

**THE INFLUENCE OF BUDGET PARTICIPATION ON REGIONAL  
GOVERNMENT PERFORMANCE WITH ORGANIZATIONAL  
COMMITMENT AND ORGANIZATIONAL CULTURE AS  
MODERATION VARIABLES  
(Empirical Study on Regional Apparatus Organization (OPD)  
Bungo District Service)**

Ronika Putri Ayu<sup>1\*</sup>, Yudi<sup>2</sup>, Muhammad Gowon<sup>3</sup>

<sup>1-3</sup> Faculty Economics and Business, Jambi University, Indonesia

E-mail: <sup>1)</sup> [ronikaoesman16@gmail.com](mailto:ronikaoesman16@gmail.com), <sup>2)</sup> [yudi\\_fe@unjia.ac.id](mailto:yudi_fe@unjia.ac.id), <sup>3)</sup> [gowon@unjia.ac.id](mailto:gowon@unjia.ac.id)

**Abstract**

*This study aims to investigate the influence of budget participation on the performance of government areas, with organizational commitment as a moderating factor, and organizational culture as a moderator within the Regional Apparatus Organizations (OPD) Department in Bungo Regency. The population for this study consists of the Regional Apparatus Organizations (OPD) Department in Bungo Regency. The research sample was selected using the saturated sample method, which involves using the entire population as the research sample from 18 Regional Apparatus Organizations (OPD) Departments in Bungo Regency. The research employs a quantitative method, and primary data were collected through distributed questionnaires to respondents. This study found that involvement in budget decisions significantly impacts local government effectiveness. The influence of organizational culture on this relationship was also observed. However, there was no evidence of organizational commitment moderating this relationship. The coefficient of determination (R Square) indicates that regional government performance is influenced by budget participation, organizational commitment, organizational culture, and their interactions. These factors explain approximately 52.5% of the variation in government performance, with the remaining 47.5% attributed to unidentified factors outside the model.*

**Keywords:** Commitment Organization, Culture Organization, Participation Budget, Performance Government Area

## 1. INTRODUCTION

Regional autonomy serves as a fundamental instrument in the implementation of state development, aiming to facilitate the achievement of state goals related to community welfare (Tahar & Kuncahyo, 2020). The decentralized government system, as a manifestation of regional autonomy, entrusts regional governments with the authority to manage their own affairs, encompassing all central government functions. This arrangement is governed by Law Number 32 of 2004, a revision of the earlier Law Number 22 of 1999, further refined by Law Number 33 of 2004, addressing financial balance between the central government and regional governments.

The current focus on regional government performance stems from a perceived lack of tangible benefits for the populace. There is a growing demand for effective governance aligned with the principles of regional autonomy. Mahsun (2014) defines performance as the evaluation of the level of accomplishment of activities, programs, and policies in

realizing an organization's goals, objectives, mission, and vision outlined in its strategic planning. Effective government performance is characterized by the ability to manage resources in a manner that fosters societal prosperity. This expectation of superior performance is applicable to most governments, aligning with the concept of regional autonomy and relevant legislative provisions.

Performance, as defined in Permendagri Number 13 of 2006 Article 1, refers to the measurable quantity and quality of outputs or results achieved through budget utilization. It serves as a metric for gauging accomplishments and results within a specified timeframe. Evaluating government performance is crucial for enhancing public service quality and shedding light on past achievements, providing a foundation for formulating future government strategies. Public sector performance assessments aim to enhance government performance, inform resource allocation and decision-making, ensure accountability of public organizations, and foster institutional communication (Sarmigi & Maryanto, 2020).

Assessing government performance involves measuring the level of participation in budgeting by lower-level officials. Budgets function as tools for evaluating performance, and increased budget participation is expected to enhance the performance of local government officials. Budget participation refers to an individual's involvement and influence in determining and compiling their part of the budget, whether on a periodic or annual basis. The preparation of regional government budgets involves complex processes that engage various government units and institutions. Budget participation, as a form of involvement, is integral to this process (Zeyn & Nuraeni, 2023). Effective budget preparation involves collaboration between the executive and legislative branches, although this collaboration is not immune to opportunistic behaviors from both parties.

Budgets prepared with participatory approaches facilitate easier implementation, and the performance of a regional government can be assessed through the realization of regional revenue and expenditure budgets. The budget is a crucial sub-dimension of input indicators in performance measurement. Every regional government requires a budget to execute prepared programs. An analysis of the Bungo Regency Government's performance from 2017 to 2022 reveals suboptimal realization of Regional Revenue (PAD) and regional expenditures, with budgets not fully absorbed (Financial Audit Agency, 2019). Refer to Table 1 for detailed information on the realization of PAD and Regional Expenditures of the Bungo Regency Government for the years 2017 to 2022.

