

Influence Of Decentralization, Participation, Distributive Justice, Procedural Justice In Budgeting To Organizational Commitment And Performance Of Public Sector Managers (A Study on Perception of Public Sector Managers at Regional Apparatus Work Unit of the Regency Government Administration in South Kalimantan Province)

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ABSTRACT

This research is intended to obtain the empirical evidence through the proving on influence of the variables at public sector budgeting in regional government administration to organizational commitment and to performance of public sector managers. This is a *qualitative explanatory research* with the research population consisting of *the public sector managers* scattered in 343 regional apparatus work units available at Government Administration of the Regencies and Cities in South Kalimantan Province. This research applies the samples of 217 public sector managers with the analytical units for perception of public sector managers, and the samples are taken by using the *multi-stage random sampling* technique.

Outputs of research on influences among variables indicate positive and significant influences as follows: *decentralization of budgeting to organizational commitment, decentralization of budgeting to performance of public sector managers, participation in budgeting to the organizational commitment, participation in budgeting to performance of public sector managers, distributive justice in budgeting to organizational commitment, procedural justice in budgeting to organizational commitment and the organizational commitment to the performance of public sector managers.*

Meanwhile, the test outputs not significantly influenced are as follows: the distributive justice in budgeting to performance of public sector managers, and the procedural justice in budgeting to performance of public sector managers.

As a whole, the result of this research indicates that participation in budgeting is the variable having the most dominant influence to the organizational commitment and performance achievement of the public sector managers. Thus, participation in budgeting becomes the central variable in implementation of budget based on performance at the regional government administration, namely the Regency and City Government Administrations in South Kalimantan Province.

Keywords: *Perception of Public Sector Manager, Implementation Stages, Decentralization, Participation, Distributive Justice, Procedural Justice, Organizational Commitment, and Performance of Public Sector Manager.*

1. INTRODUCTION

The enactment of Law No. 22 the year 1999 on Regional Government Administration then revised by Law No. 32 the year 2004 becomes the *historical milestone* more strengthening the role and authority of regional government administration, namely the **City Government Administration** and the **Regency Government Administration** in executing regional autonomy in Indonesia. In line with this subject, the change in paradigm *in budgeting politics* followed by the shift to paradigm *in budget management* through the reformation in budgeting system operating from the formal-legal aspects to the orientation in fulfilling the real needs of the community.

Decentralization in general has the aim on efficiency of public sector in production and in distribution of services, quality improvement in decision making by applying the local information, improvements in accountability and ability to respond to the local needs and local condition (**Giannoni and Hitiris, 2002**). This is the thing motivating decentralization to be handed-over to the regional government administration, namely the *City Government Administration* and the *Regency Government Administration*. Further, it is also stated that decentralization will bring the government closer to its people and motivate them to be more actively involved (**Mills, 1994**).

Participation in budgeting is an activity in preparing the budget involving each level of managers to make the target for his work scope pursuant to his authorities and responsibilities. In other words, participation in budgeting is stated as an interaction between two individuals, namely superior and subordinate with the goal to determine the budget acceptable by both parties (**Licata et al, 1986**).

Budgeting based on performance has become the national program in Indonesia carried out in all autonomous regional governments, namely the City and Regency Government Administrations so that it is quite interesting to have the level of its implementation studied, particularly the ones related to the implementation of the budgeting principles, namely *decentralization, participation, distributive justice, and procedural justice* in the context of establishing the organizational commitment and in achieving the performance of public sector managers. In this research, the performance of public sector managers is considered as the level of success able to be achieved by the public sector managers, consisting as follows: *Heads of Division / Section / Regional Assistant inspector, and Chiefs of Section of certain Units at the SKPD – Regional Apparatus Work Unit of the Regional Government Administration in preparing the budget through the implementation of managerial functions* (**Hayat, 2014**).

2. LITERATURE REVIEW

2.1. Influence of Decentralization in Budgeting to the Organizational Commitment.

Dansereau et al (1975) declares that “*The upper managers often tried to secure the increase of the organizational commitment of the lower managers by giving them more autonomy. The lower managers were given more changes to make their own decision. The authority in the decision making resulted in the high responsibility through the increase in the involvement of them in the decision making process*”.

In line with research development in the field of behavioral accounting, the concept of organizational commitment of the affective approach referring to *the commitment effect model* (**Nijhof et al, 1998**) becomes one of the work attitude whose establishment is determined by the antecedent variables in which one of them is decentralization in budgeting. Thus, decentralization in budgeting gives the contribution in establishing the organizational commitment.

