Budgetary Participation and Village Development Performance  
(Study at Jayapura City)  

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Abstract  
This study aims to identify and explain the effect of budgetary participation on the performance of village development. This research also examines the procedural justice and organizational commitment as the mediation variables on the relationship between budgetary participation and village development performance. The results of this study are expected to provide recommendations to the local government about the appropriate budgetary participation strategy for refining and improving village development performance. This research is an explanatory research. The data was collected by survey method. This study was conducted in 14 villages in Jayapura Papua province. The respondents are representing each village which consists of cultural leaders, religious leaders, youth leaders, and female leaders, village-heads and secretaries, and also the a companion program PNPM-Respek. The reliable data processed in this study consist of 97 respondents. Analytical methods to test the hypothesis used Generalized Structured Component Analysis. The results show that budgetary participation does not significantly influence the village development performance; yet, procedural justice and organizational commitment are perfect mediations for the relationship between budgetary participation and village development performance. Organizational commitment is also a perfect mediation for the relationship between procedural justice and village development performance. Procedural justice has a greater role than organizational commitment in mediating the relationship between budgetary participation and village development performance. Budgeting procedures when applied consistently in the budgeting process can enhance organizational commitment and further will improve village development performance.  

1. BACKGROUND  
The concept of society participation as formulated in the Undang-Undang (Law) Act No. 32 of 2004, UU No. 21 of 2001 and Peraturan Pemerintah (Government Regulation) No. 72 of 2005 in several literature are divided into two: participatory planning and budgetary planning. However, in practice, the planning stage is bonded to budgeting stage so that it generates annual budget which is mutually agreed. If this concept is consistently and systematically implemented based on the process, governmental hierarchy, and structural level, it will ensure that the public welfare as the aim of local development both for city and village (kampung/desa) can be achieved.  

The planning process based on the Act No. 25 of 2004 about National Development Planning System Laws is known as the process of public involvement which is called as musyawarah perencanaan pembangunan (musrenbang) (Multi Stakeholders Consultation Forum for Development Planning). Musrenbang should be integrated to Rencana Kerja Pemerintah Daerah (RKPD/ Annual Work Development Plan). The planning mechanism which is called as bottom-up system conceptually starts from: a) exploring ideas among the village level to be proposed to musrenbangdes (Multi Shareholder Consultation for Development Planning at Village Level), b) the result of musrenbangdes is proposed to musrenbang distrik (district level), c) the result of musrenbang distrik is proposed to the forum of Local Government Task Force (SKPD/ Satuan Kerja Perangkat Daerah), d) the result of SKP forum is presented as the result of musrenbang daerah (local government level) in the form of RPKD (Rencana Kerja Pemerintah Daerah/ Annual Work Development Plan).  

The result of planning on this stage is programs and activities on each SKPD that is discussed in budgeting stage by defining the priority and plafond of provisional budget (PPAS/ prioritas dan plafon anggaran sementara). Next, it is discussed by Tim Anggaran Pemerintah Daerah (TAPD/ Local Government Budget Team) and Dewan Perwakilan Rakyat Daerah (DPRD/ Local House of Representatives). Those parties stipulate memorandum of agreement about general budget policy (KUA/ kebijakan umum anggaran) and PPAS which become PPA (prioritas dan plafon anggaran/ Priority and Plafond of Budget). Based on the determined PPA, each of the SKPD arranges work and budget plan (RKA/ Rencana Kerja dan Anggaran) which then is consolidated in Mayor’s Regulation Plan about Local Budget Description (Penjabaran Anggaran Pendapatan dan Belanja Daerah/APBD) and Local Government Regulation Draft about Local Budget (Rancangan Peraturan Daerah tentang APBD). This draft is then delivered to Local Representatives (Dewan Perwakilan Rakyat Daerah) for approval during Local Budget Session. Next, the draft is approved based on the Local Government Policy about Local Budget and Mayor’s Regulation about Local Budget Description.  