**Table 1. Realization of Regional Revenue and Expenditure of Bungo District Government Fiscal Year 2017 - 2022**

	2017	2018	2019	2020	2021	2022
Regional Revenue (PAD)	105.92%	99.62%	75.34%	93.94%	94.02%	81.96%
Regional Shopping	88.88%	90.01%	82.85%	78.54%	87.89%	82.22%

Source : LHP Audit Agency RI Finance (2022)

Based on Table 1 above, it can be observed that the PAD and regional expenditures of the Bungo Regency Government fluctuated from 2017 to 2022. Examining the overall percentage of regional expenditure realization during this period, encompassing operational, capital, and unexpected expenditures, reveals that the average PAD

percentage for the Bungo Regency Government from 2017 to 2022 is 91.8%. In contrast, the average regional expenditure for the Bungo Regency Government over the same period is 85.06%. The suboptimal absorption of PAD hampers the overall performance of the regional government. Furthermore, the fact that regional expenditures have not reached 100% implies that there are prepared programs that remain unimplemented, signaling that the optimal performance of the regional government budget has not been fully realized (Financial Audit Agency, 2019).

Assessment of regional government performance can also be gleaned from opinions expressed in financial reports. Below, we present the Bungo Regency Government's opinion on financial reports for the period 2015 to 2022, as detailed in Table 2.

**Table 2. Bungo District Government's opinion on the financial statements for the period 2015 - 2022**

No	Financial Report Year	BPK RI Opinion
1.	2015	Reasonable With Exceptions
2.	2016	Reasonable With Exceptions
3.	2017	Reasonable With Exceptions
4.	2018	Reasonable Without Exceptions
5.	2019	Reasonable Without Exceptions
6.	2020	Reasonable With Exceptions
7.	2021	Reasonable Without Exceptions
8.	2022	Reasonable Without Exceptions

Source : LHP Audit Agency RI Finance (2022)

The opinion provided by BPK RI has a significant impact on the performance of regional governments, particularly with regard to financial performance (Karno & Alliyah, 2021). BPK RI continues to identify issues related to the budget in the financial reports of the Bungo Regency Government for the period 2015 - 2022. These diverse findings indicate that the performance of the Bungo Regency Government, especially in terms of outcome indicators, has not been optimal due to deficiencies in budget management, leading to suboptimal results.

The Ministry of Utilization of State Apparatus and Bureaucracy Reform (Kemenpan RB) has also released evaluation scores for institutional performance in select regional governments in Indonesia. This evaluation of institutional performance aligns with Permenpan RB Number 20 of 2018, outlining the Guidelines for Institutional Evaluation of Government Agencies, which includes two crucial dimensions: organizational structure and processes. These dimensions are interconnected with the commitment and culture within the organization. The objective of this evaluation is to enhance the effectiveness of regional government performance achievements.

Based on the outcomes of the institutional performance evaluation conducted by the Ministry of Administrative and Bureaucratic Reform, it is evident that the Bungo Regency Government ranks the lowest among the five regional governments assessed by Kemenpan RB. Refer to Table 3 below for detailed information on the institutional performance evaluation results.

**Table 3. Performance of City/Regency Local Governments in Jambi Province**

No	Information	2019	2022
1	Jambi City	69,867	69.68
2	Batanghari	67.49	66.18
3	East Cape Jabung	65.72	64.30
4	West Cape Jabung	65,635	63.30
5	Estuary Bungo	61,593	61.61

Source : Kemenpan RB (2022)

Presidential Regulation Number 7 of 2015 and PANRB Ministerial Regulation Number 20 of 2018 mandate government institutional evaluations in Indonesia every three years (Presidential Regulation No. 7/2015; PANRB Ministerial Regulation No. 20/2018). However, the Ministry of Administrative and Bureaucratic Reform's assessment of regional government performance selectively covers specific city and district governments. Among the evaluated regional governments in Jambi Province, Bungo Regency consistently exhibits the lowest performance.

Performance in regional governments is influenced by various factors, including budget participation, organizational commitment, and organizational culture. Budget participation, defined as involvement in the budget planning process, has been shown to positively impact local government performance (Rinaldi et al., 2020). However, conflicting results exist, as Hariani & Veny (2018) found no significant effect of budget participation on local government performance.

Organizational commitment, described as an individual's internal drive to support organizational success, is crucial for effective governance (Fara et al., 2018). Leadership commitment is identified as a key catalyst for bureaucratic change and modernization (Mahfud MD, 2021). Public sector organizational culture, often criticized for its bureaucratic nature, presents challenges for change (Nugrahaeni, 2021). Interviews in Bungo Regency reveal resistance to change within the official Regional Apparatus Organizations (OPD) due to entrenched bureaucratic norms.

Research indicates that organizational commitment strengthens the positive influence of budget participation on government officials' performance (Rivito & Mulyani, 2019). Organizational culture serves as a critical factor in enhancing the effectiveness of budget participation (Mardaniati et al., 2020). The study's focus is on investigating the interplay of budget participation, organizational commitment, and organizational culture within the OPD Department in Bungo Regency, aiming to provide insights into improving regional government performance.

## 2. LITERATURE REVIEW

### 2.1. Agency Theory

The use of agency theory has been widespread in both the private and public sectors. This theory posits that agents and principals possess different knowledge conditions, with the agent having complete information about the organization's condition, while the principal only has partial information, leading to information asymmetry. This

information gap results in conflicts of interest between principals and agents (Darmawati et al., 2019).

Agency theory has found application in the public sector, particularly in central and regional governments. Public sector organizations aim to maximize service delivery to the community within resource constraints. Unable to manage and allocate resources independently, the government delegates authority to other entities, such as Regional Government Organizations (OPD), as service institutions. The relevance of agency theory to this research lies in the fact that the Regional Government Organization (OPD) in Bungo Regency acts as a public agency, functioning as an agent that must devise specific strategies to provide optimal service to principals in terms of performance.

