

Effect Of Budgeting Participation To Justice Organization, Organizational Commitment And Organizational Performance In Papua Hospital

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Abstract: *In the framework of the implementation of special autonomy for Papua Province, one factor that concerns many people is a matter of budgeting that is often lacking in accordance with the needs of each regency / municipality in the province of Papua. This happens due to the lack of participation of various parties associated with the preparation of the budget in the area when preparing the budget. Another factor that may be the cause is the reluctance of the executive budget to follow the budget that has been set by the finance department. Another possibility is that the budget has been set too difficult to implement due to the preparation of the budget target is too high or too small to reach the target*

.This study aimed to examine whether there is the influence of participatory budgeting on organizational justice, organizational commitment and performance. The research was conducted in the province of Papua by sampling nine District General Hospital. The method of analysis used was Partial Least Square (PLS). The results of the analysis show that: (1) there is the influence of participatory budgeting to organizational justice and organizational performance, the higher the participatory budgeting, it could lead to higher the fairness and performance of the organization, (2) there is the influence of organizational justice on organizational commitment and organizational performance, the high organizational justice it will result in the higher organizational commitment and organizational performance, and (3) there is the influence of the organization's commitment to organizational performance, the higher the organizational commitment will lead to the higher performance of the organization. Suggestions that can be presented in this study is that the government can do in terms of policy formulation budgeting involves employees at a lower level and the community so as to improve the performance of hospitals. In this research, budgeting participation affect perceptions of organizational justice, and the creation of organizational commitment, which directly or indirectly increase the performance of hospitals in the province of Papua.

Keywords: *Budgeting Participation, Justice, Commitment, Performance*

I. Background

In the framework of the implementation of special autonomy for Papua Province, one factor that concerns many people is a matter of budgeting that is often lacking in accordance with the needs of each regency / municipality in the province of Papua. This may have been due to the lack of participation of various parties associated with the preparation of the budget in the area when preparing the budget. Another factor that may be the cause is the reluctance of the executive budget to follow the budget that has been set by the finance department. Another possibility is that the budget has been set too difficult to implement due to the preparation of the budget target is too high or too small to reach the target.

Budgets in the public sector related to the process of determining the allocation of funds for each program and activity dala monetary units have the people who use the funds. This is the difference with sawsta sector budget because it relates to the allocation of funds from the public. In the public sector organizational funding comes from local taxes and charges, profit regional or state-owned enterprises, government borrowing and debt in the form of government bonds, as well as other funding sources are legitimate and not contrary to the laws and regulations that have been set.

Participation in budgeting is a process whereby an individual whose performance is evaluated and awarded based on the achievement of budget targets. That participation has become an integral part of quality of work, quality control, procurement employee option plan and design a new plant. The success of the program budget is primarily determined by the way of making the budget itself. Thus the human factor becomes an important part of budgeting. Man who set goals and objectives, it is also responsible for achieving the goals and targets set. Human behavior as individuals and groups to influence the preparation of the budget and the budget should be to influence the behavior of individuals and groups.

Along with the decentralized system of government which gives freedom to the regions to manage their own country, then the budgetary procedure starting from the bottom (bottom up). Budgeting procedure starts from the budget proposals made by the Task Force in the District / City based programs / activities that have been planned. The proposal was referred to the Budget Plan daerah Work Unit and addressed to the

Department of Local Government Finance. Furthermore, the Government established the Budget daerah who poured Plan Revenue and Expenditure (local budget) to be addressed by the Regional Representatives Council (parliament). When Parliament approved the then ask the Governor to pass it. Regional General Hospital (Hospital) as one SKPD in regencies / cities in Papua also have followed the procedure of preparing the budget.

This study aimed to examine (1) the influence of participatory budgeting to organizational justice and organizational performance, (2) the influence of organizational justice on organizational commitment and organizational performance, and (3) the influence of the organization's commitment to organizational performance.

II. Theoretical Review

The budget is a plan that the company systematically arranged in the form of numbers and expressed in monetary units covering all activities of the company for a certain period in the future (Christina, et.al, 2002.1). In the budget, the set of activities will be quantified in terms of money, so it can be measured by the achievement of the efficiency and effectiveness of the activities carried out. In more substantive, budgeting is a management official commitments relating to management's expectations about revenues, costs and various financial activities specified period in the future.

