

THE INFLUENCE OF PARTICIPATORY BUDGETING, CLARITY OF BUDGET TARGETS, AND INTERNAL CONTROL ON MANAGERIAL PERFORMANCE IN THE MODERATION OF ORGANIZATIONAL COMMITMENT TO REGIONAL APPARATUS ORGANIZATIONS (OPD) IN KEDIRI CITY

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Abstract

This research is motivated by the suboptimal realization of program and activity budgets in Regional Apparatus Organizations (OPD) in Kediri City, even though the average performance achievement reaches 87%. This indicates that the budget is not optimally absorbed, which can be caused by a lack of participation in budgeting, unclear budget targets, and weak internal control. This study aims to analyze the influence of participatory budgeting, clarity of budget goals, and internal control on managerial performance, as well as examine the role of organizational commitment as a moderation variable. The method used is a quantitative approach with probability sampling techniques and a sample of 50 respondents. Data analysis was carried out using multiple linear regression with Moderating Regression Analysis (MRA) supported by classical assumption test and hypothesis test through SPSS software version 30. The results showed that participatory budgeting had no significant effect on managerial performance, while clarity of budget goals and internal control had a significant effect. Organizational commitment has been proven not to moderate the influence of participatory budgeting, but to moderate the influence of the clarity of budget goals and internal control on managerial performance. These findings confirm the importance of clarity of goals and effective controls, especially with the support of strong organizational commitments.

Keywords: Participatory Budgeting, Clarity of Budget Goals, Internal Control, Managerial Performance, Organizational Commitment.

INTRODUCTION

Changes in the global economy and increasing public demands on public services require every organization, including the government, to increase operational effectiveness in order to be able to compete in increasingly complex conditions. The implementation of decentralization based on Law No. 32 and 33 of 2004 requires local governments to have a clear vision, mission, and goals to realize the welfare of the community. In the context of an organization, the success of achieving these goals is reflected through managerial performance, namely the results achieved by individuals or groups in carrying out managerial functions such as planning, coordination, evaluation, and supervision (Cantika et al., 2021).

Based on the data obtained by the author from the 2023 Kediri City Government Agency Performance Report (LKIP), the average performance achievement of Kediri City OPD programs and activities reached 87%, with a range between 70% to 98%. Although it is quite good, there is still a budget that has not been absorbed optimally,

showing inefficiencies in the implementation of the program. This means that not all budgets that have been planned and allocated at the beginning of the year are successfully used fully for the implementation of these activities or programs.

From the above phenomenon, there are many factors that affect managerial performance, including participatory budgeting, clarity of budget targets, and internal control. This study also considers organizational commitment as a moderation variable to understand more comprehensively the factors that affect managerial performance. One of the important factors, namely participatory budgeting, is a budget planning process that involves various levels of management, and plays a role in improving the quality of managerial performance (Kuntadi & Nugroho, 2023). The second factor that affects managerial performance is the clarity of budget goals. A clear budget has a direct impact on individual behavior in its preparation. The involvement of many parties in the budget process has the potential to cause a gap, namely when revenue realization exceeds the target while expenditure realization is below the target (Khasanah & Kristanti, 2020). The next factor is internal control. Based on the COSO framework on which SPIP is based in Indonesia, internal control includes five main components, namely the control environment, risk assessment, control activities, information and communication, and monitoring. Effective internal controls help organizations achieve goals efficiently and in a targeted manner. In addition, this study adds organizational commitment as a moderation variable. Organizational commitment reflects the extent to which individuals side with their organization and have a desire to maintain membership in it. A high level of commitment reflects a strong commitment to the work as well as the organization, which ultimately drives the achievement of the organization's goals and values (Nugroho et al., 2021).