The output of previous research by **Subramaniam and Mia (2000)** indicated the finding that the increase in decentralization positively and strongly influenced the organizational commitment. **Dwianasari and Mardiasmo (2004)** supported the said finding, and so did the previous research by **Dansereau et al (1975)**, **Bateman and Strasser (1984)** and **Mathieu and Zajac (1990)**. Thus, the hypotheses can be formulated as follows:

H-1: Decentralization in Budgeting Influences the Organizational Commitment.

2.2. Influence of Decentralization in Budgeting to the Performance of Public Sector Managers.

According to **Hansen and Mowen (2005: 299)** the budgeting system had the behavioral dimension through the roles given to the managers in preparing the budget, so that it influenced their performance.

The research by **Miah and Mia (1996)** empirically found out that the performance tended to increase due to the increase in decentralization in decision making at the government level. **Andriani (2001)** found out that decentralization in decision making strengthened the performance improvement significantly. The researches with the non-supporting outputs among other was conducted by **Primastiwi (2011)** stating that the decentralization did not influence the performance of regional government. Therefore, a hypothesis can be formulated as follows:

H-2: Decentralization in Budgeting Influences the Performance of Public Sector Managers.

2.3. Influence of Participation in Budgeting to the Organizational Commitment.

Just like the decentralization, *participation* is one of the variables establishing the organizational commitment, and after its establishment it gives effect to the other variable in this research, namely the performance of public sector managers. This condition can be explained by using the *approach of the commitment effect model* (**Nijhof et al, 1998**).

Meanwhile the research related the influence of participation to the organizational commitment with the influential finding is conducted by **Nouri and Parker (1998)**, **Hariyanti and Nasir (2002)**, and **Dwianasari and Mardiasmo (2004)**. Thus, a hypothesis can be formulated as follows:

H-3: Participation in Budgeting influences the Organizational Commitment.

2.4. Influence of Participation in Budgeting to the Performance of Public Sector Managers.

Milani (1975) stated that the budget prepared in participatory manner was expected to be able to improve the performance of the managers. The less involvement of management (the middle-down level) in this budget processing could also be interpreted as a participation in budgeting involving the roles of managers at the centre of responsibility (**Kenis, 1979**). The presence of internalization process to the

organizational goal by the managers and workers / employees will improve the organizational effectiveness, because the potential conflicts between individual goal of members of organization and the goal of organization can be reduced and even omitted (Marsudi and Ghozali, 2001).

And so does the case related to the opinion that the budgeting system has behavioral dimension influencing the performance (Hansen and Mowen, 2005: 299). The managers given the participatory role in the form of involvement will feel to share the responsibilities to what they have done in the process of budgeting, so that they tend to improve their performance. Further, Greenberg and Folger (1983) stated that participation in budgeting could improve the performance.

Some researches indicate the outputs with positive and significant influences related to the direct connection between participation in budgeting and performance of the managers as stated by Kenis (1979), Brownell and McInnes (1986), Frucot and Shearon (1991), and Nouri and Parker (1998). The same results related to the research on participation in budgeting and performance at the regional government administrations in Indonesia, among others were conducted by Fauziati (2002), Ulupui (2005), Wahyuni (2008), Dwianasari and Mardiasmo (2004), meanwhile Hariyanti and Nasir (2002) performed it in private sector.

Some researches with different results concerning with the relation between participation and performance among others were conducted by Milani (1975), Chenhall and Brownell (1988), Kren (1992), and Mulyasari and Sugiri (2004). Thus, a hypothesis can be formulated as follows:

H-4: Participation in Budgeting influences Performance of Public Sector Managers.

2.5. Influence of Distributive Justice in Budgeting to Organizational Commitment.

Basically the distributive justice is the result of cognitive evaluation of someone to what he receives and what he gives so that a belief comes out whether someone has got something he should reasonably obtain. In business sector, a company operating in very limited resources causes the budgeting unable to fully meet all demands related to the budget (Libby, 1999). Such a condition is pursuant to the theoretical approach of *New Public Management (NPM)* which can also be applied at public sector, particularly the regional government administration. Considering that this research is carried out at the public sector (regional government administration), the concept of distributive justice in budgeting in the opinion of Magner and Johnson (1995) tends to be deleted. Influence of distributive justice in budgeting to the establishment of organizational commitment can be explained through *the commitment effect model approach* in which the distributive justice becomes one of variables establishing the organizational commitment.

The research concerning with the organizational commitment was relatively few and one of them was by Magner and Johnson (1995) with the finding that the distributive justice had no influence in establishment of organizational commitment. The said research by Magner and Johnson was inspired by some researches conducted by Alexander and Ruderman (1987), Konovsky *et al* (1987), Folger and Konosky (1989), McFarlin and Sweeney (1992) with the finding that the distributive justice did not have any influence to the organizational commitment. Thus, a hypothesis can be formulated as follows:

H-5: The Distributive Justice in Budgeting gives Influence to the Organizational Commitment.

