


The Influence Of Budget Participation On Managerial Performance: The Role Of Organizational Commitment And Delegation Of Authority As Intervening Variables

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Article Info	ABSTRACT
<p>Keywords: Budget participation, Managerial performance, Organizational commitment, Delegation of authority, SMART PLS (remains the same as it is a specific statistical method)</p>	<p>This study aims to examine the influence of budget participation on managerial performance, with the roles of organizational commitment and delegation of authority as intervening variables. Three research hypotheses were tested using SEM PLS. The population in this study consists of all officials, including directors, marketing and registration managers, learning and examination service managers, registration, examination & learning coordinators, and administrative staff within the Open University, particularly in regional offices in Indonesia. A sample of 147 was tested. The results support two hypotheses: (i) Budget participation has a significant effect on managerial performance, and (ii) Budget participation significantly affects managerial performance through organizational commitment. However, the hypothesis testing the effect of budget participation on managerial performance through delegation of authority was not supported. This study emphasizes the importance of budget participation and organizational commitment in enhancing managerial performance, as well as providing insights into factors that do not have an impact in this context.</p>
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INTRODUCTION

In the era of globalization and increasingly fierce competition, organizations are required to enhance managerial performance to achieve established goals. One important aspect that can influence managerial performance is the budgeting process. Participation in budget preparation not only provides an opportunity for managers to engage in planning but can also enhance their sense of ownership and commitment to the organization's objectives. Therefore, this study aims to explore the relationship between budget preparation participation, organizational commitment, and managerial performance at the Open University (UT) Regional.

Budget preparation participation is the process in which members of the organization, including managers, are involved in planning and budgeting. Previous research has shown that high participation in budget preparation can increase motivation and job satisfaction, which in turn can contribute to improved managerial performance. However, there are still

questions regarding the significance of the impact of budget preparation participation on managerial performance at UT Regional.

Additionally, organizational commitment also plays a crucial role in this relationship. Organizational commitment can be defined as the loyalty and attachment of individuals to the goals and values of the organization. This study will examine whether budget preparation participation indirectly affects managerial performance through organizational commitment. In other words, do managers involved in budget preparation tend to have higher commitment, which ultimately positively impacts their performance? Furthermore, delegation of authority is also a factor that needs to be considered. Delegation of authority can provide autonomy to managers in decision-making, which can enhance managerial performance. This study will explore whether budget preparation participation indirectly affects managerial performance through delegation of authority. By understanding this relationship, it is hoped that more effective strategies can be found to improve managerial performance at UT Regional.

The phenomenon occurring at UT Regional indicates that organizational commitment has not been fully realized, particularly due to the lack of effective control tools, such as performance measurement systems and reward and punishment systems that align with regulations. This has resulted in some employees feeling that their work is not appreciated, which in turn leads to demotivation. This dissatisfaction can cause employees to prioritize personal interests over organizational interests, thereby hindering the achievement of common goals. Additionally, the issue of delegation of authority at UT Regional is also a concern. The implementation of policies to delegate some authority from leadership to department heads has not been carried out in accordance with the established elements of delegation. The lack of clarity in delegation can disrupt the decision-making process and reduce managerial effectiveness. With involvement in budget preparation, it is hoped that there will be an improvement in managerial performance, which will ultimately enhance organizational performance. Therefore, it is important for organizations to have productive and innovative leaders who can identify and seize opportunities, recognize problems, and select and implement appropriate adaptation processes. Managerial ability to manage the organization in its operational activities is the main focus in assessing managerial performance, which is essential to meet obligations to stakeholders and create value for the organization in the future.

This study replicates survey questions conducted by Gordon & Narayanan (1984), Mahoney et al. (1963), Milani (1975), and Ingarianti (2017). However, in this study, the research object is focused on the scope of the university, consisting of units of Distance Learning Programs (UT Regional) of the Open University throughout Indonesia, thus there are several items in each indicator that are adjusted to the research needs. The intervening variables used in this study are organizational commitment and delegation of authority, which are believed to mediate the relationship between budget preparation participation and managerial performance in the distance learning program units of the Open University.

Budget preparation is one of the important aspects of organizational management, including at the Open University (UT) Regional. This process not only serves as a tool for

planning and control but also as a means to enhance manager participation in achieving organizational goals. However, there are fundamental questions regarding the extent of the influence of participation in budget preparation on managerial performance. This study aims to explore the significant impact of budget preparation participation on managerial performance at UT Regional, considering the importance of managerial performance in achieving organizational effectiveness and efficiency.

Additionally, participation in budget preparation can act as a mediator that influences managerial performance through organizational commitment. High organizational commitment is expected to encourage managers to strive harder to achieve the agreed-upon budget goals. Therefore, it is important to investigate whether budget preparation participation has an indirect effect on managerial performance through the enhancement of organizational commitment at UT Regional. This will provide insights into how manager involvement in the budgeting process can strengthen their commitment to the organization's goals.