## **2.2. Understanding Participation Budget**

Budget participation refers to an individual's level of involvement and influence in the budget preparation process, encompassing all management levels in developing budget plans. It can be categorized as participatory (bottom-up) budgeting, involving lower-level managers, or top-down budgeting, which lacks significant subordinate participation. Budget participation is a crucial element in creating an effective management control system to achieve the objectives of relevant agencies. While participation is integral to effective budget planning and control, it is also a key tool for mitigating the dysfunctional effects of budgeting. Setting negotiated budget objectives at a strict yet achievable level can have a motivational effect, increasing overall budget performance (Anggadini et al., 2021).

Anggadini et al. (2021) outline four objectives of budget participation:

1. Assisting public sector organizations in achieving goals and improving coordination between environmental departments.
2. Enhancing efficiency and effectiveness in providing public goods and services through a prioritization process.
3. Enabling the government to meet spending priorities.
4. Increasing transparency and accountability in the management of public sector organizations.

### **1) Mechanism Preparation of APBD**

The Regional Revenue and Expenditure Budget (APBD) is an annual regional financial management plan determined by the Regional Government (Pemda) and the Regional People's Representative Council (DPRD). It is stipulated in a Regional Regulation and serves as the guideline for regional revenues and expenditures. According to Law Number 17 of 2003 concerning State Finance, the APBD comprises income, expenditure budget, and regional financing. The mechanism for preparing the APBD, referencing Law Number 17 of 2003 concerning State Finances (Harruma, 2022), involves the following steps:

- a) **Submission:** The Regional Government submits a draft Regional Regulation concerning the APBD, along with an explanation and supporting documents, to the DPRD in the first week of October of the year before budget implementation.

During this stage, the Head of the Regional Work Unit (SKPD) as the budget user prepares the SKPD work plan and budget for the following year.

- b) Discussion: The DPRD discusses the draft proposed by the Regional Government, where proposals leading to changes in the plan's revenue and expenditure amounts can be submitted. Decision-making by the DPRD occurs no later than one month before the budget year's implementation.
- c) Determination: If approved by the DPRD, the Draft APBD (RAPBD) becomes the APBD through a Regional Regulation. If not approved, the Regional Government can carry out expenditures equal to the previous APBD figure to finance monthly expenses. The APBD, determined by Regional Regulation, is then detailed down to organizational units, functions, programs, activities, and types of expenditure in a Governor/Mayor/Regent Regulation.

### **2.3. Understanding Commitment Organization**

According to Syarif et al. (2018), organizational commitment is defined as a situation where an employee supports a particular organization and its goals, desiring to maintain membership in that organization. Organizational commitment is also described as a person's identification and ties to an organization. Highly committed individuals view themselves as true members of the company, disregarding dissatisfaction and seeing themselves as integral to the organization. On the contrary, those with lower commitment are more likely to perceive themselves as outsiders, express dissatisfaction, and do not envision long-term membership. Organizational commitment can be summarized as "the attitude of employee loyalty towards the organization, remaining in the organization, contributing to organizational goals, and lacking the desire to leave the organization for any reason."

Metin & Aslin (2018) emphasized the significance of organizational commitment as it influences employees, organizations, and society at large. Commitment leads to intrinsic and extrinsic rewards for employees relevant to the organization. Organizational commitment encompasses three factors:

1. A strong belief in and acceptance of the organization's goals and values;
2. Willingness to exert considerable effort on behalf of the organization; and
3. A strong desire to maintain membership in the organization.

This commitment implies a pro-social disposition, and individuals with organizational commitment are willing to contribute to the organization's well-being. Organizational commitment serves as an indicator of employee performance, as high commitment is expected to correlate with maximum performance, contributing to the organization's success (Angadini et al., 2021).

### **2.4. Understanding Culture Organization**

Organizational culture, as stated by Altay et al., (2018), is a pattern of shared basic assumptions learned by a group when solving problems of external adaptation and internal integration. This pattern has proven effective, considered valid, and is consequently taught to new members as an appropriate way to perceive, think, and feel regarding these problems. Organizational culture is an invisible social force that guides

individuals in an organization to carry out work activities ( Kamaroellah , 2014) . Each person in an organization unconsciously learns the prevailing culture, which tends to be a set of shared mental assumptions guiding interpretation and action by delineating appropriate behavior for various positions. Organizational culture includes elements such as involvement, consistency, adaptability, and mission (Nikpour, 2017) .

Derived from the concept of organizational culture, organizational behavior is influenced by various patterns and choices within formal organizational structures. Organizational culture is constructed by elements that change the identity and environmental awareness of the institution and its employees, facilitating goal identification, generating positive impacts, and fostering stability and simplicity. Organizational culture is a system of assumptions, values, and beliefs collectively accepted and interpreted by members of an organization. Its importance lies in providing members with a shared understanding to interpret environmental and organizational incidents, thereby promoting coordination and cooperation throughout the organization (Matkó & Takács, 2017) .

### **2.5. Regional Government Performance**

Turalaki et al., (2017) define performance as the operational effectiveness of an organization, its components, and its employees based on predetermined standards, targets, and criteria. It is a study of an organization's ability to achieve goals, and performance appraisal serves to measure organizational activities in achieving goals and provides insights for future improvements.