2.6. Influence of Distributive Justice in Budgeting to the Performance of Public Sector Managers.

Distributive justice influences performance can be explained by using the approach of equity theory describing that the main input in performance is the level of equity and inequity accepted by someone in his work (Luthan, 2006: 290).

Some outputs of researches by Wentzel (2002) and Ulupui (2005) indicated that perception on distributive justice had no direct influence to the performance. Meanwhile, the different output of research by Mulyasari and Sugiri (2004) had a finding on the perception of managers upon distributive justice influencing the performance of managers. Thus, a hypothesis can be formulated as follows:

H-6: Distributive Justice in Budgeting Influences the Performance of Public Sector Managers.

2.7. Influence of Procedural Justice in Budgeting to the Organizational Commitment

Under a perspective of equity theory, the justice or injustice of the process felt by the workers / managers will be determined by their perception concerning with their role in controlling the result and sufficient clarity on the result they receive.

Influence of procedural justice in budgeting to the establishment of organizational commitment can be explained by using *the commitment effect model* approach, in which the *procedural* justice in budgeting is one of the variables establishing the organizational commitment, and after its establishment it will also influence the performance.

Concerning with the influence of procedural justice in budgeting to the organizational commitment, **Magner and Johnson (1995)** empirically found out that the procedural justice gave contribution to the establishment of organizational commitment. The research by **Magner and Johnson (1995)** supported the previous researches conducted by **Alexander and Ruderman (1987)**, **Konovsky et al (1987)**, **Folger and Konosky (1989)**, **McFarlin and Sweeney (1992)**. Based on the above description, a hypothesis can be formulated as follows:

H-7: Procedural Justice in Budgeting Influences Organizational Commitment.

2.8. Influence of Procedural Justice in budgeting to the Performance of Public sector Managers.

Just like the distributive justice, *the procedural justice* influences the performance pursuant to the concept of equity theory, so that the higher the sense of justice in budgeting procedure, the bigger influence it tends to give to the achievement of performance. There are some researches related to the influences between procedural justice and performance, among others are the ones conducted by **Wentzel (2002)**, **Mulyasari and Sugiri (2004)**, **Wasisto and Sholihin (2004)** and **Ulupui (2005)** with the influential outputs. However, the research by **Wasisto and Sholihin (2004)** indicated another variation, in which the direct influence turned to be indirect one when the influence of intermediary (intervening) variable was present.

Based on the above description, a hypothesis can be formulated as follows:

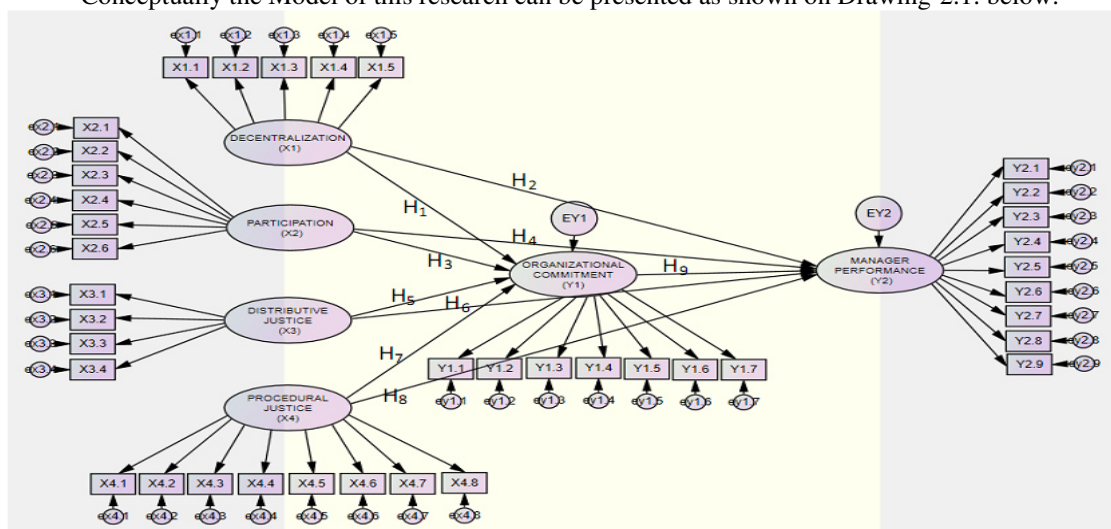
H-8: Procedural Justice in Budgeting Influences the Performance of Public Sector Managers.