Furthermore, delegation of authority is also an important factor that can influence the relationship between budget preparation participation and managerial performance. By granting authority to managers to engage in the budgeting process, it is hoped that they can make better decisions and be more responsive to the needs of the organization. Therefore, this study will also examine whether budget preparation participation indirectly affects managerial performance through delegation of authority at UT Regional. Understanding this relationship will help formulate more effective managerial strategies and improve the overall performance of the organization.

With this background, this research is expected to contribute to the development of managerial theory and practice, as well as provide recommendations for budget management at UT Regional. This study will employ a quantitative method to collect data and analyze the relationships between the variables under investigation.

Literature Review

Organizational commitment is one of the key factors influencing managerial performance within an organization. According to Meyer and Allen (1991), organizational commitment consists of three main components: affective, normative, and continuance, each contributing to employees' motivation to contribute maximally. Previous research has shown that high commitment can enhance job satisfaction and reduce employee turnover rates (Mowday et al., 1982). On the other hand, effective delegation of authority also plays a crucial role in improving managerial performance. According to Yukl (2010), appropriate delegation of authority can enhance employees' sense of responsibility and involvement in decision-making, which in turn can improve organizational performance. However, unclear delegation of authority can lead to confusion and conflict, negatively impacting performance (Harris & Ogbonna, 2001).

Managerial performance also reflects management's capability to execute business activities related to decision-making. This indicates that managerial performance is a factor that can be used to enhance the effectiveness of the company. Furthermore, Mahoney et al.

(1963) developed a self-rating instrument that can be used to measure managerial performance, where each respondent is asked to assess their performance based on eight dimensions: planning, investigation, coordination, evaluation, supervision, staff selection, negotiation, and representation (overall measurement of leadership performance). In the context of budget preparation, employee participation in this process has been shown to enhance commitment and managerial performance (Gordon & Narayanan, 1984; Milani, 1975). This research focuses on the Distance Learning Program unit at the Open University, which faces challenges in implementing performance measurement systems and reward and punishment mechanisms. By understanding the relationship between budget participation, organizational commitment, and delegation of authority, this study aims to provide deeper insights into the factors influencing managerial performance in higher education settings.

A budget is a formal work plan prepared by management to achieve specific objectives within a one-year timeframe. There are two main functions of a budget in an organization: as a planning tool and as a control tool. The planning function involves selecting and linking facts and assumptions to formulate necessary activities, while the control function ensures that the established plans can be achieved. Although budgets have characteristics beyond mere estimates, often middle and lower-level managers do not have a clear understanding of budget objectives and adequate resource allocation to achieve them (Amelia et al., 2022).

Participation in budget preparation involves the contribution and involvement of managers in the planning process, allowing them to influence organizational goals. This involvement not only enhances the sense of responsibility and understanding of the organizational context but can also increase employee motivation. Research shows that budget participation can improve organizational effectiveness and efficiency, as well as create a sense of ownership among employees (Putra et al., 2022; Paul, 2014). The interaction between superiors and subordinates in the budgeting process is also important for obtaining relevant information about the organizational environment (Ngo, 2021).

Although many studies indicate that budget participation positively affects managerial performance, the results are not always consistent. Some studies have found that budget participation can enhance employee motivation and commitment but does not always have a direct impact on managerial performance (Guidini et al., 2020; Isgiyarta et al., 2019). Conversely, other research indicates that budget participation does not significantly affect managerial performance (Kahar et al., 2019). Thus, the relationship between budget participation and managerial performance remains an intriguing topic for further research, given the abundance of articles discussing this variable (Rachman et al., 2021).

Research Hypotheses:

1. The Effect of Budget Participation on Managerial Performance.

Budget participation, as a form of individual involvement in the budget preparation process, based on the findings of Tahar & Kuncahyo (2020), does not improve managerial performance. Research on the Malang City Government (SKPD) indicates that the lack of individual participation in the budget preparation process is due to the existing human resources not meeting the good competency indicators in terms of knowledge, skills, and

attitudes. However, according to Milani (1975), participation in budget preparation will lead employees to internalize the established goals and take personal responsibility for achieving them, thereby enhancing managerial performance. Furthermore, Pratolo & Simali (2019) state that employees involved in budget preparation will better understand the budget objectives, so if performance measurement standards are based on the achievement of budget targets, employees will take the budget preparation more seriously, which will subsequently improve their performance. In other words, if budget objectives are met, managerial performance will also increase. Therefore, participation becomes an important instrument in achieving organizational goals, not only in terms of improving company performance but also individual performance, so it is expected that if management is involved, business managerial performance can also improve (Rivito & Mulyani, 2019; Zonatto et al., 2020). Based on the above description, the following hypothesis can be formulated:

H1: Budget participation has a significant effect on managerial performance.