Government Agency Performance is described as "a description of the level of achievement of targets or objectives of government agencies, explaining the vision, mission, and strategy of government agencies. This indicates the level of success and failure in implementing activities according to established programs and policies" (Permenpan, 2007) . The success of government performance is assessed across economic, political, social, and cultural domains, with the broader community evaluating development success in the economic sector, especially in infrastructure development. Development encompasses not only economic sector acceleration and success but also reorganization, overall system renewal, economic activities, and the social welfare of community life (Zeyn & Nuraeni, 2023) .

Various expert opinions exist on regional government performance, encompassing definitions, measurement methods, indicators, and evaluation criteria. Establishing a financial management system necessitates the development of tools to measure and control government performance to prevent issues like corruption, collusion, nepotism, legal uncertainty, political instability, and unclear development direction and policies. Performance measurement is closely tied to accountability, and to fortify accountability mechanisms, performance management is required, including performance indicators, targets, reporting, and reward and punishment mechanisms. Effective performance measurement indicators exhibit relevance, clarity, cost-effectiveness, and simplicity. They function as signals indicating management action and further investigation for identified problems (Sumarsono, 2010) .

#### **1) Performance Measurement Cycle**

The performance measurement cycle encompasses stages that must be continually carried out for effective and efficient performance measurement. While there are no standardized stages for measuring public organizations' performance, Mahsun (2014) outlines nine main stages in the development of the performance measurement cycle for public organizations:

1. Define the organization's mission.
2. Identify the organization's strategic goals based on the mission.
3. Identify the roles and responsibilities of each functional area in achieving strategic goals.
4. Develop comprehensive performance measures for each functional area.
5. Establish more specific performance criteria at the operational level in each functional area.
6. Ensure consistency with strategic objectives and performance criteria at each level.
7. Ensure harmonious use of performance measures in all functional areas.
8. Implement a performance measurement system.
9. Periodically evaluate the performance measurement system to assess its suitability to environmental changes.

### **3. RESEARCH METHODS**

This study explores the relationships among budget participation, local government performance, and the moderating effects of organizational commitment and culture within the Regional Apparatus Organization (OPD) Department in Bungo Regency. Key participants include the Head of Department OPD, Service Secretary, Service Treasurer, Head of Division (*Kabid*), Head of Sub Division (*Kasubbag*), Head of Section (*Kasi*), and Financial Administration Officer (PPK), with the saturated sample method utilized for participant selection.

In terms of methodology, a descriptive approach is employed to elucidate phenomena, while a quantitative research method is applied to deduce and verify theories. The study design is characterized as a comparative causal study falling under *ex post facto* research, primarily focusing on analyzing past events to understand causal factors.

Data collection involves primary data obtained from company records and distributed questionnaires. The analysis incorporates both descriptive statistical tests and Partial Least Squares Structural Equation Modeling (PLS-SEM) tests, encompassing outer and inner model evaluations. SmartPLS 3.2.9 serves as the designated software for data processing.

In assessing the measurement model (outer model), validity and reliability are crucial. Validity is evaluated through convergent and discriminant validity, with composite reliability and Cronbach alpha employed for reliability testing. For the structural model (inner model), predictive relevance (Q square) and coefficient of determination ( $R^2$ ) are examined. Adjusted  $R^2$  is recommended due to its ability to account for bias toward the number of independent variables.

Additionally, PLS-SEM is preferred for its robustness in hypothesis testing compared to Multivariate Regression Analysis. The statistical hypotheses investigated

pertain to the influence of budget participation on government performance and the moderating role of organizational commitment/culture. Significance testing criteria follow standard guidelines: accepting H<sub>0</sub> if sig. > 0.05, and rejecting H<sub>0</sub> if sig. < 0.05 (Hair et al., 2017; Sugiyono, 2017; Ghozali, 2018).

## **4. RESULTS AND DISCUSSION**

### **4.1. Research Results**

#### **4.1.1. Descriptive Statistics**

Descriptive statistics serve the purpose of providing a detailed description of the research variables. The analysis results of descriptive statistics using SmartPLS 3.2.9 software are as follows:

**Table 4. Results of Descriptive Statistical Analysis**

	N	Min.	Max.	Average	Std. Dev
Budget Participation (X <sub>1</sub> )		2.0	5.0	3.9 8	0.5 2
Regional Government Performance (Y)		3,2	5.0	4.1 4	0.4 1
Organizational Commitment (Z <sub>1</sub> )	1 46	2.0	5.0	3.9 5	0.5 6
Organizational Culture (Z <sub>2</sub> )		3.1	5.0	4.1 5	0.42
Valid N (listwise)					

Source: processed by researcher

#### **4.1.2. Model Evaluation**

PLS does not require the existence of certain distribution assumptions for parameter estimation; therefore, no specific parametric test or evaluation of significance is needed. PLS is of a distribution-free nature. In other words, compared to the CB-SEM approach, PLS-SEM model evaluation is based on predictive orientations that have non-parametric properties. The evaluation of the PLS model was conducted to assess both the outer model and inner model (Ghozali & Latan, 2015).