If the mechanism is consistently implemented, the allocation of budget can be fairly conducted and
supportive to public wealth. Public will be able to meet their needs and there is no discrimination on the public service distribution so that the objective of society empowerment program will be achievable. Indeed there are some empowerment programs which focus on village empowerment such as Program Nasional Pemberdayaan Masyarakat Mandiri (PNPM-Mandiri/ National Society-Reliance Empowerment Program) and PNPM Mandiri Rencana dan Strategis Pembangunan Kampung (National Society-Reliance Empowerment Program and Village Development Strategic Plan) for Papua people; however, those village development programs are not yet able to improve society empowerment and reliance. Instead of the programs for society empowerment, there are also a poverty eradication programs for the society such as Program Penanggulangan Kemiskinan Perkotaan/Pedesaan (P2KP/ Poverty Eradication in Urban/Rural Area) and other programs which provides individuals (family) aids such as RASKIN (beras untuk keluarga miskin/ rice for poor family) distribution, Jamkesmas (Jaminan Kesehatan Masyarakat/ Public Health Insurance), Jampersal (Jaminan persalinan/ Giving Birth insurance), Jamkesda (Jaminan Kesehatan Daerah/ Local Public Insurance), and BOS (bantuan operasional sekolah/ School Operational Assistance) to support nine-years compulsory education and etc. Those kinds of poverty eradication programs essentially do not create self-reliance culture among the society members in long term; moreover, it creates dependency of the society on those aids to fulfill their short term needs. On the other side, local government policy focuses more on physical development which obviously demonstrates short term achievements but not yet really encourage local region empowerment and reliance in long term.

From the observation result during preliminary survey on the village development progress is found that in education and health services, it demonstrates that those services run and show improvement; however, does the improvement on the education and health services also cause improvement on public economics empowerment? This is not clear yet since there is no research which focuses on the role of public economics empowerment toward village society income improvement in Jayapura City and Papua Province since the Special Autonomy is applicable in Papua Province. Furthermore, the culture of village society is more oriented to short term objectives which then emerges a doubt on the successfulness of the public economics development. It is due to the fact that when the kampung society sells their tanah ulayat (indigenous land) in hundreds million and even billion rupiah, it does not always bring result in significant change on their economic condition. Public economics empowerment programs or activities which are funded using a huge amount of special autonomy fund and special allocation fund are not yet able to encourage better income level significantly.

This phenomenon occurs due to the bottom-up mechanism of development plan which starts from musrenbang kampung to musrenbang distrik and then to SKPD forum is not effectively involved the society yet to decide the priority of the programs/activities. It can be observed as the society involved in one stage to another stage is different. Another problem also occurs on the proposed programs/ activities; those programs or activities are not always included in the final budget due to priority scale adjustment. Yet, the priority adjustment is not always derived from local development strategic analysis result.

Based on the existing phenomena related to the development planning process in Jayapura City, the author conducts a research on the Budgetary Participation and Village Development Performance in Jayapura City.

2. REVIEW OF LITERATURE

2.1. The Relationship between Budgetary Participation and Village Development Performance

Budgetary participation and performance evaluation are important tools for employees/officers since those are related to compensation and reward. Yahya et.al. (2008) empirically proves that budgetary participation has positive relationship with managerial performance. Further, Haryanti and Othman (2012) find that the process of budgetary participation which his implemented by Malaysia’s Ministry of Home Affairs (MOHA) has positive and significant effect on managerial performance. Referring to previous research, it come the following formulation of $H_1$.

$H_1$: Budgetary participation (PA) positively and significantly influences village development performance (KPK).

2.2. The Relationship between Budget Participation, Procedural Fairness, and Performance

Budget is usually used by managers to measure his subordinate’s performance. Employees who participate in budget arrangement do not only care about budget target appropriateness but also about the predefined end result to measure their performance. Zainuddin and Isa (2011) find that budget participation positively influences distributive justice and procedural fairness. Maiga and Jacob (2007) conclude that there is positive and significant relationship between budget participation and procedural fairness. Lau and Tan (2012) find that budget participation is related to procedural fairness of the standard implementation and compensation and reward criteria that are received based on the performance evaluation result. Lau and Tan (2012) prove that there is positive and significant relationship between budget participation and procedural fairness as well as between procedural fairness and task performance.

