



The Role of Budget Goal Commitment and Procedural Justice in Mediating the Influence of Budget Participation on Budget Implementation Performance

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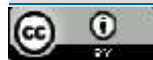
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ABSTRACT

This study aims to analyse the influence of budget participation on budget implementation performance with commitment to budget objectives and the perception of procedural justice as a mediation variable. The population in this study is all employees at the Politeknik Pariwisata Bali, of 290 people. The sample withdrawal in this study used the method of non-probability sampling using purposive sampling techniques. The criteria for respondents used in this study were leaders, structural officials, activity implementers and financial managers at the Politeknik Pariwisata Bali with a total of 120 people. The data analysis method uses a Structural Equation Model based on Partial Least Squares. The results of the study show that: (1) budget participation has a positive and significant effect on the performance of budget implementation; (2) budget participation has a positive and significant effect on the commitment of budget objectives; (3) budget participation has a positive and significant effect on the perception of procedural justice; (4) commitment to budget objectives has a positive and significant effect on the performance of budget implementation; (5) the perception of procedural justice has a positive and significant effect on the performance of budget implementation; (6) commitment to budget objectives is able to mediate the influence of budget participation on budget implementation performance; and (7) the perception of procedural justice is able to mediate the influence of budget participation on the performance of budget implementation.

INTRODUCTION

As a public service provider, the government holds the responsibility of delivering high-quality services to the community (Rahayu et al., 2022). The growing public demand for effective governance has driven both central and local governments to adopt measures for public accountability (Purnamawati & Hatane, 2020). Public sector organizations are tasked with fulfilling the needs and rights of the public. These organizations adhere to performance standards that are evaluated through both financial and non-financial measurement systems. It is essential to assess public sector performance with several objectives in mind: (1) to encourage improvements in government effectiveness, (2) to support efficient resource distribution and enhance decision-making accuracy, and (3) to achieve public accountability while improving organizational communication skills. By focusing on these objectives, public sector organizations can enhance their efficiency and effectiveness, ultimately ensuring the optimal provision of necessary public services (Mardiasmo, 2018).

Often, the performance of public sector organisations is linked to the performance of budgets that contain financial resources, where the success of achieving an organisation's goals is reflected in its success in achieving maximum budget realisation (Hannah, 2020). The success of achieving budget goals for public sector organisations is realised by achieving performance outputs in accordance with the work unit mandate mandated by the government to each public sector organisation (Biswan & Grafitanti, 2021). The implementation of budgets in public sector organizations in Indonesia consistently encounters recurring problems each year. Some of the classic issues that hinder effective spending performance include low budget absorption at the beginning and middle of the year, with significant accumulation occurring at the end of the year. Additionally, there is often a mismatch between actual expenditures and the withdrawal plan established at the beginning of the year. Frequent budget revisions, late reporting of contract data, and output achievements that fail to meet targets are also common challenges. (Mukhtaromin, 2022).

To address issues related to budget performance, the government, particularly the Ministry of Finance, introduced the Budget Implementation Performance Indicator (IKPA). This tool is designed to monitor and assess how well public sector budgets are implemented. The IKPA score provides insight into the performance of public sector agencies, indicating whether budget planning and execution align with regulations, and whether activities and budget implementation are conducted with effectiveness and efficiency in mind.

Politeknik Pariwisata Bali is a government institution that operates as a university, specifically dedicated to providing vocational education in the field of tourism. It is organized under the Ministry of Tourism and Creative Economy/Tourism and Creative Economy Agency. As a government entity funded by the State Budget, it must adhere to regulations concerning state finance, including those outlined in the IKPA. Budget implementation performance is reflected in the score of IKPA for the Politeknik Pariwisata Bali, as follows:

Table 1. Recapitulation of the IKPA Score of Politeknik Pariwisata Bali in 2019-2022

Year	IKPA Score	Category
2019	93,62	Good
2020	82,25	Enough
2021	90,24	Good
2022	90,22	Good

Source: OM-SPAN data processed

Table 1 shows that the achievement of the IKPA score of the Politeknik Pariwisata Bali for the 2019-2022 period has not shown maximum budget implementation performance because it only managed to achieve the highest score in 2019 of 93.62, and the following years showed a decrease, namely 82.25 in 2020, 90.24 in 2021 and 90.22 in 2022. The results of interviews and initial observations show that the low IKPA score comes from 2 main problems, namely low realisation and budget planning problems.