2.9. Influence of Organizational Commitment to the Performance of Public Sector Managers.

Under the perspective of the concept *on the commitment effect model*, the organizational commitment will be very much determined by the perception felt by someone about variables causing the presence of the commitment. In this research, such causal variables consist of the decentralization, participation, distributive justice and procedural justice in budgeting. Those variables will be evaluated and perceived into the manager's feeling, so that it establishes a strong (high) or weak (low) organizational commitment, pursuant to the level or degree of implementation of the said variables as a policy. Part of the outputs of some researches conducted by **Nouri and Parker (1988)**, **Hariyanti and Nasir (2002)**, and **Dwianasari and Mardiasmo (2004)** indicated that the organizational commitment had positive and significant influence to the performance. Therefore, a hypothesis can be formulated as follows:

H-9: Organizational Commitment has the Influence to the Performance of Public Sector Manager.

Conceptually the Model of this research can be presented as shown on Drawing-2.1. below:



Drawing-2.1.
Research Model

3. RESEARCH METHODOLOGY

This is a *quantitative research under the explanatory category*. This research applies the survey approach with the instrument in the form of *questionnaire*. This research uses the primary data obtained from the respondents.

Population of this research are the *Public Sector Managers* at the *SKPD – Regional Apparatus of Work Unit* of the regional government administration. There are 217 samples of Public Sector Managers. The samples are taken by using *the multistage random sampling technique* with unit of analysis in the form of perception of public sector managers.

Decentralization in budgeting is measured by using 5 (five) questions under the **Likert Scale (1-5)** developed by **Gordon and Narayanan (1984)**. The other researchers applying this technique are **Gul and Chia (1994)**, **Chia (1995)**, **Miah and Mia (1996)**, **Subramaniam and Mia (2000)**, **Andriani (2001)**, **Dwianasari and Mardiasmo (2004)** and **Nor (2007)**.

Participation in budgeting is measured by using 6 (six) questions under a **Likert Scale (1-5)** adapted from **Milani (1975)**. The previous researchers applying the same measurement among others are as follows: **Brownell (1982b)**, **Magner et al (1995)**, **Yuwono (1999)**, **Subramaniam and Mia (2000)**, **Fauzati (2002)**, **Dwianasari and Mardiasmo (2004)** and **Nor (2007)**.

The distributive justice in budgeting is measured by using 4 (four) questions developed from *the distributive justice items* (**Magner and Johnson, 1995**) applying the **Likert Scale (1-5)**. Some researchers have used this measurement, and among others are **Wentzel (2002)**, **Mulyasari and Sugiri (2004)**, and the public sector (regional government administration / autonomous agency) by **Ulupui (2005)**.

The procedural justice in budgeting is measured by using 8 (eight) questions adapted from the criteria of **Magner and Johnson (1995)** under the **Likert Scale (1-5)**. Some researchers have used this measurement, and among others are **Mulyasari and Sugiri (2004)** at the private sector, whereas at the public sector (hospital) is conducted by **Wentzel (2002)**, and at the public sector (regional government administration) by **Ulupui (2005)**.

Organizational commitment is measured based on *Organizational Commitment Questionnaire (OCQ)* by **Mowday et al (1979)** adjusted to the regional government administration. Measurement is carried out by using 7 (seven) questions under the **Likert Scale (1-5)**.

Performance of public sector managers is measured by using 9 (nine) questions adapted from **Mahoney et al, (1963, 1965)** using the **Likert Scale (1-5)**. In order to avoid the subjectivity in evaluation due to the fact that the managers evaluate their own performance (self rating measure), the evaluation is conducted by their superiors.

