

PARTICIPATION AND ORGANIZATIONAL CULTURE ON LOCAL GOVERNMENT PERFORMANCE BUDGETING

Irfan Maulana

Sekolah Tinggi Ilmu Sosial dan Ilmu Politik (STISIP) Tasikmalaya

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ABSTRACT

As a public sector organization, local governments are required to have performance that is oriented to the interests of the community, and encourage the government to always be responsive to environmental demands, by trying to provide the best service in a transparent and quality manner as well as a good division of tasks within the government. Improving the performance of the local government sector is a comprehensive thing where each SKPD as a budget user will produce different levels of performance according to their abilities and sense of responsibility. This study uses descriptive analysis as a research method, using a qualitative approach. Qualitative is defined as a research procedure that produces descriptive data in the form of written or spoken words from the people and observed behavior, and the qualitative strategy was chosen because it is considered very relevant in the study of public administration. The results of this study explain that, in the current era of regional autonomy, regions are given greater authority to regulate and manage their own regions. The aim is to bring local government services closer to the community, and to make it easier for the community to monitor and control the use of funds sourced from regional revenue and expenditure budgets. Improved local government performance is influenced by budgetary participation, where the higher the level of participation, the higher the welfare value and regional and organizational financial management. In addition, this participation activity is actually expected to encourage every manager to improve his performance by working harder and assuming that the organization's target is also his personal target..

E-mail:
irfan.maulanastisip@gmail.com

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1. INTRODUCTION

Indonesia adheres to the principle of decentralization which gives freedom and flexibility to every Regional Government to be able to carry out all its activities and activities through the implementation of regional autonomy, especially in terms of service to the community, which is based on the Law of the Republic of Indonesia Number 32 of 2004 concerning Regional Government and Government Regulations of the Republic of Indonesia. Number 38 of 2007 concerning the Division of Government Affairs between the Provincial Government and Regency/City Regional Governments. Local governments are required to provide more services to the community by applying the principles of public service consisting of transparency, accountability, participation, balance of rights and obligations.

As a public sector organization, local governments are required to have performance oriented to the interests of the community, and strive to provide the best service in a transparent and quality manner, as well as a good division of tasks within the government (Agusti, 2012; Achmad, 2022). Basically every organization, including the central and regional governments, in carrying out their duties, must have a plan that is prepared and will be used as a guide when carrying out their duties. The results of Arifin & Rohman's research (2012) explain that, local governments formulate various policies that are regulated in the form of a budget, where participation in budgeting is a key approach and can result in increasing the effectiveness of an organization if used in accordance with its function.

In the journal Aulad et al., (2018) in the public sector, the budget must be informed to the public to be criticized, discussed, and then given input. The budget in the public sector is related to the process of

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determining the amount of fund allocation for each program and activity in monetary units using people's funds. Organizational funding in the public sector comes from taxes and levies, regional or state-owned company profits, government loans in the form of foreign debt and government bonds, as well as other sources of funds that are legal and do not conflict with the prevailing laws and regulations (Dianthi & Wirakusuma, 2017; Achmad, 2022).

Improved local government performance is influenced by budgetary participation, where the higher the level of participation, the higher the welfare value and regional and organizational financial management. In addition, this participation activity is actually expected to encourage every manager to improve his performance by working harder and assuming that the organization's target is also his personal target. The public sector budget is an instrument for planning, controlling and public accountability which is marked by the determination of the organization's vision, mission, goals, objectives, and targets. According to Nazaruddin & Setyawan (2011) explained that the public sector budget is also an instrument of accountability for the management of public funds and the implementation of programs that are financed directly by government agencies, but in its journey the public sector budget system has become a multifunctional policy instrument that can be used as a tool to achieve organizational goals.

Meanwhile, the results of research by Risdiana & Nursiam (2018) state that the local government budget contains actions or steps that will be taken to realize the various programs that have been compiled, besides that the budget made must also be in line with general goals and support each other. specific goals of each division. The budget as a planning tool has a role in planning for financing and income at a responsibility center that will be achieved by the local government within a certain period of time by carrying out various predetermined activities. Meanwhile, as a control tool, the budget plays a role in evaluating the manager's performance by looking at the extent to which the manager can achieve the targets set in the budget.

The preparation of the regional budget can explicitly involve several parties involved in it, including the principal (superior) and the agent (subordinate) but apart from having to work together in managing the budget, of course, it must also be built with a very high level of communication, so that in the future this does not happen. unwanted bad things. In addition, good communication in each budget preparation can also find out what obstacles have been faced by superiors and subordinates, especially in the aspect of budgeting.