Lau and Anthony (2008) find both direct and indirect relationships between manager’s performance...
and procedural fairness with organizational commitment as the mediation variable. Wentzel (2002) proposes model examination which mediates the effect of perceived procedural fairness and objective commitment in the relationship between budgetary participation and performance. Wentzel (2002) finds that budgetary participation improvement causes perceived fairness and improves manager’s commitment on budget objectives and improves performance. Ayers (2010) says that, based on social exchange theory, interest exchange between person and organization (internal condition of an organization) becomes the main trigger and mediation variables which influences involvement (participation), procedural fairness, organizational commitment and performance in the organization.

Lau and Lim (2002) mention that procedural fairness is a crucial part in the management accounting research since procedural fairness influences the attitude of organization members and performance. Lindahman and Thurmaier (2002) say that budget decentralization positively affects basic needs fulfillment of the society which is represented in the Human Development Index (HDI) improvement. Khusaini (2005) finds that budget decentralization positively and significantly influences public welfare. Libby (1999) examines the relationship between budget process fairness and subordinate’s performance; Libby (1999) finds that participation combination and procedural fairness tend to improve performance. Lau and Tan (2012) state that budget participation has positive and significant relationship with performance as mediated by procedural fairness.

Based on the description of the prior research above, it leads to Hypotheses 2a, 2b and 2c:

- H2a: Budget participation (PA) positively and significantly influences procedural fairness (KP).
- H2b: Procedural fairness (KP) positively and significantly influences village development performance (KPK).
- H2c: Budget participation (PA) positively and significantly influences village development performance (KPK) through procedural fairness (KP).

2.3. The Relationship between Budget Participation, Organizational Commitment, and Performance

Participation during budget arrangement process triggers commitment to achieve budget targets which have been mutually defined. Nouri and Parker (1998) conclude that there is a positive relationship between budget participation and organizational commitment. Haryanti and Othman (2012) say that budget participation and organizational commitment provide significant effect on managerial performance. Eker (2008) finds that budget participation and organizational commitment significantly affect managerial performance. Sugiko (2010) empirically proves based on path analysis that budget participation has positive and significant effect on organizational commitment. Sholihin et.al. (2011) examine the role of participation during goal setting process related to the performance evaluation and measurement; they find that participation during goal setting process which is related to the performance evaluation and measurement toward goal commitment find that participation during goal setting process has positive and significant effect on goal commitment.


Haryanti and Othman (2012) mention that budgetary participation causes significant effect on managerial performance through organizational commitment. Budgetary participation is able to both directly and indirectly improve performance. It is based on what Yahya et.al. (2008), Haryanti and Othman (2012) say that budgetary participation can generate performance as mediated by organizational commitment.

Based on the statement of Nouri & Parker (1998), Eker (2008) Yahya et al. (2008), Sugiko (2010), Sholihin et al., and Haryanti & Othman (2012), we come to the Hypothesis 3a, 3b, and 3c of this research:

- H3a: Budgetary Participation (PA) positively and significantly influences organizational commitment (KO).
- H3b: organizational commitment (KO) positively and significantly influences village development performance (KPK)
- H3c: Budgetary participation (PA) positively and significantly influences village development performance (KPK) through organizational commitment.

2.4. The Relationship between Procedural Fairness and Organizational Commitment

Hassan (2002) in his research examines perceived justice and fairness that are related to organizational commitment. He finds that distributive justice and procedural fairness has significant contribution on organizational commitment. Lau and Lim (2002) confirm that procedural fairness is an important matter in management accounting research since procedural fairness influences the attitude and performance of the organization members. Lau and Anthony (2008) mention that there are both direct and indirect relationships between procedural fairness and managerial performance through organizational commitment. Nasurdin and
Ahmad (2001) state that procedural fairness has significant effect on organizational commitment. They also explain that procedural fairness is an important determinant of the employee’s commitment to organization. Sholihin et al. (2011) find that the relationship between procedural fairness and goal commitment is positive and significant. Miaga and Jacobs (2007) prove that procedural fairness in budgeting contexts has positive relationship with goal commitment. Lau and Tan (2005) find positive and significant relationship between procedural fairness and organizational commitment.