This research has been done and the results varied conclusions (Shields and Young: 1993). The study by Brownell and Micinnes (1982) stated that the budget does not affect participation motivation, but a positive effect on managerial performance. Research conducted by Clinton (1999) shows the relationship between participatory budgeting to organizational performance. Further research conducted by Kristin Wentzel (2002) indicate that the increased participation in the budgeting process related to the perception of fairness and increased commitment in budgeting managers can improve organizational performance. But when commitments are not taken into account the objective perception of fairness does not affect the performance significantly.

Libby T (1999) found it to be a little different that the target budget estimated fair, reasonable budget process has no impact on performance, not the performance of different signifikan reasonable budget process. On the other hand Yenti (2003) obtained results do not support a relationship between budgetary participation and managerial performance through distributive justice, procedural keadilan, commitment, and motivation because the relationship was not directly mediate between participation and managerial performance.

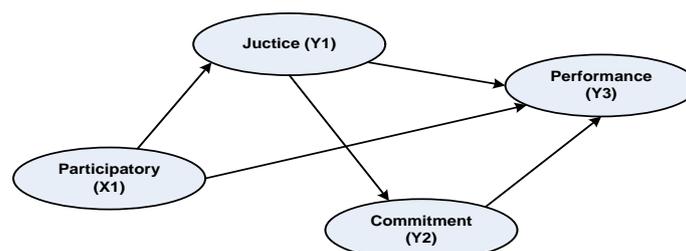
Lindquist (1995) research results indicate the high process control is only effective if there is justice in the preparation of the budget. When there is injustice budgetary control organizations with high employee feel less satisfied with the budgeting and duties. While the organization does not occur with low control on the job dissatisfaction and contentment. Subagyo (2004) found that the positive effect of participation budgetary performance and goal commitment mediate the effect of budgetary participation on managerial performance.

Vroom and Jago (1988) found that the effectiveness of an organization depends on the understanding of the situation and the need for the recognition of how important participation to succeed. The consequences of the lack of participation include the decline in the quality of decision-making at all levels of the organization which in turn can affect the performance of the organization.

III. Materials And Methods

The research was conducted in the province of Papua as a whole currently has 29 districts / cities consisting of 28 districts and 1 city .. Of these, in fact not all districts / cities have a District General Hospital (Hospital), especially the expansion of the district. Currently, Papua has 19 hospitals, including the Provincial Hospital and the Mental Hospital. While the study area were taken from nine hospitals. The reason for the selection of research areas such as Papua province has a vast territory with varying geographic conditions where most of the mountains.

Techniques of analysis in this research is to use Partial Least Square (PLS). PLS is an analytical technique used to test the hypothesized relationships among variables. It can be used to confirm the theory, PLS can also be used to explain the relationship between variables.



Picture 1: Conceptual Framework

Image development path diagram in this research model based on the results of the PLS method, can be seen in Picture 1 that will diPicturekan in the following section :

IV. Results

4.1. Testing Instrument

The following tables are presented testing the validity and reliability of the research instrument for each variable. Table 1 shows that all correlation values of each indicator and the items were above 0.3. Thus, the overall indicators and items have valid questions. While the Cronbach alpha values obtained from the above 0.6 for the whole variables so it can be concluded that the instrument was valid research data.

4.2. Testing Assumptions in PLS

Testing the assumption of linearity was conducted by Curve Fit. The test results showed linearity All significant linear model for the Sig <0.05 thus concluded that the assumption of linearity was met.

Table 1. Test Validity and Reliability

Validity	X1		Y1		Y2		Y3	
1	X1.1	0.846	Y1.1	0.733	Y2.1	0.699	Y3.1	0.819
2	X1.2	0.867	Y1.2	0.552	Y2.2	0.685	Y3.2	0.727
3	X1.3	0.817			Y2.3	0.593	Y3.3	0.828
4	X1.4	0.741			Y2.4	0.591	Y3.4	0.869
5	X1.5	0.678			Y2.5	0.725	Y3.5	0.860
6	X1.6	0.679			Y2.6	0.580	Y3.6	0.778
7	X1.7	0.758			Y2.7	0.463	Y3.7	0.736
8					Y2.8	0.643		
9					Y2.9	0.645		
Reliability	0.884		0.802		0.791		0.903	

Table 2. Outer Loading Value of Each Variables

Indicator	X1		Y1		Y2		Y3	
1	X1.1	0.652	Y1.1	0.952	Y2.1	0.817	Y3.1	0.639
2	X1.2	0.306	Y1.2	0.871	Y2.2	0.526	Y3.2	0.469
3	X1.3	0.694			Y2.3	0.374	Y3.3	0.912
4	X1.4	0.884			Y2.4	0.737	Y3.4	0.870
5	X1.5	0.831			Y2.5	0.629	Y3.5	0.567
6	X1.6	0.516			Y2.6	0.613	Y3.6	0.540
7	X1.7	0.749			Y2.7	0.822	Y3.7	0.741
8					Y2.8	0.736		
9					Y2.9	0.626		