There are several reasons why local government sector budgeting is important to always be carried out every year, namely, (1) The budget is a tool for the government to direct socio-economic, ensure sustainability, and improve the quality of life of the community (2) The budget is needed because of the existence of the problem of limited resources while the people's desires are unlimited and continue to grow; (3) Budgets are also needed to ensure that the government is accountable to the people (Sabrina, 2009; Freddy et al., 2022). In fact, budgeting can be done by several methods, such as a top-down and bottom-up approach, where with a bottom-up participatory approach managers are given the opportunity to participate in the budgeting process that will have to be implemented later. While the top-down approach can lead to dysfunctional behavior because lower-level managers only carry out what has been outlined by the budget, while the bottom-up or participation approach allows negotiations between managers to achieve organizational goals (Wulandari & Mutmainah, 2011).

As previously stated, the local government as one of the public institutions in Indonesia is required to always innovate and provide a variety of the best services to the wider community, of course, based on the very high principles of transparency and accountability, so as to achieve maximum results. These plans can actually be prepared properly and then used as a guide in every step of the implementation of the State's duties or often referred to as budget planning, where in this process it will also be seen how big the government's function is in carrying out various government affairs that are its responsibilities and the factors involved. what factors can influence it (Sundari, 2012).

However, success in the budgeting process in the local government sector can be influenced by the participation and organizational culture involved in the budgeting process. Where organizational culture and local government policies are in fact able to influence the behavior, work methods and motivation of managers and subordinates to achieve organizational performance, as well as in terms of budgeting. Meanwhile, participation is a joint decision-making process by two or more parties where the decision will have a future impact on those who make it. In other words, the participation relationship within the scope of local government can have a direct effect on lower-level employees and managers, especially in planning organizational processes as well as on aspects of budgeting. So based on the description and elaboration of

the background above, the researcher is interested in conducting research as a continuation of the research road map on local government policies, therefore this research is entitled Participation and Organizational Culture on Budgeting for Regional Government Performance.

2. METHOD

Researchers used descriptive analysis as a research method, using a qualitative approach. Bogdan and Taylor (In Nugrahani & Hum, 2014; Yulianah, 2022) define qualitative research methods as research procedures that produce descriptive data in the form of written or spoken words from people and observed behavior. This approach is directed at the background and individuals holistically (whole), not isolating individuals into variables or hypotheses, but viewing them as part of the whole. Meanwhile, according to (Sefcik & Bradway) in Yuliani (2018) explains that, qualitative descriptive analysis is a method that is focused on answering research questions related to the questions of who, what, where and how an event or experience occurs until it is finally studied in depth for find patterns that appear in these events. The qualitative use was chosen by the researcher because it is considered very relevant in the study of public administration, especially research that tries to evaluate and understand the condition of a particular society.

3. RESULTS AND DISCUSSION

The performance of local government officials is a system that aims to assist superiors in assessing the achievement of a strategy through financial and non-financial measurement tools, where performance can be measured by how far the ability of organizational actors to achieve the targets that have been previously budgeted. The performance measurement covers various aspects so that it can provide efficient and effective information, especially on the budgeting aspect in accordance with the approach that has been used, then each planned cost allocation must be linked to the level of service or the expected results.

As one of the implementations of government performance accountability, accountability obligations are carried out starting from the planning, preparation and implementation of government duties and functions in realizing the vision and mission as well as the goals that have been set so that they can be accounted for to the community which is realized in the form of budgeting, where In the process, the Regional Head assisted by the Regional Government Budget Team (TAPD) prepares a draft General Policy containing measurable performance targets for programs and activities to be implemented along with regional revenue projections, regional expenditure allocations, sources and uses of financing, and the underlying assumptions, to be further discussed in the preliminary discussion of the RAPBD.

The process of organizing the budget preparation itself is regulated in Permendagri Number 59 of 2007 concerning Amendments to Permendagri Number 13 of 2006 concerning Guidelines for Regional Financial Management, which in its contents also explains the guidelines in the formation of the draft regional revenue and expenditure budget (RAPBD), the formation of the RAPBD is carried out by The Regional Government Budget Team (TAPD) together with regional organizational units (work units). The work unit budget draft is contained in a document of the Regional Apparatus Work Unit Budget Activity Plan (RKA-SKPD), which contains expenditure analysis standards, performance benchmarks and cost standards as the main instrument in the performance budget. Meanwhile, the guidelines for evaluating the performance of local governments are regulated in Permendagri Number 21 of 2010 concerning Guidelines for Evaluation of Autonomous Regions Resulting from Expansion after the Enactment of Law Number 22 of 1999 concerning Regional Government (Syafriyanti et al., 2019; Achmad, et al., 2022).