In reality, many government agency employees still do not understand how to manage finances properly, so financial behaviour must still be socialised (Purnamawati et al., 2021). One of the main causes of budgeting problems in public sector agencies is the low level of employee involvement in the budgeting process (Biswan & Widiyanto, 2019). The combination of top-down and bottom-up budgeting is called the budget participation approach. The purpose of budget participation is to ensure effective management control, so that agency activities can run smoothly and their goals can be achieved. The participatory approach to budgeting is considered the most effective because it involves cooperation and dialogue among various levels of management within the organisation to produce a budget supported by all relevant parties, which is expected to lead to strong commitment to its implementation (Supardi, 2022). Budget preparation involving subordinates will create attachment and responsibility among subordinates to contribute to the success of budget implementation goals, thereby improving budget implementation and managerial performance (Vroniangela et al., 2022).

The impact of budget participation on performance has been researched for decades (Andry, 2021). However, recent studies suggest that simply taking part in the budget process does not ensure that expected performance outcomes will be achieved (Supardi, 2022). This is due to the existence of other factors that can influence an individual's motivation to fully employ their abilities in pursuing organizational goals (Zonatto et al., 2019). The effectiveness of participatory budgeting in enhancing the performance of government officials is often debated, as it yields varied results. For instance, research by Ardiansyah et al. (2019), Bumulo et al. (2018), Hasnia (2021), Manafe & Setyorini (2019), Myint et al. (2019), Nguyen et al. (2019), Novitasari et al. (2018), Saripudin & Siswantoro (2020), Silva et al. (2023), Supardi (2022), and Vroniangela et al. (2022) found a significant link between budget participation and the performance of government employees.

Research by Firana and Abbas (2020) indicates that budget participation does not significantly impact the performance of work units in various regions. This conclusion is further supported by studies conducted by Denardo and Sudarwan (2019), Hariyanto (2018), and Jatmiko et al. (2020), all of which found that budget participation does not positively and significantly enhance the performance of local government personnel.

According to goal-setting theory, participation in budgeting can increase commitment to achieving budget objectives. When a goal is self-determined, as opposed to being imposed by others, and when an individual believes the goal is attainable based on their abilities, that individual is more likely to be committed to achieving it (Gyepi-Garbrah et al., 2023). Additionally, employee performance is likely to improve when there is a perception of fairness (Firana & Abbas, 2020). In participatory budgeting scenarios, this perception of fairness is cultivated when employees have the opportunity to provide input that influences the final budget targets set by their superiors.

The relationship between procedural justice, budget participation, and performance has been examined by several researchers, including Duan et al. (2022), Firana & Abbas (2020), Novitasari et al. (2018), and Zainuddin & Isa (2019). Their findings indicate that procedural fairness can mediate the relationship between budget participation and performance. However, research by Denardo & Sudarwan (2019) suggests that perceptions of procedural justice do not mediate this relationship.

This research is motivated by ongoing issues related to budget implementation at Politeknik Pariwisata Bali, particularly concerning budget realization and planning, which have persisted year after year. Given the inconsistencies in previous studies regarding the relationship between budget participation, perceptions of procedural justice, commitment to budget objectives, and organizational budget performance, this study aims to re-evaluate the impact of budget participation on organizational performance, with perceptions of procedural fairness and commitment to budget objectives serving as mediating factors.

LITERATURE REVIEW

Expectancy Theory

Expectancy theory was proposed by Victor Vroom, who suggested that the motivation for a person to work hard is influenced by the relationship between their desires and the outcomes they expect from their efforts. Vroom emphasized that this theory focuses on the results of performance rather than on individual needs; in other words, performance is determined by the goals that one aims to achieve (Supardi, 2022).

Expectation theory provides a basis for explaining why individuals make choices based on rewards and values. Hope theory also emphasizes the principle that individuals in an organization will be motivated to do things related to the organization's goals, if they feel confident in their actions, that they can achieve those goals.