2. The Effect of Budget Participation on Managerial Performance through Organizational Commitment.

Several studies claim that budget participation does not have a relationship or cannot influence managerial performance when linked by organizational commitment (Christy et al., 2021; Safitri, D & Asyik, F., 2022; Gunawan & Santioso, 2017; Marjaya & Arifin, 2022; Yanti & Widodo, 2022). However, participation can help avoid or at least reduce the potential conflict between individual goals and organizational goals, and to impact performance improvement, employees need to have a sense of involvement in the organization. Several studies indicate that budget participation does not operate independently in influencing managerial performance; there is organizational commitment that synergizes (Pratiwi & Rizqi, M., 2023; Sidik et al., 2022; Widiawati & Yanuar, 2019). Other research (Gunawan & Santioso, 2017; Ernisa et al., 2017; Suci et al., 2019) also found that budget participation positively affects managerial performance when mediated by organizational commitment. Based on these findings, the following hypothesis can be formulated:

H2: Budget participation has an indirect effect on managerial performance through organizational commitment.

3. The Effect of Budget Participation on Managerial Performance through Delegation of Authority.

A study at PT. Barata Indonesia conducted by Suparwati (2005) indicated that budget participation indirectly through delegation of authority has a significant effect on managerial performance. This is consistent with research by Coryanata (2011), which analyzed the relationship between budget participation and managerial performance through delegation of authority at several private universities in Indonesia. The research shows that delegation of authority acts as a significant intervening variable.

H3: Budget participation has an indirect effect on managerial performance through delegation of authority.

RESEARCH METHOD

Research Design

This research employs a quantitative research design. According to Sugiyono (2013), a quantitative research design involves the measurement of quantitative data in the form of numbers and objective statistics. This research is used to study a population, a sample of specific individuals or residents. The quantitative approach is based on positivist philosophy. Data collection uses research instruments, and data analysis is statistical in nature. The researcher uses a quantitative approach to test specific hypotheses, then collects data to support or refute these hypotheses. The approach taken in this research is a quantitative analysis based on statistical information. The research approach requires careful measurement of the variables of the objects being studied to produce conclusions that can be generalized regardless of the context of time, place, and situation.

Population, Sample, and Sampling Technique

The population used in this research consists of all officials, including directors, marketing and registration managers, learning and examination service managers, registration, examination & learning coordinators, and administrative staff within the Open University, specifically in the regional offices across Indonesia. This research location is chosen to ensure that the data obtained is comprehensive, allowing for results that truly reflect the existing conditions.

In this research, the sampling technique used is saturated sampling. According to Sugiyono (2013), saturated sampling is a sampling technique where all members of the population are included as samples. This sampling method is chosen because it is considered to represent the overall managerial performance conditions of the Open University in Indonesia. Since the sampling technique used is saturated sampling, the number of samples determined as respondents is 147 individuals.

Sources and Methods of Data Collection

This research uses primary data obtained directly from original sources through surveys. Questionnaires are distributed to respondents using Google Forms, which allows for online and efficient completion, considering that respondents are spread across various work units throughout Indonesia. Respondents are expected to have a role in budget preparation, knowledge of managerial performance, commitment to the organization, and understanding of delegation of authority.

Data Analysis Methods

Data analysis is conducted to interpret the collected data. Two analysis techniques are used:

1. Descriptive Statistical Analysis; This method organizes, classifies, and analyzes data to provide an overview of respondent characteristics (age, gender, education, work experience) and responses to research variables. Scoring analysis is performed to calculate the mean value of respondents' responses, with the interpretation of results categorized based on score intervals.

2. Data Analysis with SEM-PLS: To test the hypotheses, this research uses Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach. This method is suitable for analyzing direct and indirect relationships between variables and can handle small sample sizes and complex models. SEM-PLS also allows for the use of formative measurement models, where indicators serve as determinants of latent constructs.

Evaluation of the Measurement Model

The evaluation of the measurement model consists of three types of tests:

1. Individual Item Reliability Test: Measures the reliability of each indicator. Indicators with high loading factor values indicate that they can explain the measured variable. Loading factor values between 0.5 and 0.6 are acceptable, while values below 0.5 should be removed from the model.
2. Internal Consistency Test: Tests the reliability of a set of indicators in measuring a variable. The recommended values for composite reliability and Cronbach's Alpha should be greater than 0.60.
3. Discriminant Validity Test: Measures the differences between variables using Average Variance Extracted (AVE). The AVE value must be greater than 0.50, and the square root of the AVE for each variable must be greater than the correlation values with other variables.

Evaluation of the Structural Model

The evaluation of the structural model is conducted using R Square to assess the influence of independent latent variables on dependent latent variables. The R Square value is interpreted as follows: 0.75: substantial, 0.50: moderate, 0.25: weak

1. Direct Effect Analysis: The significance of the effect is tested by comparing the t-statistic value with the t-table. The hypothesis is accepted if the t-statistic is higher than the t-table or if the P-Value is less than 0.05.
2. Indirect Effect Analysis (Mediation): A variable acts as a mediator if the variation in the independent variable significantly explains the variation in the mediator variable, and the variation in the mediator variable also significantly explains the variation in the dependent variable. If the relationship between the independent and dependent variables is not significant when the mediator variable is controlled, then the mediator variable functions as a mediator.

