



**ANDALAS UNIVERSITY
ECONOMIC FACULTY**

**THE INFLUENCE OF CONDITIONAL FACTORS
TOWARD RELATIONSHIP OF BUDGETARY PARTICIPATION AND
PERFORMANCE OF LOCAL GOVERNMENT OFFICER IN PADANG CITY**

THESIS

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**The Influence of Conditional Factors Toward The Relationship of
Budgetary Participation and Performance of
Local Government Officer in Padang City**

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ABSTRACT

The research examines the effect of budget participation toward managerial performance both on directly and non directly, by examining organizational commitment and leadership as moderating variables.

The research respondents are selected by using judgement sampling method were 100 local government officers in Padang City. The data were collected at questionare a cross mail survey. The test of contingency variables (organizational commitment and leadership style) by using interaction approach

The result of the research were consistence with proxy research, which showed that budget participation had direct effect on local government officers' performance. Furthemore, the findings do not supported the research hypothesis that organizational commitment and leadership style give positive and significant influence toward relationship of budgetary participation and local officers' performance, since the effect are positive but not significant.

CHAPTER I

INTRODUCTION

1.1 Research Background

Implementation of *Undang-Undang No 32 Tahun 2004* about local government and UU No 33 about proportion of financial between local and central government, had give fundamentally changed in government system, financial system, and management of local budgetary. Local Expense and Income Budget (APBD) comes into arrangement relied on performance approach, particularly an pertained to a budget system focusing on output achievement from predetermined cost or input allocations (PP No 58 Tahun 2005). On performance approach, APBD is arranged based on specific goal that should be reached on one year budget. In Local Tourism Department of Padang city, election of 'Uda Uni Padang' as the tourism ambassadors is one example of that specific goal that should be held in one year budget.

According to Minister of Internal Affairs' decision (Kepmendagri) No 22, local budgeting system based on performance approach contain the direction of arranging the APBD plan that conducted by Executive Budgetary Team together with Local Organization Unit (work unit). The plan of work unit budget is be containing in a document named Work Unit Budget Plan (RASK or Rancangan Anggaran Satuan Kerja). RASK shows the framework of relationship between budget policy with operational budget in each local work unit appropriate with their vision, mission, and main function. RASK also contain expense analysis standard, performance driver, and cost standard as

main instrument in performance budget. RASK is the document that replaced the activity suggestion list that had been used in arranging the APBD plan using old system.

Budgeting in public sector has different characteristics with budgeting in private sector. In public sector, budgeting is related with allocation process of fund for each program and activity that using the fund owned by society. Also in this sector, organizational funding comes from tax and retribution, local or state company's profit, foreign loan, government bond, and other sources that compatible with the law.

Many accounting management research had pay attention on budgetary participation problem. This is because participative budget considered have a consequences toward attitude and behavior of officer (Murray,1990). The influence of budgetary participation is an interesting theme in accounting management research. There are two reasons for this statement : (a) participation assessed as a managerial approach that could improve officer's performance, and (b) the result of many research that tested the relationship between participation and performance be in contradictive and still in debated (Brownell,1982).

Sardjito (2007) and Munawar (2006) found that the effect of budgetary participation toward managerial performance is positive. Meanwhile, Sumarno (2005) found in his research that the influence of budgetary participation on managerial performance is negative and significant. Some other researches about this topic show inconsistency and contradictive result (Sumarno, 2005).

Riyadi (2000) said that it is necessary to do research about contingency approach in testing the contextual factors that influence the relationship between controlling system and performance. The controlling system included accounting control and budget. The

CHAPTER V

CONCLUSION, LIMITATION, AND RECOMMENDATION

III. Research Conclusion

According to the data analysis and the result performed within this research, the writer concludes that:

- I. This research has been done by doing survey on the local government officers in Padang city. The questionnaires of budgetary participation, organizational commitment, leadership style, and managerial performance involved as the instruments to collect the data. The purpose of the research is to see the direct relationship between budgetary participation and managerial performance, and also through the organizational commitment and leadership style.
- II. From data analysis, the writer conclude that the budgetary participation directly improve the performance of local government officers in Padang City. It means that the higher participation on budget arrangement, the higher performance will be achieved. The results of the research also show that hypothesis 1 is accepted. In other words, budgetary participation has significant influence toward managerial performance.
- III. By computing the primary data, the writer found that organizational commitment play a role as quasi moderating variable in the relationship of budgetary participation with performance of local officers in Padang city. Then, by using moderated regression analysis, the writer also found that the influence of organizational commitment toward relationship of budgetary participation and

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