Goal Setting Theory

Goal-setting theory, developed by Locke since 1968, has gained attention for its relevance to various organizational challenges. This theory posits that the primary factor influencing an individual's choices is their goals. Two key attributes of goal setting are specificity and difficulty. Generally, the more difficult and specific the goals established, the higher the level of achievement (Suwanto et al., 2022).

Goal commitment is defined as a person's determination to achieve the goal, showing the breadth of effort, all the time toward achieving the original goal and the absence of a desire to throw away or reduce the goal. Individuals will be more committed to carrying out their goals when the individual sets his or her own goals and are not given, and when those goals are based on at least part of the individual's abilities. In other words, by giving employees the opportunity to be able to set their goals, they tend to work better when compared to when the goals are only set by their superiors (Supardi, 2022).

Equity Theory

The theory of equity was developed by John Stacey Adams in 1963. This theory posited that employee satisfaction is related to the perception of whether the distribution of resources is fair in the employment relationship. According to the theory of justice, a person's motivation is associated with fairness and justice applied by superiors (Denardo & Sudarwan, 2019). Equity theory compares the inputs and outputs of other people's work with their own inputs and work, and after that, a perception of whether or not they are fair or not in themselves is created (Ren et al., 2022).

Equity theory emphasizes the importance of fairness in the outcomes received compared to the inputs contributed to the company. Inputs refer to any contributions made by individuals through their work or related activities. These inputs can include factors such as time, loyalty, commitment, trust in superiors, tolerance, and more has a relationship with work. Inputs can be in the form of time, loyalty, commitment, trust in superiors, tolerance, and others. Meanwhile, outcomes are results received both positively and negatively by employees due to the input provided. Outcomes can be in the form of compensation, responsibility, reputation, recognition, promotion, and others (Mahardika & Rokhayati, 2021).

Performance of Organisational Budget Implementation

Performance refers to the goals or results that an individual aims to achieve, based on the relevant measures for their specific job (Purnamawati & Adnyani, 2019; Purnamawati & Adnyani, 2020). These results can stem from the individual's own expectations or the requirements set by the organization they work for. Performance can be assessed by comparing an individual's past performance with their current performance, as well as forecasting their performance in future periods within a defined scope (Denardo & Sudarwan, 2019).

This study focuses on evaluating the performance of the organization's budget implementation through planning, execution, and results. This assessment is reflected in the Budget Implementation Performance Indicator (IKPA). The IKPA serves as a monitoring and evaluation tool for budget implementation, measuring how effectively work units adhere to budget planning and execution, comply with regulations, implement activities effectively, and utilize budgets efficiently.

The assessment of the 2022 IKPA is primarily focused on three key aspects: the quality of budget planning (20% weight), the quality of budget implementation (55% weight), and the quality of the results of budget implementation (25% weight). The details are as follows:

- a. The quality aspect of planning implementation assesses the alignment between budget execution and the plans outlined in the DIPA. There are 2 indicators used, namely:
 - 1) DIPA revision indicators (Budget Implementation Checklist)
 - 2) Deviation of page III of the DIPA
- b. The quality aspect of budget implementation evaluates a work unit's ability to achieve the budget established in the DIPA. Five indicators are used to assess this aspect:
 - 1) Budget Absorption
 - 2) Contractual Spending
 - 3) Bill Settlement
 - 4) Management of UP (Reserve Money) and TUP (Additional Reserve Money)
 - 5) SPM Pensioned
- c. Aspects of Quality: Results of budget implementation measured from 1 indicator, namely :
 - 1) The accuracy of the work unit in recording the output achievement and the percentage of output achievement that has been implemented

The Ministry of Finance provides IKPA value at the OM-SPAN Application, with IKPA value will range from the lowest 0% and 100% as the highest value. The categories of IKPA scores are as follows:

IKPA Value	IKPA Category
0 - 70	Less
71 - 88	Enough
89 - 94	Good
95 - 100	Excellent

Source : Perdirjen Perjen Perdaharaan No.PER-5/PB/2022

Budget Participation

According to Mardiasmo (2018), a budget is a statement outlining the estimated work to be accomplished during a specific period, presented in financial terms. Budgeting, on the other hand, is the process of preparing this budget. Management develops the budget for a one-year period, which guides

the company toward its desired outcomes using the allocated resources. This plan should encompass a wide range of interrelated operational activities. In other words, a company's budget serves as a tool through which management can fulfil its responsibilities related to planning, coordination, and supervision (Andry, 2021).

