgetary slack with Culture kaili “Nosarara Nosabatutu” as moderating. This research was conducted in the regional apparatus organization of the Palu City Government in 41 regional work unit. Data were analyzed using Structural Equation Modeling with WARP PLS 7.0. The results show that budget participation has a positive effect on the performance of government officials, budget participation has a negative effect on budgetary slack and negative budgetary slack on the performance of the government apparatus. The results of this study also indicate that budgetary slack was a partial mediator between the effect of budget participation on the performance of local government officials. The Kaili culture variable “Nosarara Nosabatutu” cannot be proven as a moderator.

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1. Introduction

Performance is the achievement or level of success of an individual or group in carrying out the work. The success achieved by individuals can determine the success of the organization in achieving its goals. Therefore, serious attention to individual performance must be given because it can affect the overall performance of the organization. For government organizations, the performance of organizational members is one of the methods used in achieving good governance (Halacmi, 2005). Good governance should show good performance. However, in reality, many people view the performance of government officials as still low. Setiawan et al. (2015) stated that many people are aware that there is something missing from the performance of government officials in Indonesia. The low performance of government officials is also a problem in Palu City. Based on the report on the results of the examination by the State Audit Agency for 2018, it was stated in the internal control system and the BPK found that the Central Sulawesi Provincial Government's expenditure budget was deemed not orderly (Marpaung, 2019b), the management of supplies was not yet orderly, the proceeds from disaster assistance had not been assessed and reports on the use of regional budgets For life insurance spending (Jadup) for disaster victims at the Social Service (Dinsos) of Palu City, it is not supported by complete and valid documents (Marpaung, 2019a), referring to these findings, the Palu City Government still has not shown any good performance indicators. The performance of government officials can be seen based on their participation in budgeting (Leach-Lopez, et al., 2007). Agusti (2012) makes participation in budgeting as one of the factors that affect government performance. In this case, budgeting participation contributes to improving regional financial management, which involves several individuals who have thoughts or ideas aimed at improving performance.

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Several studies on the relationship between budgetary participation and managerial performance show inconsistent results. Budgeting participation has a positive and significant effect on managerial performance (Azhar, et al., 2009; Agusti, 2012; Siallagan, 2018). Several studies show that budgeting participation does not have a positive effect on managerial performance (Nazaruddin & Setyawan, 2012; Yanida et al., 2013; Aulad, et al., 2018). A study by Bryan and Locke (1967) show that budgeting participation has a negative effect on managerial performance. The inconsistency of the results of these studies raises gaps so that there are opportunities for researchers to examine the role of the Kaili culture “Nosara Nosabatutu” as a moderator in order to support the success factors of an organization to achieve the vision and mission of Palu City. Intervening variables describe the inconsistency of the effect of budgetary participation on performance (Brownell, 1982; Murray, 1990). High budget participation can result in low budgetary slack (Merchant, 1985; Dunk, 1993). Low budgetary slack results in high performance (Stede, 2000; Dunk, 1993). This happens because each member will give optimal efforts in achieving organizational goals. The consequence of low budgetary slack produces actual performance, not performance due to engineering in the budget.

2. Literature review and hypothesis development

2.1 Kaili Nosarara Nosabatutu Culture

The daily life of the people is inseparable from cultural ties. Cultural ties are formed by the community concerned, whether in the family, organization or business. Culture differentiates people from one another in how they interact and act to complete a job. Culture binds members of community groups into a unified view that forms uniformity of behavior or action. Culture or customs constitute identity for the community and will become an asset if it is used optimally, as well as the cultures in Kaili land, if implemented in governance, will certainly bring the welfare of the community (Fitriana et al., 2019). The Kaili tribe has a culture that they always maintain in their daily behavior and actions and become the philosophy of life for the Kaili people. The philosophy is Nosarara Nosabatutu which means brothers and unity. It is a picture in the Kaili community to jointly build fraternal relationships in achieving success goals (Darwis et al., 2018). The Kaili tribe is an indigenous tribe in the Palu valley which has been spread from generation to generation to inhabit most of Central Sulawesi Province. The local wisdom of Kaili culture can improve performance, as in the research of Fitriana, et al. (2019) stated that the village fund planning process illustrates that the values in “mosangu sintuvu maliantinuvu” are able to bring the community, especially the village apparatus, in managing village funds properly and correctly. Nosarara Nosabatutu, which is also a motto regarding the view of togetherness in life, which contains the values of brotherhood, unity and integrity, togetherness and kinship, a sense of co-existence, mutual respect, maintaining confidentiality and prudence for the common interest. Although Nosara Nosabatutu is only the slogan of a series of concepts of unity of life that are applied to the life of Kaili today, this motto can be an effort to improve the performance of an organization because it can be more effective and efficient when together and united to achieve goals so as to improve performance. As time goes by, culture or good habits in the organization can provide benefits and contribute to organizational effectiveness (Apriansyah, et al., 2014)