4. FINDING AND DISCUSSION

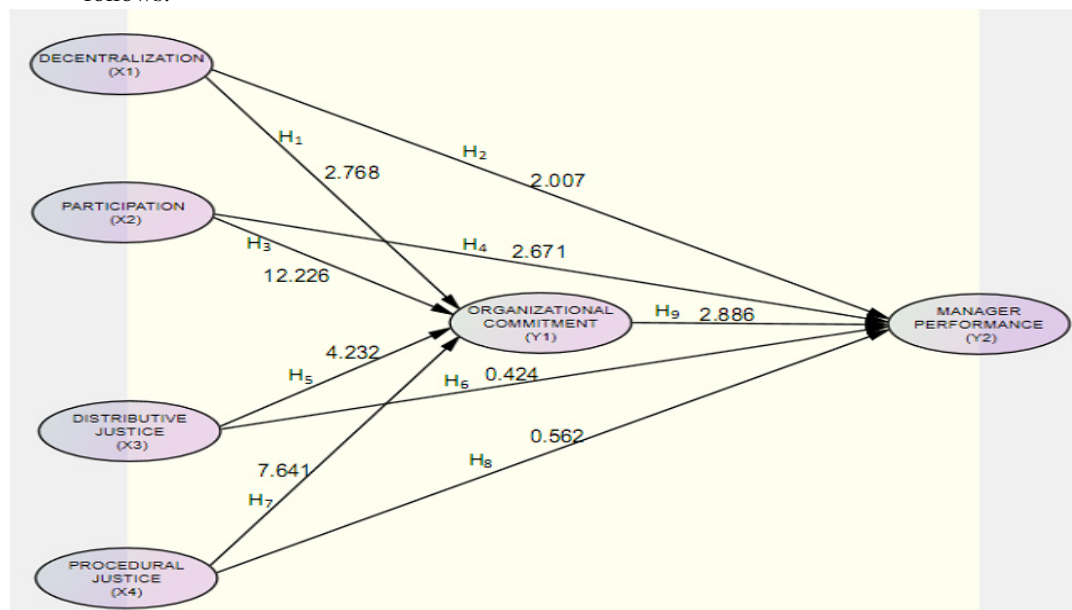
Pursuant to the output of PLS, the result of hypothetical testing can be observed at *inner model (structural model)* with *the t-test (t-statistics)* for each influence path. The full output of the PLS analysis is presented at the PLS Output. The summary of the hypothetical test outputs is presented at Table-4.1.

Table-4.1:
SUMMARY OF HYPOTHETICAL TEST OUTPUT

| No. | Independent Variables | Dependent Variable | Inner Weight | T-Statistics | Output |
|-----|-------------------------------------|-------------------------------------|--------------|--------------|-----------------|
| 1. | Decentralization (X_1) | Organizational Commitment (Y_1) | 0.087 | 2.768 | Significant |
| 2. | Decentralization (X_1) | Manager Performance (Y_2) | 0.102 | 2.007 | Significant |
| 3. | Participation (X_2) | Organizational Commitment (Y_1) | 0.398 | 12.226 | Significant |
| 4. | Participation (X_2) | Manager Performance (Y_2) | 0.132 | 21.671 | Significant |
| 5. | Distributive Justice (X_3) | Organizational Commitment (Y_1) | 0.107 | 4.232 | Significant |
| 6. | Distributive Justice (X_3) | Manager Performance (Y_2) | 0.017 | 0.424 | Not Significant |
| 7. | Procedural Justice (X_4) | Organizational Commitment (Y_1) | 0.207 | 7.641 | Significant |
| 8. | Procedural Justice (X_4) | Manager Performance (Y_2) | 0.032 | 0.562 | Not Significant |
| 9. | Organizational Commitment (Y_1) | Manager Performance (Y_2) | 0.130 | 2.886 | Significant |

Source: Processed Data (PLS Output)

Further, outputs of path analysis are presented in full in the form of drawing as shown in **Drawing-4.1** as follows:



Drawing-4.1.:
Output of Path Analysis

- Hypothesis – 1 (H₁)** states that decentralization in budgeting (X_1) influences the organizational commitment (Y_1). The test output indicates that the value of T-Statistics is at the amount of **2.768 (> 1.96)**. This means that **H₁ is supported (rejecting H₀)**. The coefficient value of *inner weight* of **0.087** indicates that decentralization in budgeting (X_1) positively influences the organizational commitment (Y_1). Thus, the higher the level of implementation of decentralization in budgeting is, the higher as well its influence is to the establishment of organizational commitment. This finding supports the development of *the commitment effect model concept* and it is in conformity with the findings by **Subramaniam and**

Mia (2000), Dwianasari and Mardiasmo (2004) and the previous research by Dansereau *et al* (1975), Bateman and Strasser (1984) and Mathieu and Zajac (1990) indicating the improvement of decentralization had positive and strong influence to the organizational commitment.