4.3. PLS Analysis Results

4.3.1. Goodness of Fit Model

Examination of the goodness of fit model in PLS can be seen from the predictive value-relevance (Q2). Q2 value is calculated based on the value of R2 of each endogenous variable as follows :

1. Measurement of Organizational Justice endogenous variables, obtained R² for 0.564 or 56.4%. This was indicated by 56.4% influenced by Justice Organization Participation Budgeting.
2. Measurement of Organizational Commitment endogenous variables, obtained R² for 0.463 or 46.3%. This was indicated by 46.3% influenced by the Organizational Commitment Organizational Justice.
3. Hospital Performance Measurement of endogenous variables, obtained R² for 0.974 or 97.4%. This indicates that 97.4% of hospital performance is influenced by Panganggaran Participation, Organizational Justice, and Organizational Commitment.

Thus the predictive value relevance (Q2) is obtained as follows :

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)(1 - R_3^2)$$

$$Q^2 = 1 - (1 - 0.564)(1 - 0.463)(1 - 0.974)$$

$$Q^2 = 0.9999$$

Calculation results showed predictive value-relevance of 0.9999 or 9.99% high value, so that the model has predictive value worth saying is relevant. Relevance predictive value of 99.99% indicates that the diversity of data that can be explained by the PLS models built is 99.99% or in other words, the information contained in the data 99.99% can be explained by the model. While the remaining 0.01% is explained by other variables (which is not contained in the model) and error.

4.3.2. Outer PLS Model Results

Outer variable measurement model is based on the indicators. Outer loading value indicates the weight of each indicator as a measure of each latent variable. Indicators of the outer loading or outer biggest weight shows that the indicators as a measure of the strongest variables (dominant).

Based on Table 2 it can be seen that the seven significant indicators as a measure of Participatory Budgeting variable (X1), and the highest loading values obtained from the indicator setting a budget plan (X1.3) as the strongest indicator measuring Participatory Budgeting (X1)

Furthermore, both significant indicators as a measure of organizational justice (Y1), where indicators of distributive justice (Y1.1) is the strongest indicator as a measure of organizational justice (Y1).

At the organizational commitment variable (Y2), ninth significant indicator as a measure of these variables and indicators to choose the right SKPD (Y2.7) as the strongest measure of organizational commitment (Y2). Meanwhile, the seven significant indicators as a measure of organizational performance (Y3), and the revised budget target indicator (Y3.3) as the strongest measuring organizational performance (Y3).

4.5. Hypothesis Testing

Here are presented the results of hypothesis testing between variables are presented in Table 3.

Table 3: hypothesis testing

Relation	Coffecient	Pvalue
Participatory → Justice	0.751	0.000
Justice → Commitment	0.681	0.000
Partisipasif → Performance	0.388	0.000
Justice → Performance	0.113	0.067
Commitment → Performance	0.719	0.000

Based on Table 3, the results obtained by testing the following :

1. Testing the influence of the Participatory Budgeting (X1) to Justice Organization (Y1) PLS coefficient values obtained for 0.751 with a p-value of 0.000. Because p-value <5%, then there is sufficient evidence to accept the hypothesis that the Participatory Budgeting (X1) affect the Justice Organisation (Y1) ". Since the coefficient is positive indicating that the higher value of Participatory Budgeting (X1), will lead to the higher value of Justice Organisation (Y1).
2. Testing the effect of Justice Organisation (Y1) of the Organizational Commitment (Y2) PLS coefficient values obtained for 0.681 with a p-value of 0.000. Because p-value <5%, then there is sufficient evidence to accept the hypothesis that the Justice Organisation (Y1) influence on Organizational Commitment (Y2) ". Since the coefficient is positive indicating that the higher value of Justice Organisation (Y1), will lead to the higher value of Organizational Commitment (Y2).
3. Testing the influence of the Participatory Budgeting (X1) on Organizational Performance (Y3) PLS coefficient values obtained for 0.388 with a p-value of 0.000. Because p-value <5%, then there is sufficient evidence to accept the hypothesis that the Participatory Budgeting (X1) influence on Organizational Performance (Y3) ". Since the coefficient is positive indicating that the higher value of Participatory Budgeting (X1), will lead to the higher value of Organizational Performance (Y3).
4. Testing the effect of Justice Organisation (Y1) on Organizational Performance (Y3) PLS coefficient values obtained for 0.113 with a p-value of 0.067. Because p-value <10% (using a 10% error rate), then there is sufficient evidence to accept the hypothesis that the Justice Organisation (Y1) influence on Organizational Performance (Y3) ". Since the coefficient is positive indicating that the higher value of Justice Organisation (Y1), will lead to the higher value of Organizational Performance (Y3).
5. Testing the effect of Organizational Commitment (Y2) on Organizational Performance (Y3) PLS coefficient values obtained for 0.719 with a p-value of 0.000. Because p-value <5%, then there is sufficient evidence to accept the hypothesis that the Organizational Commitment (Y2) influence on Organizational Performance (Y3) ". Since the coefficient is positive indicating that the higher value of Organizational Commitment (Y2), will lead to the higher value of Organizational Performance (Y3).