In the concept of budget participation, a sense of brotherhood and unity can arise when participating in budgeting, where when top managers and managers are involved in budgeting it will create a sense of brotherhood and unity. Managers will feel that by being included in important matters such as budgeting, the idea will emerge that they are all brothers and must unite in achieving goals regardless of levels or positions to increase success in achieving organizational goals.

2.2 Effect of budgeting participation on government managerial performance

Participation in Budgeting and performance measurement is not limited to the use of the budget, but performance measurement includes various aspects that can provide effective and efficient information in achieving the desired results. Aspects that can provide effective and efficient information such as input, quality, output and results. Local government performance can be measured through evaluation of budget execution. To prevent functional or dysfunctional impacts, the attitudes and behavior of organizational members in budget preparation need to involve local government officials. So that Participation in Budgeting can be assessed as an approach of local government officials that can improve the performance of each member of the organization as an individual, because with budget formulation it is expected that each local government apparatus will be able to improve its performance according to the targets previously set (Agusti, 2012). There is a positive influence between budgeting participation on the performance of local government officials so that the higher the participation in budgeting, the performance of local government officials will also increase (Agusti, 2012). In the research of Suhardini et al. (2014) also stated that Participation in Budgeting has a positive effect on the performance of local government officials. Other researchers also argue that budget participation can promote better performance for subordinates because subordinates feel treated by their superiors as valuable partners in the decision-making process. Previous studies that examined the relationship between budget participation and performance, such as research by Brownell (1982), Frucot and Shearon (1991) for the private sector give a result that there is a positive and significant relationship between these two variables. Research conducted in Indonesia such as Sholihin and Ratmono (2013) also provide results that there is a positive and significant relationship between the two variables. Based on the explanation above, the first hypothesis in this study is as follows:

H₁: Participation in budget formulation affects local government managerial performance.

2.3 Effect of budget participation on budgetary slack

Agency theory assumes agents are parties who have complete information about local conditions (organizations), while principals can only access them by incurring a fee called monitoring fee. The problem that must be overcome is how to avoid a conflict of interest between the principal and the agent. Principals use participation to obtain information from agents. Agency theory explains the phenomenon that occurs when a superior delegates authority to subordinates to carry out a task or authority to make decisions (Anthony & Govindarajan, 1998). Based on agency theory, involving agents (subordinates) to participate in the budgeting process provides an opportunity to reduce the level of information asymmetry. If subordinates who participate in the budget preparation process have specific information about local conditions, this will allow the subordinates to provide or report the information they have to their superiors to help the interests of the company. Budget participation in this case will encourage subordinates to provide / convey the information they have to help the organization. Baiman (1982) confirms this by saying that involving subordinates to participate in budgeting can encourage subordinates to help superiors by disclosing (conveying) the information they have. This condition will make the budget prepared more accurately or the budget slack will be smaller. Munawar (2006) states that in local government agencies, if it is supported by employee participation in budgeting, budgetary slack can be avoided in its implementation. Furthermore, behavioral accounting theorists generally argue that budget participation will motivate managers to disclose their personal information into the budget (Schiff & Lewin, 1970). This argument is based on the premise which states that participation allows positive communication between superiors and subordinates so as to reduce pressure to create budgetary slack. This theory is supported by a psychological theory which assumes that budget participation will provide an exchange of information between superiors and subordinates (Locke & Latham, 1990). According to psychological theory there are two main reasons why budget participation is needed (Brownell, 1982; Dunk, 1993), namely: (a) the involvement of superiors and subordinates in budget participation encourages asymmetric information control and task uncertainty, (b)) through individual budget participation can reduce task pressure and get job satisfaction, then can reduce budgetary slack. Agency theory views that participating in budget design makes organizational members feel that they are not just involved in work. It is hoped that this will encourage work morale and the initiative of managers. Work morale is a person's satisfaction with work, superiors, and colleagues. Meanwhile, the initiative is the managers' ideas, opinions and information which are full of plans (Mulyadi, 2001). The work morale that is formed will guide and make employees / employees / managers to prepare a budget that is in accordance with reality. The budgetary slack will be smaller or the budget prepared will be more accurate. Participation in budgeting can reduce budgetary slack because involving subordinates will create a sense of belonging and a sense of responsibility towards achieving organizational goals. This can happen because they feel directly involved (directly involved) in setting goals. The alignment of goals between superiors and subordinates will be created, so that the response that occurs is a positive one. Subordinates as parties who have a lot of information related to company operations will report specific information about their local conditions to their superiors. In this context, according to agency theory that budget participation will encourage subordinates to provide information they have to help the organization so that the budget prepared by the organization will be more accurate. Therefore, the hypothesis related to this study is formulated as follows:

H₂: Budget participation has a negative effect on budgetary slack.

2.4 Effect of budgetary slack on the performance of government officials

The application of agency theory can cause positive things in the form of efficiency, but can also cause negative things in the form of opportunistic behavior. The behavior carried out by management by budgeting income is somewhat lower and expenses made somewhat higher in order to be easily achieved is also called budgetary slack (Anthony & Govindarajan, 1998). The agency theory perspective views slack as having a negative meaning because managers receive positive evaluations at a lower level of performance. In general, it is assumed that the presence of slack causes lower than optimal profits because the firm's cost function is not minimized (Cherrington & Cherrington, 1973). Budgetary slack can result in an increase in revenue for subordinates as a result of inadequate challenges contained in the budget leading to suboptimal resource allocation decisions (Merchant, 1985). The budget that is set based on unbiased information from subordinates causes the amount of the budget to match the actual performance and then it can be said that the budget has a low slack. In accordance with agency theory, the low information asymmetry that occurs as an indication of low budgetary slack will improve performance. Small information asymmetry will reduce the space for subordinates to take actions that are not in accordance with organizational goals (moral hazard). Low moral hazard behavior can increase organizational value and increase the performance of organizational members. This increase in performance occurs because they will put forth their best efforts or maximal efforts to achieve the goals set out in the budget. The low budgetary slack results in high productivity that will be provided by each member of the organization to achieve each target set in the budget. High productivity results in high performance.

It should be noted that budgetary slack is not necessarily detrimental to the organization because budgetary slack is often designed for strategic purposes. For example, budget slack is created when an organization is performing well and serves to prevent unrealistic expectations from developing. Conversely, during bad times slack is used to maintain aspiration level. It is important to understand whether group factors will motivate subordinates to disclose personal information about their expected performance in the budget, secondly to study how planning and controlling employee behavior can be improved. It is consistent with the argument above, that budgetary slack is reduced when individual performance is available to all group members. Tan and Peng (2003) state that there is a difference between organizational theory and agency theory regarding the effect of slack on performance. They say that in organizational theory slack has a positive effect on performance and in agency theory slack has a negative effect on performance. Simons (1988) argues that successfully eliminating gaps can improve performance, at least in the short term, on performance. The direction of the resulting relationship is negative which indicates that low budgetary slack will increase managerial performance. Stede (2000) finds empirical evidence that budgetary slack affects performance with a negative direction, while Dunk (1995) provides empirical evidence that budgetary slack has an effect on performance when faced with task difficulties. Several previous studies provide empirical evidence that budgetary slack affects manager performance, such as Karsam's (2015) study; Stede (2000) and Dunk (1995). Karsam (2015) found evidence that budgetary slack has a significant effect. Based on the description above, the research hypothesis is formulated as follows:

H₃: Budgetary slack has a negative effect on the performance of government officials.