- **Hypothesis-2 (H_2)** states that the decentralization in budgeting (X_1) influences the performance of public sector manager (Y_2). The test output indicates that the value of *T-Statistics* is at the amount of **2.007 (> 1.96)**. This means that **H_2 is supported (rejecting H_0)**. The coefficient value of *inner weight* of **0.102** indicates that decentralization in budgeting (X_1) positively influences the performance of public sector manager (Y_2). Thus, the higher the implementation level of decentralization in budgeting is, the higher as well its contribution is to the achievement of performance of public sector managers. This output supports the concept of budgeting system having behavioral dimension influencing the performance (Hansen and Mowen, 2005: 299) and strengthening the finding by Miah and Mia (1996), Andriani (2001) that the performance tended to improve together with the improvement of decentralization in decision making at the government level and not supporting the finding by Primastiwi (2011) that decentralization had no influence to performance of Regional Government Administration.
- **Hypothesis-3 (H_3)** states participation in budgeting (X_2) influences the organizational commitment (Y_1). The test output indicates that the value of *T-Statistics* is at the amount of **12.226 (> 1.96)**. This means that **H_3 is supported (rejecting H_0)**. The coefficient value of *inner weight* of **0.398** indicates that participation in budgeting (X_2) positively influences the organizational commitment (Y_1). Thus, the higher the level of implementation of participation in budgeting is, the higher as well its influence is to the establishment of organizational commitment. This finding supports the development of the *commitment effect model concept* and strengthening the empirical finding by Nouri and Parker (1998), Hariyanti and Nasir (2002), and also Dwianasari and Mardiasmo (2004).
- **Hypothesis-4 (H_4)** states participation in budgeting (X_2) influences the performance of public sector managers (Y_2). The test output indicates that the value of *T-Statistics* is at the amount of **2.671 (> 1.96)**. This means that **H_4 is supported (rejecting H_0)**. The coefficient value of *inner weight* of **0.132** indicates that participation in budgeting (X_2) positively influences the performance of public sector managers (Y_2). Thus, the higher the level of implementation of participation in budgeting is, the higher as well its contribution to the achievement of performance of public sector manager. This output supports the concept that the budgeting system has the behavioral dimension influencing the performance (Hansen and Mowen, 2005: 299) and Greenberg and Folger (1983) that participation could improve the performance; and also a concept that the budget prepared in the participatory manner tended to improve the performance as stated by Milani (1975) and Kenis (1979).

Empirically this hypothesis supports the findings by Kenis (1979), Brownell and McInnes (1986), Frucot and Shearon (1991), Nouri and Parker (1998), Eker (2009) and the research on Regional Government in Indonesia by Fauziati (2002), Dwianasari and Mardiasmo (2004), Ulupui (2005), Wahyuni (2008), and also Hariyanti and Nasir (2002) at the private sector. On the contrary, this hypothesis does not support the findings by Milani (1975), Chenhall and Brownell (1988), Kren (1992); Mulyasari and Sugiri (2004).
- **Hypothesis-5 (H_5)** states that the distributive justice in budgeting (X_3) influences organizational commitment (Y_1). The test output indicates that the value of *T-Statistics* is at the amount of **4.232 (> 1.96)**. This means that **H_5 is supported (rejecting H_0)**. The coefficient value of *inner weight* of **0.107** indicates that the distributive justice in budgeting (X_3) positively influences the organizational commitment (Y_1). Thus, the higher the level of implementation of distributive justice in budgeting is, the higher as well its influence is to the establishment of organizational commitment. This output strengthens the development of the *commitment effect model concept*, but it is not in conformity with the findings by Magner and Johnson (1995) that the distributive justice had no influence to the establishment of organizational commitment; and neither did some previous researches by Alexander and Ruderman (1987), Konovsky *et al* (1987), Folger and Konovsky (1989), McFarlin and Sweeney (1992).
- **Hypothesis-6 (H_6)** states that the distributive justice in budgeting (X_3) influences the performance of public sector managers (Y_2). The test output indicates that the value of *T-Statistics* is at the amount of **0.424 (< 1.96)**. This means that **H_6 is not supported (failed to reject H_0)**. The coefficient value of *inner weight* of **0.017** indicates that the distributive justice in budgeting (X_3) does not positively influence the performance of public sector managers (Y_2). Thus, the high or low level of implementation of distributive

justice in budgeting will not influence the high or low performance achievement of public sector managers. This finding is pursuant to the principle in equity theory, in which justice or injustice has the influence to the performance. Empirically it is pursuant by **Wentzel (2002)** and **Ulupui (2005)** indicating that perception of distributive justice had no influence to the performance. Meanwhile **Mulyasari and Sugiri (2004)** indicated different outputs.