1) Outer Model Evaluation

**Table 5. Convergent Validity Test Results ( Outer Loadings )**

Indicator	Budget Participation (X)	Regional Government Performance (Y)	Organizational Commitment (Z <sub>1</sub> )	Organizational Culture (Z <sub>2</sub> )
1	0.837	0.696	0.720	0.726
2	0.892	0.656	0.766	0.829
3	0.757	0.659	0.788	0.711
4	0.724	0.837	0.706	0.650
5	0.611	0.628	0.666	0.745
6		0.729	0.669	0.766
7		0.660	0.707	0.851
8		0.636	0.715	0.785
9		0.746		0.757
10		0.715		0.753
11		0.630		0.765
12		0.682		0.829
13		0.727		0.828
14				0.781
15				0.751
16				0.781
17				0.682
18				0.724
19				0.658
20				0.755
21				0.754
22				0.815
23				0.836
24				0.783
25				0.742
26				0.690
27				0.703
28				0.709
29				0.600

Source: processed by researcher

**Table 6. Discriminant Validity Test Results ( Cross Loading )**

Indicator	BO	KPD	KO	PA. BO	PA.KO	P.A
X1.1	0.181	0.434	0.242	0,000	0,000	<b>0.837</b>
X1.2	0.248	0.464	0.216	0,000	0,000	<b>0.892</b>
X1.3	0.236	0.368	0.126	0,000	0,000	<b>0.757</b>
X1.4	0.115	0.224	0.086	0,000	0,000	<b>0.724</b>
X1.5	0.266	0.228	0.091	0,000	0,000	<b>0.611</b>
Y1.1	0.224	<b>0.696</b>	0.213	0.238	0.206	0.356
Y1.10	0.289	<b>0.715</b>	0.232	0.271	0.255	0.337

**JOURNAL OF MANAGEMENT, ACCOUNTING, GENERAL FINANCE AND  
INTERNATIONAL ECONOMIC ISSUES  
(MARGINAL)  
VOLUME 3 NO. 1 (2023)**

Indicator	BO	KPD	KO	PA. BO	PA.KO	P.A
Y1.11	0.446	<b>0.630</b>	0.514	0.036	-0.007	0.243
Y1.12	0.635	<b>0.682</b>	0.471	0.088	-0.037	0.342
Y1.13	0.480	<b>0.727</b>	0.524	0.219	0.025	0.283
Y1.2	0.167	<b>0.656</b>	0.185	0.218	0.193	0.346
Y1.3	0.321	<b>0.659</b>	0.382	0.250	0.279	0.302
Y1.4	0.426	<b>0.837</b>	0.391	0.226	0.180	0.412
Y1.5	0.266	<b>0.628</b>	0.194	0.200	0.133	0.219
Y1.6	0.486	<b>0.729</b>	0.375	0.223	0.184	0.413
Y1.7	0.197	<b>0.660</b>	0.393	0.231	0.244	0.267
Y1.8	0.539	<b>0.636</b>	0.615	0.005	-0.037	0.312
Y1.9	0.322	<b>0.746</b>	0.328	0.165	0.153	0.391
Z1.1	0.506	0.413	<b>0.720</b>	0.005	0,000	0.143
Z1.2	0.456	0.385	<b>0.766</b>	0.116	0,000	0.100
Z1.3	0.601	0.522	<b>0.788</b>	-0.047	0,000	0.225
Z1.4	0.318	0.265	<b>0.706</b>	0.025	0,000	0.139
Z1.5	0.285	0.222	<b>0.666</b>	0.026	0,000	0.116
Z1.6	0.339	0.338	<b>0.669</b>	0.019	0,000	0.173
Z1.7	0.499	0.494	<b>0.707</b>	0.054	0,000	0.219
Z1.8	0.501	0.400	<b>0.715</b>	0.153	0,000	0.071
Z2.1	<b>0.726</b>	0.378	0.440	0,000	-0.059	0.202
Z2.10	<b>0.753</b>	0.579	0.438	0,000	-0.077	0.361
Z2.11	<b>0.765</b>	0.403	0.315	0,000	-0.101	0.238
Z2.12	<b>0.829</b>	0.561	0.545	0,000	-0.138	0.281
Z2.13	<b>0.828</b>	0.555	0.472	0,000	-0.109	0.257
Z2.14	<b>0.781</b>	0.497	0.365	0,000	-0.105	0.237
Z2.15	<b>0.751</b>	0.495	0.382	0,000	-0.077	0.195
Z2.16	<b>0.781</b>	0.363	0.411	0,000	0.039	0.209
Z2.17	<b>0.682</b>	0.295	0.423	0,000	0.092	0.162
Z2.18	<b>0.724</b>	0.347	0.552	0,000	-0.057	0.263
Z2.19	<b>0.658</b>	0.283	0.465	0,000	-0.139	0.135
Z2.2	<b>0.829</b>	0.491	0.591	0,000	-0.076	0.202
Z2.20	<b>0.755</b>	0.425	0.544	0,000	0.009	0.117
Z2.21	<b>0.754</b>	0.472	0.557	0,000	-0.057	0.171
Z2.22	<b>0.815</b>	0.487	0.462	0,000	-0.065	0.180
Z2.23	<b>0.836</b>	0.366	0.527	0,000	-0.118	0.202
Z2.24	<b>0.783</b>	0.485	0.600	0,000	0.011	0.169
Z2.25	<b>0.742</b>	0.444	0.558	0,000	-0.065	0.189
Z2.26	<b>0.690</b>	0.322	0.438	0,000	0.011	0.224
Z2.27	<b>0.703</b>	0.323	0.459	0,000	0.035	0.125
Z2.28	<b>0.709</b>	0.335	0.444	0,000	0.090	0.091