Based on the description of the former research above, it leads to the Hypothesis 4:

\[ H_4: \text{Procedural fairness (KP) positively and significantly influences organizational commitment (KO).} \]

### 2.5. The relationship between procedural fairness and village development performance through organizational commitment

The existing gap of the research results on the relationship between budget participation and performance makes researchers utilize procedural fairness and organizational commitment the mediation variables. Lau and Anthony (2008) demonstrate that there are both direct and indirect relationships between procedural fairness and managerial performance through organizational commitment. Nasurdin and Ahmad (2001) conclude that procedural fairness significantly influences organizational commitment. Miaga and Jacobs (2007) confirm that procedural fairness in the budgeting context positively correlates to goal commitment. Lau and Tan (2005) find a positive and significant relationship between procedural fairness and organizational commitment.

Yusfaningrum & Ghozali (2005) and Supriyono (2006) find positive and significant relationship between organizational commitment and managerial performance. Khan et al. (2010) confirm that employee’s commitment can be an important instrument to improve performance. Referring to that prior research, it leads to the following Hypothesis 5:

\[ H_5: \text{Procedural fairness positively and significantly influences village development performance through organizational commitment.} \]

### 3. METHOD

#### 3.1. Research Design

This is a field research which uses survey method through questionnaire distribution. The research approach is explanatory research; the data collection is conducted in one stage (one short study) or cross section.

#### 3.2. Population and Sample

The population of this research is 14 villages (kampung) located in autonomous region of Jayapura City. Jayapura City has 5 districts (kecamatan) which each of the district has 25 kelurahan and 14 kampung. The villages (kampung) taken as the sample of this research are: (a) Kampung Kayu Batu, (b) Kampung Kayu Pulo, (c) Kampung Tobati, (d) Kampung Enggros, (e) Kampung Koya Koso, (f) Kampung Nafri, (g) Kampung Yoka, (h) Kampung Waena, (i) Kampung Koya Tengah, (j) Kampung Skou Mabo, (k) Kampung Skou Sae, (l) Kampung Skou Yambe, (m) Kampung Holtekamp, and (n) Kampung Mosso.

This research uses saturated sampling technique since all of the kampung (14 kampung) are taken as the sample. The respondents of this research consist of the society figures (cultural figure, religious figure, youth figure, and female figure) that are involved in budgeting process, the village head (kepala kampung) and village secretary (sekretaris kampung) as well as the supervisor of Program Nasional Pemberdayaan Masyarakat (PNPM/) Mandiri-Respek.Thus, the number of the respondents for each kampung are 7 respondents consisting of the following: (a) society figure is chosen 1 person for each element they represent, including cultural figure, religious figure, youth figure, and woman figure, (b) kampung or village government party is represented by two people, and (c) the supervisor of PNPM Mandiri-Respek program is chosen 1 person. Based on those criteria, the total respondents of this research are 98 people.

### 3.3. Measurement Scale

This research will explain phenomena in the form of inter-variables relationship. Each of the respondents’ answer is categorized based on Likert scale as the answer ranges from very negative (strongly disagree) to very positive (strongly agree) states. The answer is expressed in the answer choices of the questionnaire starting from STS= strongly disagree (1), TS = disagree (2), KS = neutral (3), S= Agree (4), and SS = Strongly Agree (5).

### 3.4. Analysis Instrument

The analysis technique utilized in this research is GSCA (Generalized Structured Component Analysis). The logic of GSCA use in this research is due to GSCA is able to solve a weakness on covariance-based SEM (Structural Equation Model) which assumes that it needs enormous sample, the multivariate data must have normal distribution, the indicator must be reflective, the model should be based on the theory, and there must be an indeterminacy.
4. RESULT
The research sample is 14 kampung; thus, the number of the respondents who participate in this research are 98 people. Among 98 respondents, only 97 respondents who return completed questionnaires so that the processed questionnaires are 97 questionnaires.