Participation in the budgeting process by Brownel (1981) states that participation is to involve individuals in the organization's decision-making process organization. Participation process provides an

opportunity for subordinates to ask questions or ask for clarification, so that subordinates can gain a better understanding of the task and its completion strategy. The existence of significant influence between participation and justice organization, according to the model of self-interest and group value models (Tyler 1989; Lind and Tyler 1988). The perception of fairness is enhanced when individuals are given the opportunity to participate as individuals believe that their input is instrumental to achieve the desired results

The study is in line with several studies Tyler 1989; Lind and Tyler 1988, the relationship between participation and justice organization, described by a model of self-interest and group value models. The perception of fairness is enhanced when individuals are given the opportunity to participate as individuals believe that their input is instrumental to achieve the desired results.

Theoretically, Goal setting theory explains participation in budgeting can lead to the commitment of managers to implement and achieve its budget objectives. Because by being involved in the preparation of the budget negotiation process occurs between the managers to achieve organizational goals. Participation process encourages managers involved to take responsibility and commit to implement the budget that has been prepared together. This provides evidence for a motivational role of budget participation. Participation in the budgeting process becomes a motivational function by encouraging subordinates to accept and commit to the goal of the company's budget (Kenis, 1979). The direct involvement of employees in the budget-making process encourages employees to try to achieve budget goals he had set himself, in addition to participation in the budget involves emotion and appreciation for its association with organizational goals. Justice is justice organizations from actual results received by the employee. The perception of fairness is enhanced when individuals are given the opportunity to participate as individuals believe that their input is instrumental to achieve the desired results

The results are consistent with studies by Brownell, 1981; Brownell and McInnes, 1986; Chenhall and Brownell, 1988; Mia, 1988; Kren, 1992; Magner et al, 1996; Nouri and Parker, 1998 provide empirical evidence on the positive influence budgetary participation on managerial performance. It is based on the premise that when the goals or standards designed participation is approved, the employee will internalize the goals or standards have been established, as well as bringing them to have a sense of personal responsibility to achieve it for participation in the formulation. Internalization of organizational goals by managers will increase efektifitas organization, because of potential conflict between individual goals with organizational goals can be reduced and even eliminated (Candra in Swenny and Rachlin, 1992.291).

Garrison and Noreen (2000, 143) argues that: (1) any person at all levels of an organization recognized as a member of the assessment team that the views and appreciated by top management, which means that regardless of the position and level of the organization any individual given the same opportunity to argue for ideas and ideas in achieving the organizational goals. While Abubakar Suliman and Lies, P (2000) conducted a study to examine the relationship between organizational commitment to the performance of the work of three industrial companies. The results showed a correlation between the variables of organizational commitment with job performance. Yousef (2000) found that there is a correlation between organizational commitment with job satisfaction and performance. This means that the appearance of an individual's commitment to improve organizational performance

V. Conclusions And Recommendations

Several conclusions can be obtained as follows: (1) there is the influence of participatory budgeting to organizational justice and organizational performance, the higher the participatory budgeting, it could lead to higher the fairness and performance of the organization, (2) there is the influence of organizational justice on organizational commitment and performance organization, the higher the organizational justice will lead the higher the organizational commitment and organizational performance, and (3) there is the influence of the organization's commitment to organizational performance, the higher the organizational commitment will lead to the higher performance of the organization.

Suggestions that can be presented in this study is that the government can do in terms of policy formulation budgeting involves employees at a lower level and the community so as to improve the performance of hospitals. In this research, budgeting participation affect perceptions of organizational justice, and the creation of organizational commitment, which directly or indirectly increase the performance of hospitals in the province of Papua.

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