There are several studies that discuss managerial performance. One of them is the results of previous research that showed that participation in budgeting directly does not affect managerial performance, organizational commitment cannot moderate the influence of participation in budgeting with managerial performance (Purnama & Asyik, 2020). Other research also states that budget participation has a significant positive effect on government managerial performance, organizational commitment to moderate (strengthen) budget participation in government managerial performance (Handayati & Safitri, 2020). Further research confirmed that the clarity of budget targets had no effect on managerial performance (Murtin & Rahmawati, 2023). Different results from other studies also show that the clarity of budget targets partially has a significant effect on managerial performance, organizational commitment can moderate and strengthen the relationship between the clarity of budget targets and managerial performance in OPDs in Bogor City (Kusuma et al., 2021). Other previous research has also shown that internal control has no effect on managerial performance (Metriana & Puspa, 2024). In contrast to the results of other studies that state that the government's internal control has a positive and significant effect on managerial performance,

organizational commitment is not able to strengthen the influence of the government's internal control system on managerial performance (Cantika et al., 2021). Other previous research has also revealed that organizational commitment does not always affect managerial performance, (Chrisnathaniel et al., 2020). The results of other research that have been conducted can also be concluded that organizational commitment has a significant effect on managerial performance (Wijaya & Saputra, 2024). From the gap of previous research that has been mentioned, it shows that factors that affect managerial performance such as participatory budgeting, clarity of goals, and internal control have not obtained results consistent with the existence of moderation as an organizational commitment.

Based on the problems described above and the differences in results carried out by previous researchers, the researcher conducted this study using primary data obtained from questionnaires distributed to employees of Regional Apparatus Organizations (OPD) in Kediri City. The test was carried out to determine the influence of participatory budgeting, clarity of budget targets, internal control on managerial performance, and organizational commitment as a moderator of the relationship between participatory budgeting, clarity of budget targets, and internal control of managerial performance.

RESEARCH METHOD

This study uses a quantitative approach with a type of causality research that functions to determine the causal relationship between variables. The population in this study is State Civil Apparatus (ASN) who work in the Regional Apparatus Organization (OPD) of Kediri City who have a role and are directly involved in the process of preparing the Work Plan and Budget of the Regional Apparatus Work Unit (RKA-SKPD). The sample was determined using probability sampling techniques, using multivariate analysis because it was able to test several variables simultaneously. In the use of multivariate analysis, the number of samples required is at least ten times the number of variables analyzed (Sugiyono, 2020). The research sample consists of 50 respondents who have full responsibility for the implementation of the budget at the Regional Apparatus Organization (OPD) in Kediri City in 2024.

Data was collected through questionnaires and validity tests and reliability tests have been carried out. The pilot test was carried out on accounting students who had received public sector accounting courses and accounting information systems. The results of the questionnaire test were declared valid and reliable. Data were analyzed using multiple linear regression methods with the Moderated Regression Analysis (MRA) approach. Classical assumption tests (normality, multicollinearity, heteroscedasticity) are performed first to ensure the validity of the model. Data processing is carried out using SPSS software version 30.

RESULT AND DISCUSSION

This study aims to analyze the influence of participatory budgeting, clarity of budget targets, and internal control on managerial performance, with organizational commitment as a moderation variable, on Regional Apparatus Organizations (OPD) in Kediri City for the 2024 period. Data was obtained through the distribution of questionnaires to OPD employees who were research samples. Data analysis was carried out using SPSS version 30 software through the *Moderating Regression Analysis (MRA)* method.

Classic Assumption Test Normality Test

**Tabel 1 Uji One Sample Kolmogorov Smirnov Test
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		50
Normal Parameters ^{a,b}	Mean	.0000000
	Hours of deviation	2.15026880
Most Extreme Differences	Absolute	.088
	Positive	.088
	Negative	-.063
Test Statistic		.088
Asymp. Sig. (2-tailed) ^c		.200d

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Source: SPSS output version 30

Based on the output obtained from the SPSS, the results of the Kolmogorov-Smirnov test show that the significance value of Asymp. Sig. (2-tailed) is 0.200, which is greater than the significance level of 0.05. Therefore, in accordance with the basis of decision-making on the Kolmogorov-Smirnov test, it can be concluded that H_0 is accepted and H_a rejected. Thus, the data in this study is distributed normally.