To achieve clear description of the research respondents, we present information related to the age, education level, and work tenure of the respondents as described in the Table 1.

![Table 1 Respondents Characteristic](image)

<table>
<thead>
<tr>
<th>Num</th>
<th>Description</th>
<th>Total</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>20 – 30 years old</td>
<td>11</td>
<td>11.34%</td>
</tr>
<tr>
<td>2.</td>
<td>31 – 40 years old</td>
<td>29</td>
<td>29.90%</td>
</tr>
<tr>
<td>3.</td>
<td>41 – 50 years old</td>
<td>28</td>
<td>28.87%</td>
</tr>
<tr>
<td>4.</td>
<td>&gt; 50 years old</td>
<td>29</td>
<td>29.90%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>97</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education Background</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bachelor</td>
<td>33</td>
<td>34.02%</td>
</tr>
<tr>
<td>2. Senior high school</td>
<td>34</td>
<td>35.05%</td>
</tr>
<tr>
<td>3. Junior high school</td>
<td>21</td>
<td>21.65%</td>
</tr>
<tr>
<td>4. Elementary school</td>
<td>9</td>
<td>9.28%</td>
</tr>
<tr>
<td>Total</td>
<td>97</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work Experience</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1 – 5 years</td>
<td>61</td>
<td>62.89%</td>
</tr>
<tr>
<td>2. 6 – 10 years</td>
<td>23</td>
<td>23.71%</td>
</tr>
<tr>
<td>3. 11 – 15 years</td>
<td>7</td>
<td>7.22%</td>
</tr>
<tr>
<td>4. &gt; 15 years</td>
<td>6</td>
<td>6.19%</td>
</tr>
<tr>
<td>Total</td>
<td>97</td>
<td>100%</td>
</tr>
</tbody>
</table>

The respondents’ characteristics based on the age are dominated by above 50 years old respondents which scores 29.90 % and 41 – 50 years old respondents which scores 28.57%. It indicates that the society who participates in the local government budgeting process that is observed is mature and has good logical thought as well as serious in the decision making process. The education level mostly is Senior High School graduate (35.05%) and bachelor graduate (34.02%). The education level of the observed society who participates in local budgeting process mostly is in Junior High School and Bachelor level which indicates that they are able to think critically during decision making process.

The work experience in the position they hold mostly under 5 years (62.89%). This condition describes that the work experience in the position they hold in kampung is very low due to the regulation that limits the tenure of the position. (term of office). Eventhough the work experience in particular position is relatively low, the respondents are the members of kampung society who always pay attention to the development progress in their kampung so that they are able to provide objective assessment on the budgeting mechanism and village development performance as the variables of this research.

The research model test conducted to see the model fit and structural model uses GSCA; this tool provides goodness-of-fit value which consists of structural model fit and overall model as seen from FIT, AFIT GFI (Unweighted least-squares) and SRMR (Standardized Root Mean Square Residual) scores. The scores are presented in Table 2.
Table 2
Model Fit of the Generalized Structured Component Analysis (GSCA)

<table>
<thead>
<tr>
<th>Test</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIT</td>
<td>0.652</td>
</tr>
<tr>
<td>AFIT</td>
<td>0.644</td>
</tr>
<tr>
<td>GFI</td>
<td>0.993</td>
</tr>
<tr>
<td>SRMR</td>
<td>0.074</td>
</tr>
<tr>
<td>NPAR</td>
<td>38</td>
</tr>
</tbody>
</table>

FIT is the total variance of the overall variables which are analyzed that can explained by the research model. The FIT score which reaches 0.652 implies that the model formulated in this research can be explained by budget participation (PA), procedural fairness (KP), organizational commitment (KO), and village development performance (KPK) variables as many as 65.2%; whereas, the rest 34.8% is explained by other variables which are not included in this research model. Therefore, it concludes that the developed research model in this study has good accuracy since the FIT score is greater than 60%.