2.5 The Influence of Budget Participation on Government Apparatus Performance Moderated by Kaili Nosara Nosabatutu Culture

The daily life of the people is inseparable from cultural ties. Cultural ties are formed by the community concerned, whether in the family, organization, business or nation. Culture or customs constitute identity for the community and will become an asset if it is used optimally, as well as the cultures in Kaili land when implemented in governmental administration will certainly bring prosperity to the community (Fitriana et al., 2019). Culture differentiates people from one another in how they interact and act to complete a job. Over time, positive culture or habits in the organization can provide benefits and contribute to organizational effectiveness (Apriansyah et al., 2014). The implementation of the Kaili Nosara Nosabatutu Culture in the Regional Government Organization of Palu City plays a very important role in supporting the success factors of an organization in achieving its vision and mission. The skills, creativity, intelligence and high motivation of the officials are important elements in achieving success, but performance is not optimal if the officers do not have a sense of brotherhood and unity in carrying out organizational tasks. A sense of brotherhood and unity can arise when participating in budgeting, where the culture is embedded in the kaili people to unite in doing a job and someone will not be able to fulfill their own needs without anyone else, therefore the kaili community really holds a sense of it. brotherhood (Fitriana, et al., 2019; Bastian, 2006). Upper and lower managers who are involved in budgeting can create a sense of brotherhood and unity. Managers will feel that by being included in important matters such as budgeting, the idea will emerge that they are all brothers and must unite in achieving goals regardless of levels or positions to increase success in achieving organizational goals. The same mindset that makes them have a consistent, unidirectional view (one perception) about a value and intelligence that can help them understand behavior at work (Darwis et al., 2018). Organizations need to instill the cultural values of Nosarara Nosabatutu in the apparatus in order to form a sense of unity and trust so that mutual suspicion is no longer arising and avoid conflict. An environment that builds creativity and mutual trust, so as to be able to accommodate changes in the organization in a positive direction and be able to produce effective and efficient performance. Based on the explanation above, the hypothesis in this study is as follows:

H₄: Nosarara Nosabatutu culture moderates the influence of participation in budgeting on managerial performance of local government.

2.6 The Effect of Budget Participation on Budgetary Slack Moderated by the Kaili Nosara Nosabatutu Culture

The introduction of contingency theory in the field of organizational theory has contributed to the development of management accounting, especially in explaining the factors that affect organizational performance. Contingency theory explains that the nature of the relationship between individual capacity and budgetary slack is indeed different from one situation to another. A contingency approach is needed to identify various conditions that cause participatory budgets to be more effective (Govindarajan, 1986). Budgeting is closely related or can be influenced by several factors or situations that occur in the work environment where the planning and budgeting is carried out. Sumarno (2005), Arifin and Rohman (2012) and Ikhsan and Ishak (2005) state that one of these factors is culture. Budgetary slack will increase or decrease depending on the extent to which individuals are more selfish or work in the interests of their organization (Nouri and Parker, 1998). Therefore, it is necessary for organizations to instill the cultural values of Nosarara Nosabatutu in the apparatus in order to form a sense of unity and trust so that mutual suspicion is no longer arising and avoid conflict. An environment that builds creativity and mutual trust, able to accommodate changes in the organization in a positive direction and be able to reduce budgetary slack. Based on the explanation above, the hypothesis in this study is as follows:

H₅: Nosarara Nosabatutu culture moderates the influence of participation in budgeting on managerial performance of local government.