Multicollinearity Test

**Table 2 Multicollinearity Test
Coefficients^a**

Model		Collinearity Statistics	
		Tolerance	BRIGHT
1	(Constant)		
	Participatory Budgeting	.779	1.283

Clarity of Budget Targets	.549	1.823
Internal Control	.623	1.605

a. Dependent Variable: Managerial Performance

Source: SPSS output version 30

Based on the results of the multicollinearity test, all independent variables in this study, namely participatory budgeting, clarity of budget targets, and internal control, showed a *tolerance* value greater than 0.10 and a *Variance Inflation Factor* (VIF) value of less than 10. The *tolerance* value of each variable is above the threshold of 0.10, while the VIF value is also well below the maximum tolerance limit of 10. This indicates that there are no symptoms of multicollinearity or strong linear relationships between independent variables in the regression model. Thus, it can be concluded that the regression model in this study has met the assumption that multicollinearity does not occur and is feasible to perform multiple linear regression analysis with the Moderating Regression Analysis (MRA) test.

Heteroscedasticity Test

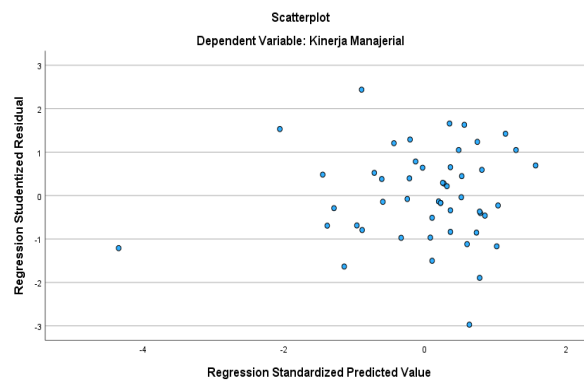


Figure 1 Heteroscedasticity Test Results

Source: SPSS output version 30

Based on these outputs, it can be seen that the dots are scattered randomly and scattered both above and below the zero on the Y axis.

Analysis and Interpretation of Multiple Linear Regression Tests

Table 3 Results of Analysis Regression Analysis (MRA)

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Itself.
	B	Std. Error	Beta		
1 (Constant)	-2.121	5.885		-.360	.720
Participatory Budgeting	-1.980	1.436	-1.901	-1.379	.175
Clarity of Budget Targets	11.860	4.205	5.455	2.820	.007
Internal Control	-7.721	3.368	-3.263	-2.293	.027

Participatory Budgeting*Organizational Commitment	.179	.105	3.020	1.697	.097
Clarity of Budget Targets*Organizational Commitment	-.796	.296	-9.174	-2.693	.010
Internal Controls*Organizational Commitment	.572	.240	6.263	2.387	.021

a. Dependent Variable: Managerial Performance

Source: SPSS output version 30

Persamaan Moderating Regression Analysis (MRA)

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 (X_1 \times Z) + \beta_5 (X_2 \times Z) + \beta_6 (X_3 \times Z) + e$$

$$Y = -2,121 - 1,980X_1 + 11,860X_2 - 7,721X_3 + 0,179(X_1 \times Z) - 0,796(X_2 \times Z) + 0,572(X_3 \times Z)$$

Based on the results of regression analysis using the Moderating Regression Analysis (MRA) method, it is known that a constant value of -2.121 indicates that if all independent variables and their interactions are zero, then Managerial Performance is estimated to be -2.121. The X_1 coefficient of -1.980 indicates that an increase in Participatory Budgeting decreases Managerial Performance, but this is influenced by the Organizational Commitment with a positive interaction of 0.179, which means that the higher the commitment, the negative influence will be weakened. The X_2 coefficient (Clarity of Budget Targets) has a positive effect of 11.860, but is moderated negatively by the Organizational Commitment with a coefficient of -0.796, which means that the positive influence will decrease if the commitment increases. The X_3 coefficient (Internal Control) had a negative influence of -7.721, but a positive interaction of 0.572 indicated that the higher the Organizational Commitment, the less the negative influence would be.

Determination Coefficient Analysis (R²)

Table 4 Determination Coefficient Test

Model	Model Summary ^b				
	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.732a	.536	.506	2.219	1.409

a. Predictors: (Constant), Internal Control, Participatory Budgeting, Clarity of Budget Targets

b. Dependent Variable: Managerial Performance

Source: SPSS output version 30

Based on the summary model table, the magnitude of the Adjusted R Square value is 0.506, this means that 50.6% of the variation in managerial performance can be explained by the variation of the four independent variables of participatory budgeting,

clarity of budget objectives, and internal control. While the remaining 49.4% is explained by other factors that were not studied in this study.