Indicator	BO	KPD	KO	PA. BO	PA.KO	P.A
Z2.29	0.600	0.222	0.495	0,000	0.091	-0.004
Z2.3	0.711	0.326	0.480	0,000	-0.077	0.286
Z2.4	0.650	0.291	0.482	0,000	0.062	0.177
Z2.5	0.745	0.483	0.637	0,000	-0.071	0.240
Z2.6	0.766	0.375	0.563	0,000	-0.043	0.312
Z2.7	0.851	0.418	0.469	0,000	0.011	0.160
Z2.8	0.785	0.433	0.447	0,000	-0.033	0.243
Z2.9	0.757	0.325	0.465	0,000	0.047	0.066

Source: processed by researcher

Table 6 above shows that each indicator's cross-loading value is higher for its own latent variable than for other variables. The conclusion drawn from the discriminant validity test via cross-loading indicates that the research indicators in the study effectively measure the variables of budget participation (X), local government performance (Y), and organizational commitment (Z1) and organizational culture (Z2).

Table 7 below presents the results of the discriminant validity test using the Fornell-Larcker values for the indicators of the variables budget participation (X), regional government performance (Y), and organizational commitment (Z1) and organizational culture (Z2). These values are derived from the Fornell-Larcker output of the PLS Algorithm.

**Table 7. Discriminant Validity Test Results ( Fornell-Larcker )**

Information	Organizational Culture (Z2)	Regional Government Performance (Y)	Organizational Commitment (Z1)	PA. BO	PA. KO	Budget Participation (X)
Organizational Culture (Z2)	0.753					
Regional Government Performance (Y)	0.561	0.695				
Organizational Commitment (Z1)	0.640	0.559	0.718			
PA. BO	0,000	0.254	0.059	0.706		
PA.KO	-0.056	0.182	0,000	0,612	0.712	
Budget Participation (X)	0.270	0.472	0.215	0,000	0,000	0.770

Source: processed by researcher

Table 7 shows that the Fornell-Larcker values for latent variables are higher for each variable individually compared to other variables. The conclusion drawn from the discriminant validity test via Fornell-Larcker indicates that the indicators in the study effectively measure the variables of budget participation (X), local government performance (Y), and organizational commitment (Z1), as well as organizational culture (Z2).

## 2) Reliability Test

Table 8 below presents the reliability results of outer loadings for the variables budget participation (X), local government performance (Y), and organizational commitment (Z1) and organizational culture (Z2).

**Table 8. Outer Model Reliability Test Results**

<b>Information</b>	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>
Organizational Culture (Z2)	0.974	0.972
Regional Government Performance (Y)	0.923	0.910
Organizational Commitment (Z1)	0.895	0.869
PA.BO Interaction	0.993	0.993
PA.KO Interaction	0.958	0.957
Budget Participation (X)	0.878	0.831

Source: processed by researcher

The results of testing the reliability of the questionnaire in the table above produce composite reliability figures and Cronbach's alpha greater than 0.7. Based on these results, it can be stated that all the indicators in the questionnaire used in measuring the variables budget participation (X), local government performance (Y), and organizational commitment (Z1), as well as organizational culture (Z2), are considered reliable.

### 3) Inner Model Evaluation

**Table 9. Coefficient Determination R Square**

<b>Latent Variables</b>	<b>R Square</b>	<b>Adjusted R Square</b>
Regional Government Performance	0.542	0.525

Source : processed by researchers

Table 9's coefficient of determination (R Square) shows that the local government performance can be explained by budget participation, organizational commitment, organizational culture, the interaction between budget participation and organizational commitment, and the interaction between budget participation and organizational culture, amounting to 52.5%. The remaining 47.5% is explained by other factors not present in the model.

### 4) Q Square

A model is considered to have relevant predictive power if the Q square value is greater than 0 (> 0). The predictive-relevance value is obtained with the following formula:

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

$$Q^2 = 1 - (1 - 0.525)$$

$$Q^2 = 1 - (0.475)$$

$$Q^2 = 0.525$$

The calculated Q square result in this research is 0.525 or 52.5%. A Q square value greater than 0 indicates that the model in this study is capable of explaining the endogenous variable, namely, local government performance. A Q square value greater than 0 also shows that the independent variable in this study has predictive relevance against the dependent variable in the research. The calculated Q square value is the same as the Adjusted R square because, in the research model, there is only one endogenous variable, which is local government performance. This implies that the inner model in this study is capable of explaining the endogenous variable, i.e., local government performance.