2.7 The Effect of Budget Participation on the Performance of Government Officials is Mediated by Budgetary Slack

Studies by Cherrington and Cherrington (1973), Merchant (1985), Baiman (1982) and Dunk (1993) found that budget participation affects budgetary slack. Cherrington and Cherrington (1973) state that budgetary slack has decreased since participation has led to positive communication. Other studies provide empirical evidence that budgetary slack affects managerial performance. These studies are like research conducted by Karsam (2015); Stede (2000) and Dunk (1995). Karsam (2015) and Stede (2000) found evidence that budgetary slack has a significant effect on performance with the direction of the resulting relationship is negative. Both studies indicate that a low budgetary slack will improve manager performance. Dunk (1995) provides empirical evidence that when faced with task difficulties, budgetary slack will affect performance. Based on research findings that provide empirical evidence of the influence of budgetary participation on budgetary slack and the influence of budgetary slack on performance, this study attempts to analyze budgetary slack as a mediating variable on the relationship between budgetary participation and performance. Budgetary slack is thought to result in an indirect effect of budget participation on performance. This reinforces the reasons behind the inconsistency of the research results on the effect of budget participation on performance previously discussed. This supports the opinion of Murray (1990) who suggests that there are intervening variables that must be considered in the effect of budget participation on performance. This study expects that there is a role for budgetary slack to mediate the effect of budgetary participation on performance. Therefore, the hypotheses formulated and developed to be tested in this study are as follows:

H₆: Budgetary slack mediates the influence of participation in budgeting on the managerial performance of local government.

3. Methodology

The population of the study includes the existing financial management officers in 41 regions, which covers officials in the Palu City Government Financial management officers and consist of budget users, Financial Administration Officers (PPK), Receiving Treasurers, Expenditure Treasurers and Technical Implementation Officers. From this population, the research sample is based on purposive sampling with the criteria of financial management officials involved in budgeting, namely budget users and financial administration officials. Furthermore, an overview of sampling and sample descriptions is presented in Table 1 below:

Table 1

Overview of Research Sample

| Description | amount |
|---|----------------|
| Number of Regional Apparatus | 41 |
| Financial Management Officers in Regional Apparatus | 5 |
| Research population (device area multiplied by managing officials) | 205 |
| Research sample (officials involved multiplied by the number of regional officials (41 regional devices multiplied by 2 people) | 82 |
| Research Samples | 82 respondents |

Source: processed data, 2020

3.1 Variable measurement

Managerial Performance (KM), the performance of Managerial Officials Local Government represents the performance of the individual in the activities of authorities, such as: Planning, Investigation, Coordination, Evaluation, Monitoring, setting staff, Negotiation, Representation, Performance as a whole. Performance Officers Local Government is to be measured by using nine indicators of Mahoney et al. (1965). The measure of performance of local government officials uses a 7-point scale, starting from: 1 (very low performance) to 7 (very high performance). Budgeting participation (PP), budget participation is the level of involvement and influence of individuals (managers) in determining and compiling budgets that exist in a division or division, either periodically or annually. The instrument for measuring this variable uses 6 measurement indicators from Milani (1975). Size par un- announced budgeting using a scale of seven points, starting from: 1 (participation will be low) to 7 (high participation). The culture of *Nosarara Nosabatutu* (BNN), "*Nosarara Nosabatutu*" which is a motto regarding the view of togetherness in life which contains the values of brotherhood, unity and integrity, togetherness and kinship, a sense of co-existence, mutual respect, maintaining confidentiality and prudence. For the common interest, the instrument for measuring this variable uses 4 indicators from the Nisbah (2019), namely: Sintuvu Value (Togetherness), Posarara Value (brotherhood), Sangulara Value (Unity and Unity), and "Simpotove" Value (to love each other). The size of Culture nosara nosabatutu is based on seven points, starting

from: 1 (Strongly agree) to 7 (agree). Budgetary slack (SA), budgetary slack is the action of a subordinate who reduces his productive capabilities when he is given the opportunity to determine his work standards. This instrument uses six indicators with a scale of seven points. A scale of 1 indicates strongly disagree and a scale 7 indicates strongly agree. In addition to the path analysis method used to test the hypothesis, this study also examines the effect of the mediating variables carried out by the two-step method (Hair et al., 2011), namely estimating the magnitude of the influence of direct and indirect influence on the empirical model presented above.

4. Results

Table 2 present the results of composite reliability, Cronbach Alpha and AVE for all components of the survey.