The success of the budget program largely depends on how it is prepared. In public sector organizations, the government aims to achieve optimal performance by involving lower and middle level managers in the budgeting process. This collaborative approach is believed to enhance the achievement of predetermined goals (Suwanto et al., 2022). Involving both superiors and subordinates in budget preparation fosters cooperation and interaction, resulting in a budget that garners support from all parties involved. This support, in turn, leads to a strong commitment to its implementation (Supardi, 2022).

Participation in budgeting is a managerial approach that can enhance organizational performance. It is believed that engaging individuals in the budgeting process helps them improve their performance in alignment with established targets (Firana & Abbas, 2020). When subordinates participate in budget preparation, it is positively linked to the achievement of organizational goals. Increased participation in budgeting can lead to improved managerial performance; the greater the involvement in budgeting, the higher the managerial performance (Vroniangela et al., 2022).

Budget Goal Commitment

Budget goal commitment is the determination to consistently achieve budget objectives, which can occur when subordinates have accepted the goals that have been set. A person will have better performance when he or she is committed to achieving certain budget goals (Maiga and Jacob in Novitasari et al., 2018). Commitment to budget goals is important because the benchmark of productivity in general is the organisation's ability to achieve its financial goals (Hannah, 2020). Commitment to budget goals is something important to achieve budget goals, and perseverance in taking action to achieve these goals (Damayanti, 2020).

Procedural Justice

Procedural fairness refers to the fairness of decision-making processes within an organization, particularly concerning its members. Procedural justice emphasizes the mechanisms that empower employees and provide them with support (Denardo & Sudarwan, 2019). Magner et al. (in Mahardika & Rokhayati, 2021) argue that managers should avoid using arbitrary procedures when allocating resources. Clear rules and procedures related to work should be established, accompanied by a communication mechanism that encourages input from employees. If this approach is implemented, it is likely to positively impact the quality of work being performed.

When a manager applies rules consistently and fairly to all employees, rewarding them based on their performance and contributions without any personal bias, it fosters a positive perception of procedural fairness among

employees. This, in turn, can enhance their satisfaction, commitment, and engagement (Robertson, 2018). Procedural justice refers to the fairness perceived in the decision-making process. Even if an individual does not agree with a decision's outcome, they are more likely to accept it if they believe the process was conducted fairly (Novitasari et al., 2018).

Budget Participation and Budget Implementation Performance

The first relationship in the expectancy theory proposed by Vroom is the relationship between effort and performance. The hope theory says that a person will be motivated to do something if there are things that are intended, and there is an expectation that their efforts will result in commensurate compensation. Involving middle and lower-level managers in the budget preparation process is one way to strengthen the connection between effort and performance. When these managers participate in creating the budget, they are likely to feel more motivated to implement it effectively and achieve the budget goals (Milani in Supardi, 2022).

Numerous studies have demonstrated that budget participation significantly positively impacts organizational performance. Key findings can be found in the works of Ardiansyah et al. (2019), Bumulo et al. (2018), Hasnia (2021), Manafe and Setyorini (2019), Myint et al. (2019), Nguyen et al. (2019), Novitasari et al. (2018), Saripudin and Siswanto (2020), Silva et al. (2023), Supardi (2022), and Vroniangela et al. (2022). This is because the involvement of employees in budget preparation provides an opportunity to prepare a budget according to the needs needed to achieve certain outputs. With the preparation of the budget according to the needs of employees, it is hoped that the implementation of the budget will be executed smoothly without obstacles. If all units in the organisation can carry out their duties and functions smoothly, then it is hoped that the organisation's goals will be achieved so as to produce optimal organisational performance.