Adjusted FIT (AFIT) indicates the role of variables in arranging research model. Adjusted FIT scores 0.644 which means that the role of budget participation (PA), procedural fairness (KP), organizational commitment (KO) and village development performance (KPK) variables to explain the research model is enhanced from 65.2% to 64.4%. Thus, it concludes that the variables involved in the research model has a good model fit since it is greater than 60%.

GFI indicates the sample covariance difference. The GFI score ranges between 0 – 1 and it is recommended that the score must be greater than 0.90 to prove that the model is fit or to demonstrate that it is a good model. The GSCA analysis shows that the GFI score is 0.993 which implies that the research model is good since the GFI score is almost 1 and greater than 0.90.

The SRMR score is 0.074. This score is near zero which is lower than the required score (≤0.08); thus, it indicates that the research model is fit or quite good. To conclude, the overall research model is fit based on the GFI score which is almost 1 and the SRMR score which is almost zero.

The structured model analysis of the research result can be found in the path coefficient score which indicates the direct effect of budget participation (PA), procedural fairness (KP), organizational commitment, and village development performance (KPK) variables. The direct effect of the research variables is presented in the Table 3.

Table 3
Hypotheses Testing and Path Coefficient of the Direct Effect

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Path Coefficient</th>
<th>CR (t-statistic)</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Budget participation</td>
<td>Village development performance</td>
<td>0.086</td>
<td>0.81</td>
<td>Positive but not significant</td>
</tr>
<tr>
<td>H2a</td>
<td>Budget participation</td>
<td>Procedural fairness</td>
<td>0.657</td>
<td>7.63*</td>
<td>Positive significant</td>
</tr>
<tr>
<td>H2b</td>
<td>Procedural fairness</td>
<td>Village development performance</td>
<td>0.311</td>
<td>2.12*</td>
<td>Positive significant</td>
</tr>
<tr>
<td>H3a</td>
<td>Budget participation</td>
<td>Organizational Commitment</td>
<td>0.346</td>
<td>2.94*</td>
<td>Positive significant</td>
</tr>
<tr>
<td>H3b</td>
<td>Organizational Commitment</td>
<td>Village development performance</td>
<td>0.451</td>
<td>4.17*</td>
<td>Positive significant</td>
</tr>
<tr>
<td>H4</td>
<td>Procedural fairness</td>
<td>Organizational Commitment</td>
<td>0.458</td>
<td>4.19*</td>
<td>Positive significant</td>
</tr>
</tbody>
</table>

The test result on the role of budget participation toward village development performance attains path coefficient estimation value of 0.086 with 0.81 critical ratio (CR) which is not significant when the α ≤ 0.05. The path coefficient estimation and CR values indicate that budget participation (PA) has positive but not significant effect on village development performance (KPK) since the critical ratio is less than 1.96 (t-statistic) in the probability level of (p) ≥ 0.05. Meanwhile, the relationship of the other variables demonstrates positive and significant relationship.

In this research model, there are three indirect effect paths such as: (a) the effect of budget participation on village development performance through procedural fairness, (b) the role of budget participation on village development performance through organizational commitment, and (c) the effect of
procedural fairness on village development performance through organizational commitment. The test results on the indirect effect are presented in the Table 4.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Mediation Variable Effect</th>
<th>Path Coefficient</th>
<th>Mediation Attribute</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2c</td>
<td>PA → KP → KPK</td>
<td>0.657 x 0.311</td>
<td>Perfect</td>
<td>Positive significant accepted</td>
</tr>
<tr>
<td>H3c</td>
<td>PA → KO → KPK</td>
<td>0.346 x 0.451</td>
<td>Perfect</td>
<td>Positive significant accepted</td>
</tr>
<tr>
<td>H5</td>
<td>KP → KO → KPK</td>
<td>0.458 x 0.451</td>
<td>Perfect</td>
<td>Positive significant accepted</td>
</tr>
</tbody>
</table>

Note: PA = budget participation; KP = procedural fairness; KO = organizational commitment; KPK = village development performance

The analysis result demonstrates that procedural fairness (KP) and organizational commitment (KO) have important roles as the mediation variables between budget participation (PA) and village development performance (KPK). The relationship between budget participation (PA) and village development performance (KPK) is mediated by procedural fairness (KP); in other words, without passing through procedural fairness, budget participation is perceived as an artificial participation and cannot significantly influence village development performance. Besides, budget participation is also able improve village development performance through organizational commitment. It means that without organizational commitment, budget participation is also perceived as artificial participation and cannot significantly influence village development performance. Therefore, it concludes that budget participation cannot directly influence village development performance without being mediated by procedural fairness and organizational commitment.