- **Hypothesis-7 (H_7)** states that the procedural justice in budgeting (X_4) influences organizational commitment (Y_1). The test output indicates that the value of T-Statistics is at the amount of **7.641 (> 1.96)**. This means that **H_7 is supported (rejecting H_0)**. The coefficient value of *inner weight* of **0.207** indicates that the procedural justice in budgeting (X_4) positively influences the organizational commitment (Y_1). Thus, the higher the level of implementation of procedural justice in budgeting is, the higher as well its influence is to the establishment of organizational commitment. This output supports the concept strengthening of *the commitment effect*. Empirically it supports the finding by **Magner and Johnson (1995)** that the procedural justice gave contribution to the establishment of organizational commitment; and so did some previous researches by **Alexander and Ruderman (1987)**, **Konovsky et al (1987)**, **Folger and Konovsky (1989)**, **McFarlin and Sweeney (1992)**.
- **Hypothesis-8 (H_8)** states that the procedural justice in budgeting (X_4) influences the performance of public sector managers (Y_2). The test output indicates that the value of T-Statistics is at the amount of **0.562 (< 1.96)**. This means that **H_8 is not supported (failed to reject H_0)**. The coefficient value of *inner weight* of **0.032** indicates that the procedural justice in budgeting (X_4) does not positively influence the performance of public sector managers (Y_2). Thus, the high or the low level of procedural justice implementation in budgeting will not influence the high or low achievement of performance of the public sector managers. This output strengthens the existence of equity theory because the justice or injustice will determine the performance achievement. Output of this research does not support the findings by **Wentzel (2002)**, **Mulyasari and Sugiiri (2004)**, and **Ulupui (2005)** with the influential outputs.
- **Hypothesis-9 (H_9)** states that the organizational commitment (Y_1) influences the performance of public sector managers (Y_2). The test output indicates that the value of T-Statistics is **2.1886 (> 1.96)**. This means that **H_9 is supported (rejecting H_0)**. The coefficient value of *inner weight* of **0.130** indicates that the organizational commitment (Y_1) positively influences the performance of public sector managers (Y_2). Thus, the stronger the organizational commitment is established, the bigger contribution it gives to the performance achievement of public sector managers. This output indicates its support to the commitment effect model in which commitment is established by its antecedent variables and after its establishment it will give effect to the other variable (performance). In addition, this output also support the empirical finding by **Nouri and Parker (1988)**, **Hariyanti and Nasir (2002)**, and **Dwianasari and Mardiasmo (2004)**.

5. CONCLUSION AND SUGGESTION

5.1. CONCLUSION

- ***Decentralization in budgeting positively and significantly gives the influence to the organizational commitment.*** This output explains that implementation of decentralization in budgeting perceived by managers at the regional government administration can contribute setting up or increasing the organizational commitment. This is in line with *the commitment effect model* (**Nijhof et al, 1998**) and the concept of **Dansereau et al, (1975)**. This output supports the findings by **Subramaniam and Mia (2000)**, **Dwianasari and Mardiasmo (2004)**, **Dansereau et al (1975)**, **Bateman and Strasser (1984)**, and also by **Mathieu and Zajac (1990)**.
- ***Decentralization in budgeting positively and significantly gives the influence to the performance of public sector managers.*** This output explains that the implementation level of decentralization in budgeting perceived by managers at the regional government administration is proven able to contribute in performance achievement of the public sector managers. This output is in conformity with the concept of **Hansen and Mowen (2005: 299)** and strengthens the findings by **Miah and Mia (1996)**, and **Andriani (2001)**. This output does not support the previous researches, one of them is by **Primastiwi (2011)**.
- ***Participation in budgeting positively and significantly influences the organizational commitment.*** This output explains that level of implementation in budgeting perceived by managers at the regional government administration is proven able to give contribution in setting up or increasing the