RESULTS AND DISCUSSION

Analysis Results

Respondent Characteristics The characteristics of the respondents studied include age, gender, highest education, and position, which can be explained as follows:

Table 1.1 Respondent Age

No	Age Range	Number	%
1	31-40 years	19	16.7
2	41-48 years	53	46.5

No	Age Range	Number	%
3	49-57 years	19	16.7
4	57-65 years	23	20.2
Total		114	100

Source: Processed research data, 2024

Table 1.1 illustrates the data of respondents based on age. Out of 114 individuals studied, the majority of respondents are aged between 41-48 years, totaling 53 individuals or 46.5%.

Table 1.2 Respondent Gender

No	Gender	Number	%
1	Male	76	66.7
2	Female	38	33.3
Total		114	100

Source: Processed research data, 2024

Table 1.2 shows the data of respondents based on gender. Among the 114 individuals studied, the majority of respondents, totaling 76 individuals or 66.7%, are male.

Table 1.3 Respondent Highest Education

No	Highest Education	Number	%
1	Bachelor (S1)	43	37.7
2	Master (S2)	59	51.8
3	Doctorate (S3)	12	10.5
Total		114	100

Source: Processed research data, 2024

Table 1.3 presents the data of respondents based on their highest education. Out of 114 individuals studied, the majority have a Master's degree (S2), totaling 59 individuals (51.8%), while 43 individuals (37.7%) hold a Bachelor's degree (S1).

Table 1.4 Respondent Position

No	Position	Number	%
1	Director of Regional UT	29	25.4
2	Head of Administrative Subdivision	19	16.7
3	Head of Administrative and Marketing Subdivision	8	7.0
4	Coordinator of Registration, Learning, and Examination	9	7.9
5	Marketing and Registration Manager	20	17.5
6	Learning and Examination Manager	19	16.7
7	Administrative Manager	10	8.8
Total		114	100

Source: Processed research data, 2024

Table 1.4 illustrates the data of respondents based on their positions. Among the 114 individuals studied, the majority, totaling 29 individuals or 25.4%, hold the position of Director of Regional UT, while 20 individuals or 17.5% serve as Marketing and Registration Managers. Additionally, 19 individuals or 16.7% hold the positions of Head of Administrative Subdivision and Learning and Examination Managers, respectively.

Respondent Responses on the Delegation of Authority Variable

The table below presents the results of the descriptive analysis of the Delegation of Authority variable based on the respondents' answers with the following scores.

Table 1.5 Delegation of Authority Variable

No	Statement	Alternative Answers					Total Score	Average	Category
		5	4	3	2	1			
		1	To improve work efficiency and effectiveness in each unit, in terms of budget allocation, the Open University implements the delegation of authority from leaders to subordinates.	6	4	3			
2	The delegation of authority to employees regarding tasks and budget allocation is in accordance with standards and workload.	4	5	7	0	0	498	4,37	Very good
3	The Open University issues/creates standard operating procedures/work guidelines clearly and well-defined.	5	5	4	2	0	506	4,44	Very good
4	Task implementation specifications are made in detail and include performance criteria.	4	5	7	3	0	490	4,30	Very good
5	Operational decisions of the regional UT unit are only determined by the unit leader/director.	2	3	1	3	9	383	3,36	Fairly good
Delegation of Authority Percentage							2.392	4,20	good
							83,9	%	

Source: Processed research data, 2024

Based on the data processing results presented in the table above, it can be seen that the total score for the Delegation of Authority is 2,392 with an average of 4.20. This average value falls within the range of 3.40-4.20. Therefore, based on the continuum line above, it can be concluded that the respondents' perception of the Delegation of Authority is categorized as good

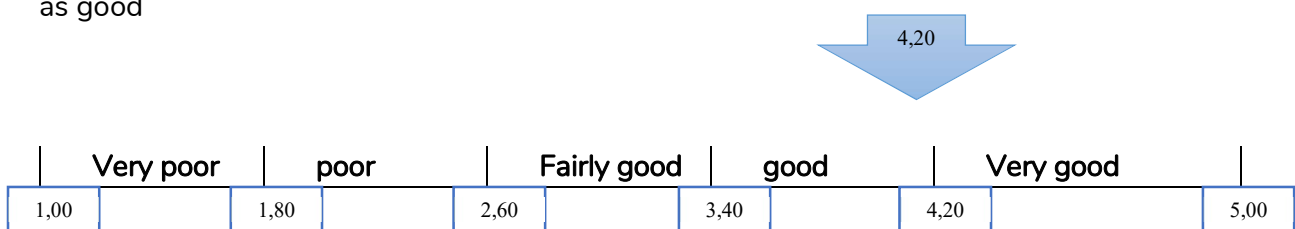


Figure 1.1 Continuum Line of Delegation of Authority

Results of Structural Model Testing using Partial Least Squares

In this study, two testing models were conducted using SmartPLS: the measurement model, commonly referred to as the outer model, and the structural model, commonly referred to as the inner model. The process begins with the measurement model (outer model), which is used to determine the validity and reliability connecting reflective indicators with the latent