Table 2

The summary of reliability and validity

| Latent Variable | Composite Reliability | Cronbach's Alpha | AVE |
|-----------------------------------|-----------------------|------------------|-------|
| Participation Budgeting (PP) | 0.870 | 0.820 | 0.527 |
| Managerial Performance (KM) | 0.931 | 0.917 | 0.600 |
| Nosarara Nosabatutu Culture (BNN) | 0.972 | 0.968 | 0.742 |
| Budgetary Slack (SA) | 0.838 | 0.721 | 0.636 |

Table 2

The summary of discriminant validity (Continued)

| Latent Variable | PP | KM | BNN | SA | BNN × PP |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Participation Budgeting (PP) | (0.726) | 0.718 | 0.630 | -0.473 | -0.536 |
| Managerial Performance (KM) | 0.718 | (0.775) | 0.620 | -0.451 | -0.456 |
| Nosarara Nosabatutu Culture (BNN) | 0.630 | 0.620 | (0.862) | -0.564 | -0.673 |
| Budgetary Slack (SA) | -0.473 | -0.451 | -0.564 | (0.797) | 0.304 |
| BNN × PP | -0.536 | -0.456 | -0.673 | 0.304 | (1.000) |

Table 2

The summary of factor loading (Continued)

| | Latent Variable | Loading |
|-----------------------------------|-----------------|---------|
| Participation Budgeting (PP) | X1 | -0.732 |
| | X2 | -0.776 |
| | X3 | -0.65 |
| | X4 | -0.735 |
| | X5 | -0.727 |
| | X6 | (0.731) |
| Managerial Performance (KM) | Y1 | -0.781 |
| | Y2 | -0.789 |
| | Y3 | -0.845 |
| | Y4 | -0.794 |
| | Y5 | -0.829 |
| | Y6 | -0.726 |
| | Y7 | -0.713 |
| | Y8 | -0.72 |
| | Y9 | -0.761 |
| Nosarara Nosabatutu Culture (BNN) | Z1.1 | -0.795 |
| | Z1.2 | -0.913 |
| | Z1.3 | -0.939 |
| | Z1.4 | -0.809 |
| | Z1.5 | -0.886 |
| | Z1.6 | -0.83 |
| | Z1.7 | -0.809 |
| | Z1.8 | -0.861 |
| | Z1.9 | -0.84 |
| | Z1.10 | -0.856 |
| | Z1.11 | -0.895 |
| | Z1.12 | -0.893 |
| Budgetary Slack (SA) | Z2.1 | -0.84 |
| | Z2.2 | -0.862 |
| | Z2.3 | -0.677 |

Source: processed data, Warp PLS output (2020)

Table 2 presents that the measurement of the measurable model is done by testing and reliability and testing the construct validity. The reliability of the instrument is seen from the composite reliability value and Cronbach's alpha. The validity of the instrument was seen from the value of convergent validity and discriminant validity.

APC value = 0.257; ARS = 0.531; and AARS = 0.509 and all of these values are significant at the level <0.001 . The recommended P value for APC, ARS and AARS as fit models is 0.05 (Ghozali, 2008; Latan & Ghozali, 2016; Kock, 2015). Thus, it can be concluded that this research model is fit. These results are also supported by AVIF and AFVIF which are used as indicators to see whether or not multicollinearity occurs. The resulting values for AVIF and AFVIF were 1.881 and 2.233, respectively. This value is under 5 (less than 5) or under 3.3. Thus, it can be concluded that this research model has met the criteria and there is no multicollinearity problem between indicators and between exogenous variables.

5. Hypothesis Testing

5.1 *The influence of budgeting participation on local government managerial performance*

The first hypothesis states that budget participation has a positive effect on the performance of government officials. The test results on the parameters between budget participation and the performance of government officials as shown in the output of the structural equation model in Fig. 2 indicate a positive influence between the two variables. The resulting coefficient value in the effect of budget participation on the performance of government officials is 0.55 and the resulting p value is 0.001 significant at the $\alpha = 5\%$ level. Based on these results, the first hypothesis states that budgetary participation has a positive effect on the performance of government officials is accepted and supported by empirical evidence. The acceptance or proof of this first hypothesis also answers the first research question, which asks whether budget participation can affect the performance of government officials.

These results support the results of research conducted by Brownell (1982), Frucot and Shearon (1991), Leach-López et al. (2007; 2009). Research conducted in Indonesia such as Indriantoro's research (1995), and in the public sector such as Indriantoro (2000), Sholihin and Ratmono (2013) also provide results that there is a positive and significant relationship between the two variables.