Uji Hypothesis

T test

Tabel 5 Coefficients

Model	Coefficients ^a		Standardized Coefficients	t	Itself.
	Unstandardized Coefficients	Std. Error			
	B		Beta		
1 (Constant)	-2.121	5.885		-.360	.720
Participatory Budgeting	-1.980	1.436	-1.901	-1.379	.175
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Internal Controls*Organizational Commitment	.572	.240	6.263	2.387	.021

a. Dependent Variable: Managerial Performance

Source: SPSS output version 30

Based on the table above, it can be interpreted as follows:

The significance value of the Participatory Budgeting variable was 0.175. With a value of $0.175 > 0.05$, it can be concluded that Participatory Budgeting does not have a significant effect on Managerial Performance.

The significance value of the Budget Target Clarity variable is 0.007. With a value of $0.007 < 0.05$, it can be concluded that the Clarity of Budget Targets has a significant effect on Managerial Performance.

The significance value of the Internal Control variable was 0.027. With a value of $0.027 < 0.05$, it can be concluded that Internal Control has a significant effect on Managerial Performance.

The significance value of the interaction between Participatory Budgeting × Organizational Commitment was 0.097. The value of $0.097 > 0.05$ can be concluded that Organizational Commitment does not significantly moderate the influence of Participatory Budgeting on Managerial Performance.

The significance value of the interaction between Clarity of Budget Objectives × Organizational Commitment was 0.010. With a value of $0.010 < 0.05$, it can be concluded that Organizational Commitment significantly moderates the influence of Budget Target Clarity on Managerial Performance.

The significance value of the interaction between Internal Control × Organizational Commitment was 0.021. With a value of $0.021 < 0.05$, it can be concluded that Organizational Commitment significantly moderates the influence of Internal Control on Managerial Performance.

Analysis/Discussion

The Effect of Participatory Budgeting on Managerial Performance

The first hypothesis in this study was rejected. Participatory budgeting has no significant effect on Managerial Performance stated that participatory budgeting does not have a significant effect on managerial performance in the Kediri City OPD. The value of the regression coefficient of -1.980 means that although the direction of the relationship shown is negative, the influence is not statistically strong enough to conclude that there is a real relationship in this study. These results show that the involvement of managers and staff in the budgeting process does not necessarily contribute directly to improving managerial performance. Although in theory, participatory budgeting is expected to increase a sense of responsibility, understanding of organizational goals, and work motivation, in practice, other factors may be more dominant in influencing managerial performance. Although managers and staff are given space to participate, if they are not accompanied by an adequate understanding of organizational goals, competence in budgeting, and a commitment to achieve the results that have been set, then such participation is not enough to drive performance improvement. The results of this study are in line with previous research which showed that participation in budgeting does not have a significant effect on managerial performance (Purnama & Asyik, 2020).

The Effect of Budget Target Clarity on Managerial Performance

The second hypothesis in this study is accepted. The clarity of budget targets has a significant effect on managerial performance in the Kediri City OPD. The value of the regression coefficient of 11.860 indicates that the direction of influence given is positive. This means that any improvement in the clarity of budget targets will be followed by an improvement in managerial performance. These results indicate that the clearer and more specific the budget goals set by the organization, the higher the level of managerial performance achieved. The clarity of budget targets provides a definite direction for employees in carrying out their duties and responsibilities, as well as a guideline for efficient decision-making and resource allocation. This will ultimately increase accountability, work efficiency, and encourage employees to make continuous performance improvements. The results of this study are in line with previous research which stated that the clarity of budget targets has a significant effect on managerial performance (Kusuma et al., 2021).