variables tested using three measurement methods. After conducting confirmatory factor analysis, all indicators were declared valid and reliable. The next step is to test the structural model (inner model) as a whole. This structural model (inner model) is evaluated by assessing the percentage of variance (R^2) for the endogenous latent variables modeled as influenced by the exogenous latent variables. Additionally, testing is conducted using the t-values obtained from bootstrapping to determine whether the effects are significant or not. Based on the Partial Least Squares estimation method, the Full Structural Model path diagram is shown in the following figure

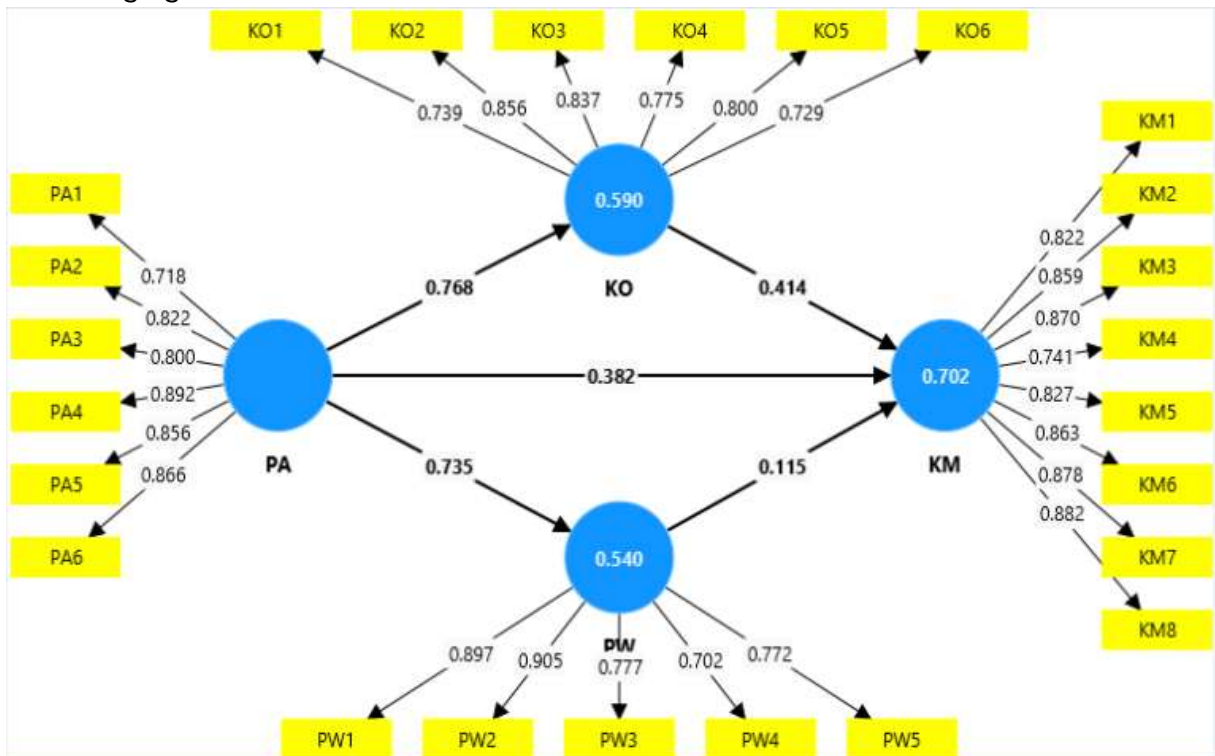


Figure 1.2 Full Structural Model (PLS Algorithm)

From the figure above, it can be seen that the yellow boxes represent each indicator, while the blue circles represent the latent variables. There are numbers on each arrow indicating the validity values of each indicator and testing the reliability of the constructs of the variables being studied. An indicator is considered valid if it has a factor loading greater than 0.70.

Discussion

Hypothesis 1 : Budget Participation has a Significant Effect on Managerial Performance

This study aims to test the effect of budget participation on managerial performance, with the hypothesis that budget participation significantly affects managerial performance. The analysis results using SMART PLS show that the obtained T-statistic value is 2.928, which exceeds the t-table value (1.96) at a significance level of 5%. Additionally, the resulting P-value is 0.002, which is less than 0.05. These findings support the rejection of the null

hypothesis (H0) and the acceptance of the alternative hypothesis (H1), indicating that budget participation indeed has a significant effect on managerial performance.

Table 1.6 Path Significance Test.