### 4.1.3. Hypothesis Testing

**Table 10. Path Coefficient**

Exogenous Variable	Endogenous Variable	Path Coefficient
Participation budget	Government performance area	0.332
Commitment organization		0.291
Culture organization		0.289
Interaction between participation budget with Commitment organization		0.067
Interaction between participation budget with Culture organization		0.248

Source: processed by researcher

The equation formed based on the path coefficient values in the table above is as follows:

$$KPD = 0,332PA + 0,291KO + 0,289BO + 0,067PA.KO + 0,248PA.BO$$

The coefficient values in Table 10 above can be explained as follows:

1. The coefficient of budget participation on local government performance shows a value of 0.332 (positive). The positive direction indicates that budget participation is positively associated with local government performance. This implies that an increase in budget participation will lead to an improvement in regional government performance.
2. The coefficient of organizational commitment to local government performance shows a value of 0.291 (positive). A positive direction indicates that organizational commitment is positively associated with local government performance. Therefore, an increase in organizational commitment will enhance local government performance.
3. The coefficient of organizational culture on local government performance shows a value of 0.289 (positive). A positive direction indicates that organizational culture is positively associated with local government performance. Hence, an

improvement in organizational culture will contribute to better local government performance.

4. The interaction coefficient between budget participation and organizational commitment to local government performance shows a value of 0.067 (positive). The positive direction indicates that the interaction between budget participation and organizational commitment aligns with local government performance. Consequently, an increase in the interaction between budget participation and organizational commitment will lead to an improvement in local government performance.
5. The interaction coefficient between budget participation and organizational culture on local government performance shows a value of 0.248 (positive). The positive direction indicates that the interaction between budget participation and organizational culture is in line with local government performance. Thus, an increase in the interaction between budget participation and organizational culture will result in an improvement in local government performance.

The following is a hypothesis testing table, as presented in Table 11 below.

**Table 11. Hypothesis test**

Hypothesis	Exogenous Variable	Endogenous Variable	t-stat	Sig.	Note.
H <sub>1</sub>	Participation budget		4,498	0,000	H <sub>1</sub> accepted
H <sub>2</sub>	Interaction between participation budget with commitment organization	Government performance area	0.666	0.506	H <sub>2</sub> rejected
H <sub>3</sub>	Interaction between participation budget with culture organization		2,597	0.010	H <sub>3</sub> is accepted

Source: processed by researcher

## 4.2. Discussion

### 4.2.1. Effect of Budget Participation on Local Government Performance (H1)

The hypothesis testing results reveal a significant effect of budget participation on local government performance (H1). The statistical analysis, with a t-statistic value of 4.498 surpassing the critical t-table value (1.96) and a significance level (sig.) of  $0.00 < 0.05$ , leads to the rejection of the null hypothesis (H0). This indicates that budget participation does influence local government performance, aligning with the alternative hypothesis (Ha).

### 4.2.2. Effect of Budget Participation on Regional Government Performance with Organizational Commitment as a Moderating Variable (H2)

Contrary to expectations, the findings do not support the hypothesis that organizational commitment moderates the relationship between budget participation and local government performance (H2). The t-statistic value for the interaction between

budget participation and organizational commitment is 0.666, falling short of the critical t-table value (1.96), and the significance level (sig.) is  $0.506 > 0.05$ . Consequently, the null hypothesis (H0) is accepted, signifying that organizational commitment does not play a moderating role in the relationship between budget participation and local government performance.

#### **4.2.3. Effect of Budget Participation on Regional Government Performance with Organizational Culture as a Moderating Variable (H3)**

The results provide evidence supporting the hypothesis that organizational culture moderates the relationship between budget participation and local government performance (H3). The t-statistic value for the interaction between budget participation and organizational culture is 2.597, surpassing the critical t-table value (1.96), and the significance level (sig.) is  $0.010 < 0.05$ . Hence, the null hypothesis (H0) is rejected, confirming that organizational culture does play a moderating role in the relationship between budget participation and local government performance. This aligns with the alternative hypothesis (Ha).

## **5. CONCLUSION**

The comprehensive analysis of the influence of budget participation on regional government performance, with organizational commitment and organizational culture as moderators within the Regional Apparatus Organization (OPD) Service in the Regional Government of Muara Bungo Regency, Jambi Province, yields several key conclusions.

Firstly, the research affirms a significant impact of budget participation on local government performance. The active involvement in the budget preparation process enhances individual performance, fostering a sense of responsibility and empowerment. This goes beyond the mere execution of a pre-prepared budget, emphasizing the importance of inclusive budgetary processes.

Surprisingly, organizational commitment does not play a moderating role in the relationship between budget participation and local government performance. The sustained low commitment observed among employees suggests that organizational challenges, particularly those related to financial aspects, may prompt considerations of leaving the organization.

Conversely, organizational culture emerges as a vital moderator in the relationship between budget participation and local government performance. The research establishes that the influence of organizational culture extends to shaping employee behavior, work approaches, and motivation. This, in turn, contributes significantly to achieving optimal performance levels.