The Effect of Internal Control on Managerial Performance

The third hypothesis in this study is accepted. Internal control has a significant effect on managerial performance in the Kediri City OPD. The value of the regression coefficient of -7.721 indicates that the direction of the influence is negative. This means that every increase in the implementation of Internal Control is followed by a decrease in managerial performance. These results show that the stronger the internal control system implemented in an organization, the more likely it is to be followed by a decline in managerial performance. Internal control that is too strict or bureaucratic in nature can have unintended consequences in managerial implementation. A control system that is too dominating can limit employee movement, slow down the decision-making process, and increase the administrative burden. As a result, the manager's flexibility and creativity in carrying out his or her duties can be impaired, ultimately lowering the effectiveness of overall performance. While internal controls include important aspects such as a clear organizational structure, accurate reporting systems, and coordinated evaluation procedures, its implementation needs to be tailored to the needs of the organization so as not to become an additional burden that actually hinders the achievement of objectives. The results of this study are in line with previous research which stated that internal control has a significant effect on managerial performance (Cantika et al., 2021).

The Effect of Participatory Budgeting on Managerial Performance is Moderated by Organizational Commitment

The fourth hypothesis in this study was rejected. The organization's commitment does not significantly moderate the influence of participatory budgeting on managerial performance in the Kediri City OPD. The regression coefficient value of 0.179 indicates that the direction of the moderation relationship is positive, but the effect is not statistically strong enough to be considered significant in this study. This indicates that the level of organizational commitment possessed by individuals or groups in the organization does not directly weaken the influence of participatory budgeting on the achievement of managerial performance. Although theoretically organizational commitment is considered an important factor that can create alignment of goals, consistency in task execution, and collective motivation to achieve optimal results, in practice these roles do not always appear significantly in the context of participatory budgeting. This insignificance may be due to several factors, one of which is that participation in the budgeting process is more procedural than substantial, so it does not require a high level of organizational commitment to contribute to performance.

The Effect of Budget Target Clarity on Managerial Performance Moderated by Organizational Commitment

The fifth hypothesis in this study is accepted. The organization's commitment significantly moderates the influence of the clarity of budget targets on managerial performance in the Kediri City OPD. The value of the regression coefficient is -0.796 , indicating that the direction of moderation is negative. This means that when the level of organizational commitment increases, the influence of the clarity of budget targets on managerial performance actually decreases. High organizational commitment does not always strengthen the positive influence of the clarity of budget objectives on managerial performance. These results indicate that increasing organizational commitment can actually weaken the effectiveness of the clarity of budget targets in encouraging performance. Clarity of budget goals does provide direction and focus for managers, but when combined with a very high level of commitment, this condition can create excessive pressure for individuals in the organization to meet the budget targets that have been set. High commitment without flexibility in the interpretation and execution of budget goals can leave managers trapped in mere formal compliance, rather than in strategic understanding. Individuals who are deeply attached to the organization's mission and goals may feel compelled to meet targets regardless of their conditions, thus risking reduced decision-making effectiveness and managerial adaptability.

The Effect of Internal Control on Managerial Performance is Moderated by Organizational Commitment

The sixth hypothesis in this study is accepted. The organization's commitment significantly moderates the influence of internal control on managerial performance in the Kediri City OPD. The value of the regression coefficient of 0.572 indicates that the direction of moderation is positive. This means that the higher the Organizational Commitment, the stronger the influence of internal control on improving managerial performance. This indicates that the influence of internal control on managerial performance becomes stronger when individuals in the organization have a high level of commitment to the organization's goals and values. Organizational commitment reflects the extent to which employees are willing to direct their best efforts to achieve the organization's goals, as well as the extent to which they feel responsible for the success or failure of task execution. When this commitment is high, internal control is not only seen as a mere administrative procedure, but as a strategic instrument to achieve optimal performance.

CONCLUSION

The results showed that the clarity of budget goals and internal control partially affected managerial performance, while participatory budgeting did not have a partial effect on

managerial performance. Organizational commitment moderates the relationship between the clarity of budget goals and internal control over managerial performance, whereas organizational commitment does not moderate the relationship between participatory budgeting and managerial performance. This research was limited to data collection using questionnaires and was only carried out at Regional Apparatus Organizations (OPD) in Kediri City. Suggestions for the next researcher to add other variables that may affect managerial performance. In addition, the research can be extended to OPDs in other regions or provinces so that the results are more comprehensive and can be generalized more widely.

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