The function of the budget is as a planning tool, one of which is used to determine performance indicators. In Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, there are wide opportunities for regions to develop and develop their regions according to their respective needs and priorities. With the enactment of the two laws mentioned above, it has consequences for local governments in the form of accountability for the allocation of funds owned in an efficient and effective manner, especially in efforts to improve welfare and public services to the community.

The budget is used to control costs and determine problem areas in a local government institution periodically, but in order for the budget to be right on target and in accordance with the objectives, good cooperation between employees and managers is needed. Since the budgeting process is an important and complex activity, it is likely to have functional and dysfunctional impacts on the attitudes and behavior of local government members. Participation in budgeting is needed so that the budget made can be more in

line with the reality on the ground. In other words, lower-level employees and managers have the same voice, especially in the process of managing government management.

Budget participation shows the extent of influence of local government officials in understanding the budget of their work units and knowing the goals of their own budget accountability center. While the performance of government officials is a system that aims to assist leaders in assessing the achievement of a strategy through financial and non-financial measuring tools, besides that, participation in budgeting also allows each lower level manager to consider how the budget can be formed.

There are four cycles of budgeting in the local government sector which include the budget preparation stage; At this stage, an estimate of expenditure is made on the basis of the estimated income that is already available. Related to the interpretation, it is necessary to pay attention to before approving the estimated expenditure, namely by conducting a more accurate income estimation. In addition to the estimation, it is necessary to realize that there is a problem that is quite dangerous if the revenue budget is estimated at the same time as making decisions about the expenditure budget. Then the ratification stage is the stage of ratification of the budget plan carried out by the managerial team with the lower group, which at this stage often involves a fairly complicated and heavy political process. Managerial leaders are required to not only have individual skills, but also have adequate political skills, and coalition building, especially in the welfare of government institutions (Triseptya et al., 2017).

The budget implementation/implementation stage, where this stage is a very important stage and must be considered by all local government financial managers, because in this case a manager must be responsible for creating an adequate and reliable accounting system, especially in terms of budget planning and control. previously agreed. Even though the budget planning process has not gone according to what was previously expected, the performance of the local government is still considered weak and the APBD planning and budgeting process is delayed so that it can hamper the welfare process of regional development.

The positive and significant relationship between budgetary participation and the performance of local government officials actually has a significant influence and implication on improving managerial performance, one of which can be built through organizational culture relationships. Culture is the norms and values that direct the behavior of organizational members to be able to adapt in accordance with the prevailing culture in order to be accepted in the environment. But besides that, organizational culture can be interpreted as a shared perception held by members of the organization, so that this perception becomes a system and shared meaning among its members. Cultural values can basically be manifested in various behavioral choices, but an even more important factor in explaining differences across organizations is the perception held in daily practice.

Organizational culture as a result of mutual agreement will make members of the organization have a sense of responsibility in implementing important aspects, especially in the body of the organization, of course this will encourage the emergence of good faith or commitment of members to the organization that houses them. In addition, organizational culture practices have a close relationship with budget decision-making practices. Organizational culture is a very important component in improving the performance of the apparatus. Organizational culture on the internal side of the apparatus will provide suggestions for all behaviors proposed by the organization so that they can be carried out, successful completion, and as a result will provide benefits to the apparatus itself because it will provide confidence in their work.

Participation in budgeting is an approach that in general can improve performance which in turn can increase organizational effectiveness. Participation as a means of achieving goals, is in fact able to integrate individual and organizational needs. Good participation is expected to improve performance, namely when a goal is designed and participatively approved, employees will internalize the goals set and have a sense of personal responsibility to achieve them, because they are involved in the budgeting process (Yuliani, 2018).

The success of the budgeting process can be influenced by the attitude/behavior of the parties involved in the budgeting process. Participation can increase morale and encourage greater initiative at all levels of management. Participation can also increase a sense of group unity, which can serve to increase cooperation among group members in goal setting. Participation as one of the principles of good governance is interpreted as community involvement where stakeholders as participants influence each other and share control over development initiatives, decisions and resources that will affect them.

Participants are not single actors, such as the Central Government, Ministers, DPR, and Regional Governments, but the whole community is directly involved as part of the public participation.