## **REFERENCES**

Altay, N., Gunasekaran, A., Dubey, R., & Childe, S. J. (2018). Agility and Resilience as antecedents of Supply Chain Performance under moderating effects of Organizational Culture within the Humanitarian Setting: A Dynamic Capability

- View. *Production Planning and Control* , 29 (14), 1158–1174.
- Anggadini, SD, Wulansari, L., & Damayanti, S. (2021). The Influence of Budget Participation and Organizational Commitment to the Performance of Regional Government Apparatus. *International Journal of Management Science and Information Technology (IJMSIT)* , 1 (2), 6–19.
- Audit Board of the Republic of Indonesia. (2019). *Jambi City BPK LHP* . 65 .
- Darmawati, Ruslan, M., & Marjuni, S. (2019). The Role of Accounting Information in the Government Sector: Perspective Agency Theory. *Economics Bosowa Journal* , 5 (001), 515–527.
- Fara, N., Soleman, R., & Honor, A. (2018). The Effect of Internal Control and Regional Financial Management with Organizational Commitment as a Moderating Variable. *Journal of Accounting Research* , 5 (2), 74–89.
- Ghozali, I. (2018). *Multivariate Analysis Application with the IBM SPSS 25 Program* . Semarang: Diponegoro University Publishing Agency. 2018.
- Ghozali, I., & Latan, H. (2015). *Partial Least Square, Engineering Concepts, and Applications Using the SmartPLS 3.0 program for Empirical Research* (pp. 25–105). Semarang: Diponegoro University Publishing Agency.
- Hair, J.F., Hult, G.T., Ringle, C., & Sarstedt, M. (2017). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM) - Joseph F. Hair, Jr., G. Tomas M. Hult, Christian Ringle, Marko Sarstedt. In *Sage* .
- Hariani, S., & Veny. (2018). Mercu Buana University, Jakarta. *Profita: Scientific Communication in Accounting and Taxation, Mercu Buana University, Jakarta* , 11 (2), 1–10.
- Harruma, I. (2022). *APBD Preparation Mechanism* .
- Kamaroellah, A. (2014). *Introduction to Organizational Culture (Concepts, Implementation Strategies, and Benefits)* . Radja Library.
- Karno, DKS, & Alliyah, S. (2021). *The Influence of Local Government Characteristics and BPK Audit Opinion on the Financial Performance of District/City Governments in Central Java Province* . 3 (1), 40–55.
- Kemenpan RB. (2022). *Performance Report of the Ministry of State Apparatus Empowerment and Bureaucratic Reform* .
- Mahfud MD. (2021). *Ministry of State Apparatus Empowerment and Bureaucratic Reform - Commitment to Mindset, Causes of Not Yet Optimal Bureaucratic Reform* .  
<https://www.menpan.go.id/site/berita-terkini/komitmen-besar-pola-jiwa-pembebab-belum-optimalnya-rebesar-burocracy>
- Mahsun, M. (2014). *Public Sector Performance Measurement First Edition* . BPFE-YOGYAKARTA.
- Mardaniati, D., Basri, YM, & Rasuli, M. (2020). The Effect of Participation in Budget Preparation and HR Innovation on the Performance of Government Officials: Organizational Commitment and Organizational Culture as Moderating Variables (Study at the Riau Provincial Government). *Pekbis Journal* , 12 (1), 13–24.
- Matkó, A., & Takács, T. (2017). Examination Of The Relationship Between Organizational Culture And Performance. *International Review of Applied Sciences and Engineering* , 8 (1), 99–105.
- Metin, K., & Aslin, K. (2018). The Relationship between Organizational Commitment

- and Work Performance: a Case of Industrial Enterprises. *Journal of Economic and Social Development (JESD)* , 5 (1).
- Nikpour, A. (2017). The impact of organizational culture on organizational performance: The mediating role of employees' organizational commitment. *International Journal of Organizational Leadership* , 6 (1), 65–72.
- Rinaldi, Agustin, H., & Sari, VF (2020). The Effect of Budget Participation on Budget Gaps with Organizational Commitment as a Moderating Variable. *Journal of Exploratory Accounting* , 2 (1), 2299–2313.
- Rivito, A., & Mulyani, S. (2019). The Effect of Budget Participation on Local Government Performance with Organizational Commitment as Moderating Variable. *Journal of Accounting Auditing and Business* , 2 (2), 13.
- Sarmigi, E., & Maryanto, M. (2020). The Influence of Regional Financial Management and Good Governance on the Performance of the Regional Government of Kerinci Regency. *Journal of Economic Appreciation* , 8 (1), 153–162.
- Sugiyono. (2017). *Quantitative, Qualitative, and R&D Research Methods* . Bandung: Alfabeta.
- Sumarsono, S. (2010). *Government Financial Management First Edition First Printing* . Science House. <https://doi.org/Nahkoda> Leadership in conservation organizations
- Syarif, Darman, Yusuf, & Mardiana, R. (2018). *Organizational Commitment Definition, Influenced & Influencing* . Nas Media Library.
- Tahar, A., & Kuncahyo, HH (2020). The Influence of Organizational Commitment, Participation in Budget Preparation, and Compensation on the Performance of Regional Government Agencies. *Indonesian Accounting and Business Review* , 4 (2), 45–55.
- Turalaki, S., Tinangon, J., Wokas, H., Accountability, P., Accountability, P., Transparency, AND, Against, P., Economy, F., Business, D., & Accounting, J. (2017). The Influence of Public Accountability and Transparency on Service Performance at the South Minahasa Regency Revenue Service. *EMBA Journal: Journal of Economics, Management, Business And Accounting Research* , 5 (2), 1182–1192.
- Zeyn, E., & Nuraeni, N. (2023). The Effect Of Budgeting Participation And Organizational Commitment On The Performance Of Local Government Institutions. *Journal of Contemporary Accounting Research* , 15 (1), 121–128.

## Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).