5.2 *Effect of budget participation on budgetary slack*

The second hypothesis states that budget participation has a negative effect on budgetary slack. The test results on the parameters between budget participation and budgetary slack are shown in the structural equation model output in Fig. 2. The results show that there is a negative influence between budget participation and budgetary slack. This is indicated by a coefficient value generated in the relationship between budgetary participation and slack of -0.22 and with a p-value of 0.0 produced 21 significant at $\alpha = 5\%$ level. Based on these results it proves that the second hypothesis states that budget participation has a negative effect on accepted budgetary slack. If this second hypothesis is accepted or proven, this also answers the second research question, which asks whether budget participation affects budgetary slack. The results of this study are consistent with the results of research conducted by Baiman (1982) and Dunk (1993) which provide empirical evidence of a negative influence between budgetary participation and budgetary slack. When subordinates who are involved in budget participation have specific information about local conditions, they will be possible to report this information to their superiors. Effective exchange of information occurs which results in low assimilation of information, so that budgets are made more accurate. Budget participation in other words will encourage subordinates to provide the information they have to help the organization.

5.3 *Effect of budgetary slack on the performance of government officials*

The third hypothesis states that budgetary slack has a negative effect on the performance of government officials. The test results on the parameters between budgetary slack and the performance of government officials are shown in the structural equation model output in Figure 4.5. The results show that there is a negative influence between budgetary slack and the performance of government officials. This is indicated by a coefficient value generated in the relationship between budgetary slack with the performance of -0,14, with a p-value of 0.096 which generated significant at $\alpha = 10\%$. These results provide evidence that the third hypothesis which states that budgetary slack participation is negative on the performance of government officials is accepted and supported by empirical evidence. The acceptance or proof of this fifth hypothesis also answers the third research question, which asks whether budgetary slack affects the performance of government officials. The results of the study support the research results of Dunk (1995), Stede (2000) and Karsam (2015).

5.4 *The Influence of Budget Participation on Government Apparatus Performance Moderated by Kaili Nosara Nosabatutu Culture*

The fourth hypothesis states that there is a moderating role for the Kaili Nosara Nosabatutu Culture in the influence of budget participation on the performance of government officials. The test results on the parameters between budget participation and the performance of government officials with the Kaili Nosara Nosabatutu Culture not as moderating as shown in the structural equation model output in Fig. 2 shows that there is no positive influence of the Kaili Nosara Nosabatutu Culture on the relationship between budget participation and the performance of government officials. The moderation coefficient value of the Kaili Nosara Nosabatutu Culture that is produced in the relationship between budget participation and performance is -0.086 and the resulting

p value of 0.22 is not significant at the $\alpha < 5\%$ level. Based on the test results, it shows that the hypothesis which states that there is a moderating role in the Kaili Nosara Nosabatutu Culture in the influence of budget participation on the performance of government officials is not accepted and is not supported by empirical evidence. However, the Kaili Nosara Nosabatutu Culture has an effect on the performance of government officials by 0.241 with the resulting p value of 0.01 significant at the $\alpha < 5\%$ level. The results of this study indicate that the Kaili Nosara Nosabatutu Culture influences the performance of government officials as an independent variable and not as a moderation variable.

5.5 The Effect of Budget Participation on Budgetary Slack Moderated by the Kaili Nosara Nosabatutu Culture

The fifth hypothesis states that there is a moderating role for the Kaili Nosara Nosabatutu Culture in the influence of budget participation on budgetary slack. The test results on the parameters between budget participation and budgetary slack with Kaili Nosara Nosabatutu's culture are not moderating as shown in the structural equation model output in Fig. 2 showing that there is no positive influence on the Kaili Nosara Nosabatutu Culture on the relationship between budget participation and budgetary slack. The value of the moderation coefficient of Kaili Nosara Nosabatutu 's culture produced in the relationship between budget participation and budgetary slack is 0.079 and the resulting p value of 0.24 is not significant at the $\alpha < 5\%$ level. Based on the test results, it shows that the hypothesis which states that there is a moderating role in the Kaili Nosara Nosabatutu Culture in the influence of budget participation on budgetary slack is not accepted and is not supported by empirical evidence. However, the Kaili Nosara Nosabatutu Culture has an effect on budgetary slack of -0.478 with the resulting p value of 0.001 significant at the $\alpha < 5\%$ level. The results of this study indicate that the Kaili Nosara Nosabatutu Culture has a negative effect on budgetary slack as an independent variable and not as a moderation variable.