However, the findings from other studies suggest the opposite view: budget participation does not have an impact on performance (Denardo & Sudarwan, 2019; Firana & Abbas, 2020; Hariyanto, 2018; Her et al., 2019; Jatmiko et al., 2020; Myint, 2019). Given this information, the hypothesis proposed to examine the relationship between budget participation and performance is stated as follows:

H1: Budget participation has a positive and significant effect on the performance of budget implementation.

Budget Goal Commitment

Goal-setting theory, developed by Locke in 1968, posits that the primary factor influencing individuals' commitment is the goals they set. Budget goal commitment refers to the determination and perseverance to achieve budget goals over time. For subordinates to commit to budget goals, they must accept the goals that have been established. Individuals are likely to perform better when they are committed to reaching specific budget targets (Maiga and Jacob, as cited in Novitasari et al., 2018). In this context, when subordinates are involved

in the budgeting process, they can develop a sense of ownership over the budget, which can enhance their commitment to achieving the budget goals.

The involvement of each level of management in budget preparation will lead to a commitment to jointly strive to achieve budget goals. This is because the budget is prepared by managers at each level of management, and adjusted to the needs and ability to implement the budget. Individuals will be more committed to carrying out their goals when the individual sets his or her own goals and is not given and when those goals are based on at least part of the individual's abilities (Supardi, 2022).

Several accounting studies have identified a positive and significant relationship between participation in budgeting and commitment to budget goals (Bernd, 2022; Denardo & Sudarwan, 2019; Hariyanto, 2018; Jusoh et al., 2022; Manafe & Setyorini, 2019; Novitasari et al., 2018). These studies indicate that when employees are given the opportunity to participate in the budgeting process, they are able to set their own budget goals based on their needs and abilities. As a result, they tend to be more committed to achieving these goals compared to situations where goals are solely determined by their superiors.

In contrast, research conducted by Jatmiko et al. (2020) found no influence of budget participation on organizational performance. This was attributed to a lack of employee involvement in the budget preparation process and insufficient communication between management and employees. Consequently, employees did not fully understand how to prepare the budget or its objectives, which negatively impacted performance outcomes.

Based on the description above, the hypothesis in this study is:

H2: Budget participation has a positive and significant effect on the commitment to budget goals.

Perception of Procedural Justice

The theory of fairness explains employee satisfaction related to the perception of whether or not the distribution of resources is fair in the employment relationship. According to Equity theory, a person's motivation will be related to justice and equality applied by management (Zahro & Januarti, 2016). Setting fair and reasonable goals can be accomplished through the involvement of managers in the budgeting process, as highlighted by Jusoh et al. (2022). This involvement ensures that procedural justice is maintained in the allocation of resources, meaning that the process is conducted appropriately and fairly according to established criteria.

Procedural fairness pertains to the fairness of the processes used to determine distribution outcomes (Denardo & Sudarwan, 2019). In the context of budgeting, procedural fairness refers to an individual's confidence that the budgeting process has been conducted fairly. When subordinates are actively involved in budget preparation and discussions with superiors regarding budget proposals, it leads to budget decisions that are based on accurate information and well-informed opinions. The provision of logical reasons by the superiors regarding the revised budget makes the superiors in making budget decisions not limited to one of the scopes of responsibility only. This makes the procedures

in deciding the allocated budget perceived as fair by the subordinates (Zahro & Januarti, 2016).

Research on fairness in budgeting provides empirical evidence that organizational performance improves under conditions of high fairness, where perceptions of fairness increase when individuals are given the opportunity to participate because individuals believe that their input is an instrument to achieve desired outcomes (Denardo & Sudarwan, 2019; Duan et al., 2022; Novitasari et al., 2018; Zainuddin & Isa, 2019).

Based on the description above, the hypothesis related to the influence of budget participation on the perception of procedural justice is:

H3 : Budget participation has a positive and significant effect on the perception of procedural justice

Budget Objective Commitment and Budget Implementation Performance

Goal-setting theory describes how goals relate to performance. The more committed you are to achieving your goals, the greater effort you will put in, which can enhance performance. Goal-setting theory that involves managers in budget participation affects expectations for desired outcomes (Novitasari et al., 2018).