- organizational commitment. This output supports the development of *the commitment effect model concept* (Nijhof *et al*, 1998) and the previous empirical findings by Nouri and Parker (1998), Hariyanti and Nasir (2002), and also by Dwianasari and Mardiasmo (2004).
- ***Participation in budgeting positively and significantly influences the performance of public sector managers.*** This output explains that the implementation level of participation in budgeting perceived by managers at the regional government administration is proven able to take the role in performance achievement of public sector managers. This empirical finding is in conformity with the concept of Hansen and Mowen (2005: 299), Milani (1975) and Kenis (1976). This output supports the previous study by Kenis (1979), Brownell and McInnes (1986), Frucot and Shearon (1991), Nouri and Parker (1998), Fauziati (2002), Wahyuni (2008), Dwianasari and Mardiasmo (2004), and also by Hariyanti and Nasir (2002). On the contrary, it does not support the findings by Milani (1975), Chenhall and Brownell (1988), Kren (1992), Mulyasari and Sugiri (2004).
 - ***Distributive Justice in budgeting positively and significantly influences the organizational commitment.*** This output explains that level of implementation of distributive justice in budgeting perceived by managers at the regional government administration is proven able to take the role in setting up or increasing the organizational commitment. This output is in conformity with the concept of the commitment effect model (Nijhof *et al*, 1998) and the previous empirical findings by Nouri and Parker (1998), however it is different from the findings by Magner and Johnson (1995), and some previous researches by Alexander and Ruderman (1987), Konovsky *et al*, (1987), Folger and Konovsky (1989), McFarlin and Sweeney (1992).
 - ***Distributive Justice in budgeting positively and significantly influences the performance of public sector managers.*** This output explains that level of implementation of distributive justice in budgeting perceived by managers at the regional government administration is proven still unable to give contribution in achieving the performance of public sector managers. This output indicates that there is still an injustice, because in allocating the budget, certain provisions on budget limits applied non-proportionally. Thus, pursuant to the concept of equity theory that the sense of injustice perceived by someone tends to decrease his performance. Empirically it is pursuant to the findings by Wentzel (2002), Ulupui (2005), but it is different from the finding by Mulyasari and Sugiri (2004).
 - ***Procedural Justice in budgeting positively and significantly influences the organizational commitment.*** This output explains that level of implementation of procedural justice in budgeting perceived by managers at the regional government administration is proven able to take the role in setting up or increasing the organizational commitment. This output supports the concept of *the commitment effect model* (Nijhof *et al*, 1998) and strengthens the finding by Magner and Johnson (1995), and some previous researches by Alexander and Ruderman (1987), Konovsky *et al*, (1987), Folger and Konovsky (1989), McFarlin and Sweeney (1992).
 - ***Procedural Justice in budgeting does not significantly influence the performance of public sector managers.*** This output explains that level of implementation of procedural justice in budgeting perceived by managers at the regional government administration is proven unable to contribute in performance achievement of the public sector managers. Therefore, there is still injustice in implementation of budget mechanism. This is pursuant to the equity theory, but it is in controversy with the findings by Wentzel (2002), Mulyasari and Sugiri (2004), Wasisto and Sholihin (2004), and Ulupui (2005).
 - ***Organizational commitment positively and significantly influences performance of public sector managers.*** This output explains that the organizational commitment perceived by managers at the regional government administration is proven able to contribute in performance achievement of the public sector managers. This is pursuant to the concept of *commitment effect model* (Nijhof *et al*, 1998) and the empirical findings by Nouri and Parker (1988), Hariyanti and Nasir (2002), and also by Mulyasari and Sugiri (2004).
 - As a whole, participation in budgeting constitutes the variable with the most dominant influence, either to the organizational commitment or to the performance of public sector managers. This indicates that the implementation level of participation in budgeting becomes the central variable in implementation of budgeting system under the basis of the performance of regional government administration. Such output

strengthens the development of *commitment effect model concept* (Nijhof et al, 1998) and strengthens the concept of budgeting system having the behavioral dimension influencing the performance (Hansen and Mowen, 2005: 299).

5.2 SUGGESTIONS

The National Government through coordination with the **Provincial Government** should actively take part in improving *quality of regional budgeting*, including as well the application of budget preparation principles, such as decentralization, participation, distributive justice, and procedural justice in budgeting by issuing the policy model on the *integrated human resource improvement program* from the national level to the regions through the educational activities of formal education and technical training in the field of budgeting.

In the scheme of evaluating the implementation of regional autonomy related to the execution of budgeting based on the performance of regional government administration, the regional government should pay more attention to the levels of implementation of budgeting principles, such as decentralization, participation, distributive justice, and procedural justice in budgeting. A serious attention is required, because based on the output of research, only *decentralization* and *participation* which relatively give good contribution to establishment of organizational commitment and performance achievement. Whereas the distributive justice and procedural justice only give contribution to the organizational commitment and do not yet take the role in performance achievement.

In addition, in order to have the level of implementation of the budgeting principles run well and able to get its contribution to the performance improved more, *the competence of the managers* needs to be continuously improved, either from the aspects of their formal education or their technical training related to the regional budgeting. For this purpose, the regional government administration has to allocate the more sufficient budget in the scheme of organizing the cooperation in education and training in the field of regional budgeting.

To improve the sense of justice in budgeting, either the distributive justice or the procedural justice, *the clarity and transparency* of the leader / superior are required in giving the consideration related to the amount of distribution or budget allocation as well as the clarity of the procedures applied in determining the budget allocation in each work unit. In connection with this subject, the regional government should pay more attention to quality of *budget implementation mechanism* by performing the budget allocation and procedure to obtain the budget allocation proportionally. Thus, the budget allocation is given by giving more consideration in the aspect of priority pursuant to the performance of the unit concerned, limit or ceiling of budget as well as the interest for regional development as a whole. Meanwhile the budget procedure must be carried out pursuant to the budget mechanism in uniform for all work units without any special treatment to a certain work unit.

In the effort of scientific development particularly in the field of regional and behavioral budgeting, the next researchers should carry out the research by developing the studied variables and their measuring indicators, since there are many factors influencing the establishment of organizational commitment and also influencing the performance of public sector managers at the regional government administration. The innovative research development is also required to answer the future challenge, because the public sector, including the regional government develops in line with the optimization of the public services.

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