5. DISCUSSION

The analysis result confirms that budget participation does not significantly influences village development performance. This research result does not provide any empirical evidence to support the research of Sarjito and Muthaher (2007) Rohman and Daljono and Hemingsih (2009) since that research find that participation during budget arrangement process positively and significantly influences local government performance. It means that public participation during the process of budget arrangement does not have any significant effect since the idea of the society involved in the process of APB-Kampung (village budget) and APBD local government budget are merely seen as empowerment programs for the kampung (village) which are meaningless.

Society participation during the local government budgeting process has run but do not provide direct effect on the improvement of village development performance. This fact supports the research results of Lopez, Stammerjohan & Lee (2009) and Chong, Eggleton & Leong (2006) which find positive but not significant relationship between budget participation and performance. As confirmed by Dunk & Nouri (1998) and Shields & Shields, budget participation does not always have positive and significant relationship with performance. Wentzel (2002) examines the model of the mediation role of perceived procedural fairness and goal commitment in the relationship between budget participation and performance. Wentzel (2002) finds that budget participation improvement encourages perceived fairness and improves manager’s commitment on budget goal as well as enhances the performance.

The theoretical study on the role of procedural fairness in the relationship between budget participation and village development performance is based on the finding of Lau and Tan’s (2012) research. They find that budget participation has positive and significant relationship with performance as mediated by procedural fairness. Procedural fairness as the mediation variable refers to subordinate’s perception on the fairness of the procedure implementation to define the result so that they tend to care not only of the target fairness but also of the end-result that are required for them. The empirical fact shows that active involvement during discussion forum has critical role on budget participation variable related to the implementation of budgeting procedure consistently; thus, it will improve development performance. When collecting, shorting, and defining priority scale of the society’s ideas during musrenbang forum are fairly processed based on the pre-defined budgeting procedure, it will improve village development performance.

The result of this research demonstrates that the test on the organizational commitment as the mediation variable in the relationship between budget participation and village development performance concludes that organizational commitment has role as a complete mediation variable. This finding is relevant with Nouri and Parker’s (1998) research as they find that budget participation influences performance through organizational commitment since the managers who participate during budgeting process exhibit greater organizational
commitment; and after all, it improves performance. Eker (2008) says that managerial performance gets improved when there is an enhanced interaction between budget participation and organizational commitment.

6. CONCLUSION
Budget participation has a positive but not significant effect on village development performance. Society involvement during musrenbang kampung generates village empowerment ideas which are quite great but not equally responded by budgeting policy which is able to improve public independence to fulfill the standard of their basic needs.

Procedural fairness has an important role as a perfect mediation variable for the effect of budget participation toward village development performance. It means that budget participation is able to influence village development performance through procedural fairness. Further, it implies that greater budget participation results in greater procedural fairness which then causes better village development performance. The implementation of budget procedure and mechanism which ensures perceived fairness among society members will be able to encourage an improvement on organizational commitment. Next, it will result in better and greater village development performance.

7. LIMITATION AND FURTHER RESEARCH
The respondents of this research are cultural figure, religious figure, youth figure, woman figure, kampung government element, and supervisor of PNPM Mandiri-Respek program; thus, the finding of this research is limited on its potential to be generalized to society participation during budgetary process and local government performance for all of the regencies/cities. Further research may be conducted on different programs which takes regencies (kabupaten) in the highlands region of Papua so that it will be a comparative reference between society development in urban and rural areas. Also, the further research may utilize different mediation variable such as social capital and culture.

REFERENCES
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