The primary factor in goal-setting theory is goal commitment, which refers to the degree to which individuals are dedicated to achieving specific goals. In the context of budget goals, commitment encompasses motivation, determination, and substantial effort to achieve these objectives (Zahro & Januarti, 2016). This means that managers who exhibit a high level of commitment to budget goals are likely to have good faith and actively strive to meet these goals (Denardo & Sudarwan, 2019; Hasnia, 2021; Manafe & Setyorini, 2019; Myint et al., 2019; Silva et al., 2023).

In contrast, a different study conducted by Jatmiko et al. (2020) indicated no significant influence of budget goal commitment on performance. This study revealed that low employee commitment to fulfilling budgeted activities resulted in poor budget realization each year.

Based on this information, the hypothesis regarding the influence of budget goal commitment on budget implementation performance is as follows:

H4: Commitment to budget goals has a positive and significant effect on the performance of budget implementation

Perception of Procedural Justice and Budget Implementation Performance

When a manager applies rules fairly and consistently to all employees and rewards them based on their performance without any personal bias, employees tend to have a positive perception of procedural fairness. This perception can lead to increased employee satisfaction, commitment, and engagement (Damayanti, 2020; Duan et al., 2022; Firana & Abbas, 2020). Research by Lau et al. (2018) indicates that the perception of organizational fairness significantly impacts subordinate job satisfaction and organizational commitment. Therefore, it can be concluded that there is a relationship between procedural fairness and performance.

Conversely, a study by Denardo & Sudarwan (2019) found that the perception of procedural justice does not influence performance. In this case, management considered procedural justice to be less important, as they were more focused on achieving budgetary goals within their areas of responsibility. Thus, management emphasized substance over formalities.

Based on this information, the hypothesis concerning the impact of perceived procedural justice on the performance of budget implementation is:

H5: The perception of procedural justice has a positive and significant effect on the performance of budget implementation

Commitment to Budget Objectives as a Mediator of Budget Participation with Budget Implementation Performance

Increased participation in budgeting by managers leads to greater commitment to the budget, which ultimately enhances managerial performance (Denardo & Sudarwan, 2019). When goals are established collaboratively, each participant develops a sense of responsibility toward achieving them, which improves overall performance (Hariyanto, 2018). Research also indicates that effective managerial performance is dependent on the involvement of subordinates in budgeting processes, which helps in achieving budget objectives (Bernd, 2022; Denardo & Sudarwan, 2019; Hariyanto, 2018; Her et al., 2019; Nguyen et al., 2019; Silva et al., 2023). When subordinates participate in budgeting, it fosters communication, encourages their input, and instills a sense of responsibility due to their involvement in budget preparation. This, in turn, strengthens commitment and improves performance (Andry, 2021).

Conversely, some studies have found no mediating role of budget goal commitment in the relationship between budget participation and performance. These studies include the work of Ardiansyah et al. (2019), Bumulo et al. (2018), Damayanti (2020), Jatmiko et al. (2020), Manafe & Setyorini (2019), Myint et al. (2019), Novitasari et al. (2018), Saripudin & Siswanto (2020), and Supardi (2022).

Based on the discussion above, we can state the hypothesis that budget goal commitment serves as a mediator between budget participation and budget implementation performance.

H6: Commitment to budget objectives is able to mediate the influence of budget participation on budget implementation performance

Perception of Procedural Justice as a Mediator of Budget Participation with Budget Implementation Performance

Organizational Equity Theory posits that employees' perceptions of fairness in organizational behavior significantly influence their attitudes and actions within the organization. Procedural justice specifically relates to the fairness of the processes used to determine distributive outcomes (Denardo & Sudarwan, 2019).

When managers are actively involved in the budgeting process, it fosters positive behaviors that enhance their perception of fairness. This increased perception can lead to greater commitment to organizational goals, heightened

motivation, and ultimately, improved managerial performance (Mahardika & Rokhayati, 2021). Hariyanto's research (2018) demonstrates that perceived fairness mediates the relationship between budget participation and performance. When employees believe that budgeting procedures are fair, they are more likely to engage in the budgeting process, which can lead to enhanced organizational performance.