Hipotesis	Pengaruh	Original sample (O)	t statistics (O/STDEV)	P values	Keterangan
H1	PA -> KM	0,382	2,928	0,002	Significant
H2	PA -> KO -> KM	0,318	3,446	0,000	Significant
H3	PA -> PW -> KM	0,084	1,431	0,076	Did not Significant

Source: Processed data, 2024

In this study, the researcher used a confidence level of 95%. The path coefficient score indicated by the t-statistic value must be above 1.96 for a two-tailed hypothesis. Based on the Path Coefficient and t-statistics in the table above, the following conclusions can be drawn: The analysis results using SMART PLS presented in the table above, with a significance level of 5%. The T-statistic value produced is 2.928, which is greater than the t-table value (1.96), and the P-value of $0.002 < 0.05$. Thus, the test results for hypothesis 3 indicate that H0 is rejected and H1 is accepted, meaning that budget participation significantly affects managerial performance, with an original sample value of budget participation on managerial performance of 0.382 in a positive direction.

From this analysis, the original sample value of 0.382 indicates a positive relationship between budget participation and managerial performance. This means that an increase in participation in the budgeting process has the potential to improve managerial performance by 38.2%. Involvement of managers in the budgeting process not only enhances their understanding of organizational goals but also encourages them to take more responsibility in resource management. Therefore, budget participation can be a strategic tool to enhance managerial effectiveness.

Budget participation has a significant effect on managerial performance (T-statistic = 2.928, p-value < 0.05). This result indicates that increasing budget participation among employees can improve managerial performance. This is due to the increased understanding of resource allocation and clarity of organizational goals obtained through budget participation. Previous research (Habibie, 2020) found that participatory budgeting allows employees to gain a clearer understanding of their work, build relationships with superiors, and motivate managers to take more responsibility in carrying out their tasks, thereby improving the performance of employees and managers to achieve the targets set in the budget. However, this contradicts the findings of Nouri and Parker (1998), who stated that in some cases, excessive budget participation can lead to conflicts among teams, which may actually reduce managerial performance.

However, from the perspective of Agency Theory, budget participation can be seen as a tool to align the goals between employees and principals. By involving employees in the budgeting process, organizations can ensure that employees better understand the principals' expectations, reduce conflicts of interest, and enhance managerial performance, making employees more engaged and incentivized to meet organizational goals. The

alignment of goals through Agency Theory in human resource management in the modern era, especially in the context of budget participation, remains highly relevant. Recent research by Prabawanto et al. (2024) states that when managerial performance is determined based on the budget targets achieved, managers will be diligent in the budgeting process, and employees involved in budgeting will internalize the planned goals and take responsibility for achieving those goals. This can particularly be achieved when institutions or companies build an organizational culture of "more delegation, more collaboration, plan better, and act faster." Furthermore, Goal Setting Theory states that clear goals can enhance performance. Thus, when employees are involved in the budgeting process, they will understand the goals clearly and specifically, and moreover, employees will be more motivated, ultimately improving managerial performance.

However, from the perspective of Agency Theory, budget participation can be seen as a tool to align the goals between employees and principals. By involving employees in the budgeting process, organizations can ensure that employees better understand the principals' expectations, reduce conflicts of interest, and enhance managerial performance, making employees more engaged and incentivized to meet organizational goals. The alignment of goals through Agency Theory in human resource management in the modern era, especially in the context of budget participation, remains highly relevant. Recent research by Prabawanto et al. (2024) states that when managerial performance is determined based on the budget targets achieved, managers will be diligent in the budgeting process, and employees involved in budgeting will internalize the planned goals and take responsibility for achieving those goals. This can particularly be achieved when institutions or companies build an organizational culture of "more delegation, more collaboration, plan better, and act faster." Furthermore, Goal Setting Theory states that clear goals can enhance performance. Thus, when employees are involved in the budgeting process, they will understand the goals clearly and specifically, and moreover, employees will be more motivated, ultimately improving managerial performance.

Budget participation helps align roles and responsibilities, leading to an overall increase in managerial performance. Therefore, the implication of this study is that Universitas Terbuka needs to provide opportunities for employees to understand their work goals and limitations. This also reduces uncertainty in task execution, thereby encouraging better outcomes at the managerial level. The practical implications of these findings are significant for organizations. To maximize managerial performance, organizations should encourage active participation from managers in the budgeting process. This can be done through various means, such as training, workshops, or discussion forums that involve managers in budget planning. By increasing managerial involvement, organizations can not only enhance their performance but also create a greater sense of ownership and commitment to achieving organizational goals. Hypothesis 2: Budget Participation has an Indirect Effect on Managerial Performance through Organizational Commitment

This study tests the hypothesis that budget participation has an indirect effect on managerial performance through organizational commitment. The analysis results using the

SMART PLS method show that the obtained T-statistic value is 3.446, which is much greater than the t-table value (1.96) at a significance level of 5%. Additionally, the resulting P-value is 0.000, indicating that this result is statistically very significant. Thus, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted, affirming that budget participation significantly affects managerial performance through organizational commitment. The analysis results using SMART PLS presented with a significance level of 5% show that the T-statistic value produced is 3.446, which is greater than the t-table value (1.96), and the P-value of $0.000 < 0.05$. Therefore, the test results for hypothesis 6 indicate that H0 is rejected and H1 is accepted, meaning that budget participation significantly affects managerial performance through organizational commitment, with an original sample value of the budget participation variable on managerial performance through organizational commitment of 0.318 in a positive direction.