5.6 The Effect of Budget Participation on the Performance of Government Officials is Mediated by Budgetary Slack

The sixth hypothesis states that budgetary slack mediates the effect of budget participation on the performance of government officials. Testing the effect of this mediation can be done because the effect of budgetary participation on the performance of government officials is significant. The results of the direct effect measurement based on data processing using the help of the WarpPLS software are presented in Fig. 3 below:

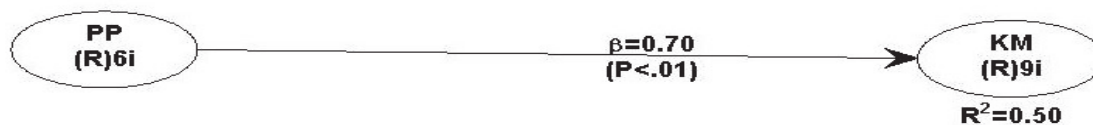


Fig. 3. The results of direct effect

Source: processed data, Warp PLS output (2020)

Fig. 3 above shows that in the direct effect test, the resulting coefficient value on the effect of budget participation and performance is 0.70 with a p value of < 0.01 which is significant at the $\alpha = 5\%$ level. The resulting standard error value is 0.044. Based on the data processing that has been done, the results of the coefficient and p value of the direct effect and the indirect effect as well as the mediation value obtained and the results of the calculation of the VAF value carried out are presented in the following table 4:10:

Table 5

Direct and indirect influence

| Information | Coefficient | P value | SE | Mediation Coefficient |
|-----------------------------|-------------|---------|-------|-----------------------|
| Direct Influence PP → KM | 0.70 | 0.01 | 0.092 | |
| Indirect Influence | | | | |
| PP → KM | 0.55 | 0.001 | 0.097 | |
| PP → SA | -0.22 | 0.021 | 0.107 | 0.031 |
| SA → KM | -0.14 | 0.096 | 0.110 | |

Source: processed data, Warp PLS output (2020)

Meanwhile, based on the results presented in table 4.10 above, it is also shown that the indirect effect between budget participation and performance results in a coefficient value of 0.55 with a significant p value of 0.001 at the $\alpha = 5\%$ level, with a value standard error of 0.097. The p value which is equally significant is the direct effect and the indirect effect, but with the coefficient value

after testing the indirect effect decreases (decreases) it can be concluded that budgetary slack has a mediating effect (as a mediating variable). The effect of this mediation is partial mediation. These results suggest that budgetary slack partially mediates the effect of budget participation on the performance of government officials. These results also provide evidence that the sixth hypothesis which states that budgetary slack mediates the effect of budget participation on the performance of government officials is accepted.

6. Conclusion

Based on the results of data analysis that has been carried out to test the hypotheses proposed in this study, it can be concluded that budget participation has a positive effect on the performance of government officials mediated by the Budgetary Balance. Meanwhile, the Kaili Nosarara Nosabatutu Culture is not a moderating variable, but it explains that the culture can improve the performance of local government officials. There are several recommendations of this study. First, dig deeper into the cultural values of nosaranosabatutu associated with leadership styles. Qualitative methods may be used to obtain deeper evidence or information about leadership in the context of the kaili culture, in this case the leadership of Nosarara nosabtutu. Second, this study only examined the role of nosararanosabtutu culture as moderating the influence of budget participation on the performance of government officials and on budgetary slack. Future research is expected to test and provide empirical evidence on how the direct influence of Nosararanosabtutu's leadership on improving service quality and improving the performance of government officials. Third, future research is expected to be more careful in determining performance indicators. In similar research, it is advisable to develop indicators and performance related to budget participation.

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