Building on Equity Theory, several researchers have explored the concept of budget justice perceptions, particularly the role of procedural justice as a mediator between budget participation and performance (Duan et al., 2022; Firana & Abbas, 2020; Novitasari et al., 2018; Zainuddin & Isa, 2019). In this context, perceived fairness is identified as a mechanism that explains the relationship between budget participation and performance. However, other studies indicate that perceptions of procedural justice may not always mediate the impact of budget participation on performance (Denardo & Sudarwan, 2019).

Based on the above discussion, the hypothesis for this study is:

H7: The perception of budget justice is able to mediate the influence of budget participation on the performance of budget implementation

METHODOLOGY

This study employs a quantitative approach, collecting data through questionnaires distributed to respondents who are the focus of the research. It was conducted by the Politeknik Pariwisata Bali in Badung, Bali. The population for this study consists of 269 employees at the Politeknik Pariwisata Bali. The sampling method used is non-probability sampling with purposive sampling techniques. The criteria for respondents include leaders, structural officials, employees in the planning and budget section of the Financial Administration Subdivision, as well as financial managers and activity implementers at the Politeknik Pariwisata Bali. A sample of 120 individuals was selected based on these criteria.

The data sources in this study are primary data and secondary data. The primary data used in this study were the respondents' answers to each statement in the questionnaire. Secondary data is numerical data, IKPA and budget realisation obtained by the Politeknik Pariwisata Bali for the period 2019 - 2022, obtained from the OM-SPAN Application made by the Ministry of Finance of the Republic of Indonesia. In addition, secondary data is also in the form of data obtained from the finance department related to planning and budgeting procedures at the Politeknik Pariwisata Bali. The variables that will be analysed in this study are as follows:

- 1) The dependent variables in this study are the performance of planning, implementation and results of the implementation of the organisation's budget, in this case, the performance of budget implementation, which is outlined in 8 IKPA value indicators.
- 2) The independent variable in this study is budget participation. Perception of procedural justice and commitment to budget goals as mediating variables. Budget preparation based on participation (*Budgetary Participation*) is proxied by whether or not there is a lot of involvement in budget making.

- 3) The mediation variables consist of:
- a. Commitment Purpose Budget (Budget Goal Commitment), will be proxied with the determination to achieve budget objectives
 - b. The perception of procedural fairness (Fairness Procedural Perception), for the perception of procedural justice in budget making, is proxied with the perception of the procedure for making and implementing the budget.

The data collection of this research was carried out by interview, documentation and questionnaire methods. The questionnaire is prepared based on a critical study of the theory that has been described in the literature review. Specifically to measure the performance of budget implementation as measured by the IKPA score, the questionnaire was prepared based on theoretical studies and focused discussions (Focus Group Discussions – FGD) with parties who are considered competent and understand this topic. The questionnaire was prepared using alternative answers that were plural, and the answer choices using the Likert Scale consisted of 5 (five) choices, namely Strongly Agree (SS), Agree (S), Neutral (N), Disagree (TS), Strongly Disagree (STS).

The data analysis method in this study is Structural Equation Modelling (SEM) with the Partial Least Square (PLS) approach with the support of SmartPLS 4.0 software.

RESEARCH RESULTS AND DISCUSSION

The data for this study came from questionnaires distributed to respondents. Out of 120 questionnaires, 96 (80%) were eligible for analysis, while 24 (20%) were not returned due to various reasons, such as external assignments. Only the completed questionnaires were included in the study. The structural model evaluation aims to predict relationships between latent variables. After validating the measurement model, the analysis continued by assessing the inner model, focusing on the R-Square value for endogenous constructs, the Stone-Geisser test for predictive relevance, and Average Variance Extracted. Resampling methods like jackknifing and bootstrapping were used for estimation stability (Latan & Ghozali, 2017).

Table 3. R-square Calculation Results

Variable	R-square	R-square adjusted
Budget Implementation Performance (Y)	0.815	0.809
Commitment Purpose (Z1)	0.195	0.186
Perception of Procedural Fairness (Z2)	0.295	0.287

Source : smartPLS application (2024)

The test results presented in Table 3 indicate that the R-squared value for the budget implementation performance variable is 0.815. This means that 81.5% of the variability in the budget implementation performance construct can be explained by the variability in the constructs of budget goal commitment, perception of procedural fairness, and budget participation. The remaining percentage is influenced by other variables not covered in this research.