The original sample value of 0.318 indicates a positive relationship between budget participation and managerial performance, mediated by organizational commitment. This means that an increase in participation in the budgeting process not only has a direct impact on managerial performance but also enhances organizational commitment. When managers feel involved in the budgeting process, they are likely to be more committed to the organization's goals, which in turn improves their performance. This highlights the importance of creating an environment where managers feel they have a voice in budget planning.

In other words, when employees are more involved in the budgeting process, they tend to have a higher commitment to the organization. This commitment, in turn, enhances managerial performance. This indicates that organizational commitment is an important mediator that strengthens the relationship between budget participation and managerial performance. These findings are consistent with research by Meyer & Allen (1991), which shows that organizational commitment, particularly affective commitment, can enhance employee motivation and positively influence performance. Employees who feel emotionally connected to the organization are more likely to be committed to achieving organizational goals, contributing to improved managerial performance.

Goal Setting Theory posits that organizational commitment acts as a motivational mechanism that strengthens the relationship between budget participation and performance improvement. This emphasizes the importance of enhancing organizational commitment to reinforce the relationship between budget participation and performance. Setting clear and challenging goals can improve performance. When employees are involved in the budgeting process, they are not just recipients of decisions but also play an active role in defining the goals to be achieved. This involvement encourages them to feel a greater sense of responsibility, thereby increasing their commitment to achieving organizational goals.

Participation in budgeting allows employees to provide valuable input and feedback, which not only enhances their sense of ownership but also strengthens their identity as part of the organization. In line with this argument, research conducted by Sari Dewi (2020) found that human resources with high organizational commitment will internalize the organization's values. Therefore, when these highly competent and committed individuals are involved in

the budgeting process, they will work willingly and responsibly, ultimately resulting in optimal performance.

The findings have practical implications for management at the Open University, including:

- a. Inclusive Budgeting Process Design. Managers should create a budgeting process that involves employees at all levels. This will not only enhance participation but also educate employees about the organization's goals and strategies.
- b. Training and Development. Conduct training to improve employees' understanding of the budgeting process and how their contributions can affect overall outcomes. This training will prepare employees to contribute actively and boost their confidence in the decision-making process.
- c. Rewards and Recognition. Implementing a reward system for employees who actively participate in the budgeting process can enhance their motivation and commitment. Recognizing employees' contributions to the organization's goals will strengthen their sense of ownership and commitment.
- d. Effective Communication. It is important to maintain open communication channels between management and employees. Clear information about budgeting goals and how employees can contribute will help build a stronger organizational commitment.

In the midst of rapid changes in the university environment, such as digitalization and social changes, it is crucial for the Open University to pay attention to the role of employees in decision-making. With external threats such as global competition, employee involvement in strategic processes like budgeting will provide a competitive advantage. Therefore, the Open University must invest in creating an environment that supports active employee participation, as this is a strategic step towards achieving higher and sustainable organizational goals. Organizational commitment plays a crucial mediating role in the relationship between budget participation and managerial performance. When managers are involved in the budgeting process, they feel more valued and recognized, which can enhance their sense of belonging to the organization. This sense of commitment encourages them to work harder and more effectively to achieve organizational goals. Therefore, organizations need to consider ways to enhance managers' participation in the budgeting process, thereby strengthening their commitment and ultimately improving managerial performance.

The practical implications of these findings are very important for organizational management. To improve managerial performance, organizations should design an inclusive budgeting process, where managers from various levels can provide input and engage in decision-making. This can be done through workshops, group discussions, or feedback forums that allow managers to share their views and ideas. In this way, organizations not only increase participation but also build stronger commitment among managers.

Hypothesis 3: The Influence of Budget Participation on Managerial Performance through Delegation of Authority

This study aims to test the hypothesis regarding the influence of budget participation on managerial performance through delegation of authority. The analysis conducted using

the SMART PLS method shows that the obtained t-statistic value is 1.431. This value is smaller than the table t-value set at 1.96 at a 5% significance level. Additionally, the resulting P-value is 0.076, which is greater than 0.05. Based on these results, the null hypothesis (H0) is accepted, and the alternative hypothesis (H1) is rejected, indicating that budget participation does not have a significant influence on managerial performance through delegation of authority.

The analysis results using SMART PLS presented in the table above, with a significance level of 5%, show that the t-statistic value obtained is 1.431, which is smaller than the table t-value (1.96), and the P-value is 0.076, which is greater than 0.05. Therefore, the results of the hypothesis testing for Hypothesis 7 indicate that H0 is accepted and H1 is rejected, meaning that budget participation does not have a significant effect on managerial performance through delegation of authority.