Basically budget participation is the degree to which the involvement and influence of individuals in determining and compiling the existing budget in the division or part thereof, either periodically or annually. This participation also helps them to correct their mistakes, which in turn can improve their performance. Conversely, employees who have poor (low) motivation, then the desire to correct their mistakes will be relatively low. In other words, employees who have low work motivation do not have the desire and are not able to take advantage of participation in the preparation of the existing budget, so that the performance obtained will remain low.

Participation in budgeting is also the most important activity in an organization, where in the process this goal will make it easier for all elements within the scope of the organization to be more contributing, especially in providing services to the community. Therefore, it is important to involve various groups, both at the lower and upper levels, to be directly involved in the preparation of the budget. Participation in budgeting is a process where organizations and individuals will be evaluated according to the performance they have carried out based on the achievement of budget targets.

The budget that has been set functions as a planning and as a performance criterion, namely the budget is used as a control system to measure managerial performance. To prevent its functional or dysfunctional impact, the attitudes and behavior of organizational members in budgeting need to involve management at a lower level so that participatory budgeting can be assessed as a managerial approach that can improve the performance of each member of the organization as an individual because with participation in budgeting it is expected that every individual able to improve its performance in accordance with predetermined targets

The change in the government system to decentralization, where the central government gives authority to local governments to take care of their own household affairs, requires changes in budget preparation. To avoid budgetary slack, a budgeting system was formed which is expected to improve the performance of managers and subordinates, namely participatory budgeting. Regional budgets are prepared by the executive as the agent and approved by the legislature as the principal. However, performance appraisal based on budget targets will encourage subordinates to make budgetary slack for a better career path in the future.

Budget preparation and budget execution involve many parties, from top management to lower level management. The problem that arises from the involvement of middle or lower level managers in the budgeting process is the emergence of budgetary slack. Budgetary slack can also be interpreted as the difference between the reported budget and the budget in accordance with the best estimate for the company, namely when making a lower revenue budget and budgeting higher expenditures than the actual estimate (Wiguna et al., 2017; Achmad, 2022).

Participants can increase morale and encourage greater initiative at all levels of management. Participation also increases cooperation among group members in goal setting. Budgeting participation is a managerial approach that is generally considered to be able to increase organizational effectiveness through increasing the performance of each member of the organization individually or managerial performance. Participation in budgeting adds information that can reduce role ambiguity that supports performance improvement. When subordinates have better information than their superiors, a participatory management control system allows subordinates to disclose personal information, which can be included in the budget when their performance is assessed.

Issues related to the relationship between budgetary participation and the performance of government officials are a matter of much debate, empirical evidence provides varying and inconsistent results. In some cases, government organizations show the results of research on the positive and significant influence on the performance of local government officials. Another variable that can affect the relationship between budgetary participation and clarity of budget targets and the performance of local government officials is organizational commitment. Organizational commitment is an encouragement from within the individual to do something in order to support the success of the organization in accordance with its goals and prioritize the interests of the organization compared to its own interests.

Organizational commitment is used as a benchmark to determine the extent to which local government officials sided with a particular organization and to maintain its membership in an organization. If an organization has a strong organizational commitment, it will influence local government officials to work hard in achieving the goals that have been determined. The quality of the performance

measurement process is strongly influenced by the quality of the budgeting process, because performance measurement is a continuous link with the budgeting process. The responsibility center is the most competent part in preparing the budget, as well as the basis for measuring performance. The responsibility center becomes the basis for budget planning and control as well as performance appraisal in the unit concerned.

4. CONCLUSION

In the current era of regional autonomy, regions are given greater authority to regulate and manage their own regions. The goal is to bring local government services closer to the community, and make it easier for the community to monitor and control the use of funds sourced from the regional revenue and expenditure budget (APBD). In addition, to create healthy competition between regions and encourage innovation and create a healthy climate, especially in terms of budgeting. Participation in the preparation of the budget is needed so that the budget made can be more in line with the reality on the ground. In the budget preparation process, the government has a cycle that is often applied every period including the budget preparation stage where at this stage the budget plan is usually prepared by the executive who will carry out the budget. Then the budget is submitted to the legislature for approval. In this case the legislature (especially the budget committee) will hold discussions to obtain considerations to approve or reject the budget. Furthermore, the implementation of the budget where the budget that has been approved at the previous stage is started to be implemented by the executive of the organization or other budget implementers. And lastly, budget realization will be reported and compared periodically with the previously approved budget. The reason for the discrepancy between the budget and its realization must be explained.

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