This result suggests that delegation of authority cannot be considered an automatic factor that guarantees an improvement in managerial performance. This means that even if employees are more involved in the budgeting process, delegation of authority does not automatically enhance managerial performance. There may be other factors influencing the effectiveness of delegation of authority as a mediator, such as the clarity of the roles assigned or adequate support from management. In the context of Goal Setting Theory, delegation of authority can improve managerial performance only if accompanied by clear goals and commitment to those goals. This finding indicates that although there is participation in budgeting, delegation of authority alone is insufficient to enhance managerial performance if the goals are unclear or if employees do not feel responsible for the delegated tasks. Previous research by Pearce & Sims (2002) showed that delegation of authority can be effective in conditions where roles and expectations are clear. When employees lack clarity about what is expected of them, they may feel confused or even caught in conflict, which hinders performance. If employees feel abandoned without adequate guidance, they may not be able to perform their tasks well, resulting in low managerial performance. Agency Theory adds that delegation of authority requires adequate supervision and incentives so that the work structure is appropriate.

Furthermore, Contingency Theory explains that the effectiveness of delegation of authority depends on the organizational context and individual characteristics. In this case, although budget participation can enhance the potential for delegation of authority, without the right structure and conditions, delegation of authority may not significantly impact the improvement of managerial performance. This suggests that delegation of authority may require additional supporting factors to be effective in enhancing managerial performance through budget participation. Some of these factors include role clarity, management support, and the organizational context, which influence the effectiveness of delegation of authority. Therefore, to improve managerial performance, the Open University needs to pay attention to the structures and conditions that support delegation of authority, as well as ensure that clear goals and adequate support are available for employees.

These findings indicate that although participation in the budgeting process may be expected to enhance managerial performance, in the context of this study, that influence was not proven significant when viewed through delegation of authority. This could be due to several factors, including a lack of understanding or effective implementation of delegation of authority within the organization. If delegation of authority is not carried out properly, then high budget participation will not contribute to improving managerial performance.

One possible reason for these results is that inadequate delegation of authority can hinder managers from making appropriate decisions. When managers do not have sufficient authority to implement the plans outlined in the budget, they may feel pressured and unable to achieve the expected performance targets. Therefore, it is important for organizations to ensure that delegation of authority is carried out effectively, so that managers can operate with the autonomy necessary to achieve optimal performance.

Additionally, organizational culture can also influence the relationship between budget participation and managerial performance. In some organizations, a more hierarchical culture may limit managers' participation in the decision-making process, including in budget preparation. If managers feel that their voices are not heard or valued, their participation in the process may not positively impact their performance. Therefore, creating an organizational culture that supports effective participation and delegation of authority is crucial for enhancing managerial performance.

The implications of these findings suggest that organizations need to reevaluate how they implement the budgeting process and delegation of authority. To improve managerial performance, organizations must ensure that managers are not only involved in the budgeting process but also given sufficient authority to implement the plans that have been developed. This can be achieved by providing the necessary training and support so that managers feel more confident in making budget-related decisions.

CONCLUSION

Based on the research findings regarding the influence of budget participation on managerial performance through delegation of authority, it can be concluded that budget participation does not have a significant effect on managerial performance in the context studied. Budget participation positively and significantly affects managerial performance. These findings indicate that although participation in the budgeting process is expected to enhance managerial performance, inadequate delegation of authority can hinder the effectiveness of that participation. Therefore, it is important for organizations to ensure that delegation of authority is carried out effectively so that managers can make appropriate decisions and achieve the expected performance targets. Furthermore, budget participation positively and significantly affects managerial performance through organizational commitment. Thus, it can be concluded that the better the budget participation through organizational commitment, the higher the managerial performance will be. Next, budget participation does not significantly affect managerial performance through delegation of authority. In other words, the level of budget participation through delegation of authority does not influence the level

of managerial performance. An organizational culture that supports participation and delegation of authority is also an important factor to consider. Organizations should create an environment that allows managers to feel valued and heard in the decision-making process. Thus, more effective strategies can be formulated to enhance managerial performance through appropriate budget participation and delegation of authority. Finally, further research is needed to explore other factors that may influence this relationship, so that organizations can develop a more comprehensive approach to improving managerial performance. For future research, it is recommended to explore other factors that may influence this relationship, such as organizational culture, leadership style, or the level of managerial experience. Further research could also consider other variables that could serve as mediators or moderators in the relationship between budget participation and managerial performance. By understanding these dynamics more deeply, organizations can develop more effective strategies to enhance managerial performance through budget participation and organizational commitment. Additionally, other factors that may influence the relationship between budget participation, delegation of authority, and managerial performance should also be explored. This research could include other variables such as motivation, job satisfaction, or support from superiors. By gaining a deeper understanding of these dynamics, organizations can formulate more effective strategies to improve managerial performance through appropriate budget participation and delegation of authority.

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