According to Latan & Ghozali (2017), R-squared values of 0.75, 0.50, and 0.25 suggest that the model's strength is strong, moderate, and weak, respectively. Therefore, we can conclude that the influence of these constructs is strong.

In addition to examining the R-squared size, the evaluation of the PLS model can also involve Q² predictive relevance, commonly referred to as predictive sample reuse. A Q² value greater than 0 indicates that the model has predictive relevance, while a value of Q² less than or equal to 0 indicates a lack of predictive relevance (Latan & Ghozali, 2017).

The final step in evaluating the inner model is to determine the Goodness of Fit (GoF) value. GoF is used to assess both measurement and structural models and indicates the overall feasibility of the model. The criteria for GoF values are as follows: a GoF value of 0.10 indicates a small fit, a value of 0.25 indicates a medium fit, and a value of 0.36 indicates a large fit (Latan & Ghozali, 2017). The GoF value can be calculated using the following formula:

$$GoF = \sqrt{AVE \times R^2}$$

Based on the calculations, the Goodness of Fit (GoF) result is 0.602. This GoF value indicates that the research model exhibits a high level of fit.

Hypothesis testing was conducted using path analysis with SmartPLS version 4.0. Path analysis illustrates the direct and indirect effects of independent variables on dependent variables, incorporating mediating variables. The bootstrapping method can be utilized for various purposes, including determining the t-statistic value, as performed in the SEM Partial Least Squares model. Significance testing is employed to assess the significance of both direct and indirect effects, with the requirement that the t-statistic must exceed the t-value. The critical t-value used in this analysis is 1.96. The results of the bootstrapping analysis using Partial Least Squares can be referenced in Figure 1 below.

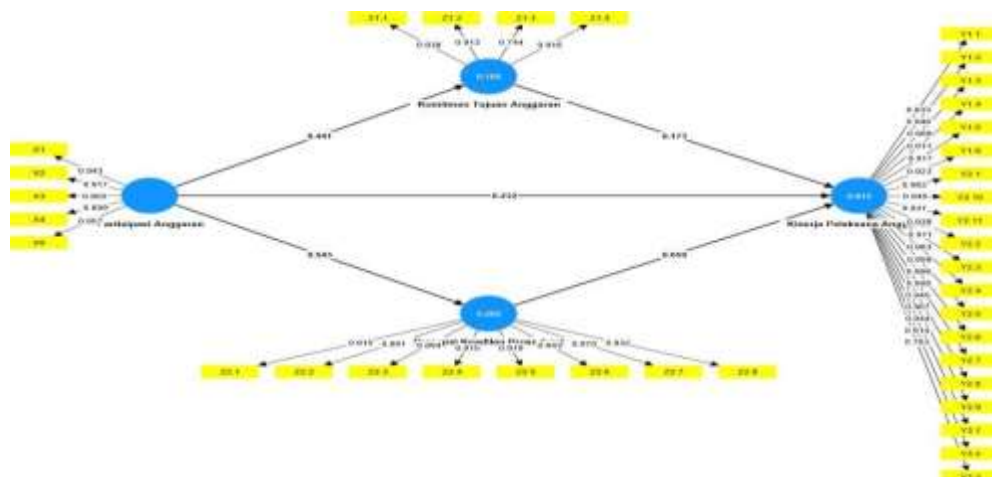


Figure 1. Hypothesis Testing Model
Source: smartPLS application

The test of the direct influence between variables can also be seen from the results of the validity test of the path coefficient on each path for direct influence in Table 4 below:

Table 4. Path Coefficient Test Result

Variable	Original sample. (O)	Sample mean. (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X -> Y	0,232	0,253	0,104	2,232	0.026
X -> Z1	0,441	0,458	0,098	4,500	0.000
X -> Z2	0,543	0,521	0,172	3,148	0.002
Z1 -> Y	0,173	0,179	0,058	2,972	0.003
Z2 -> Y	0,659	0,629	0,101	6,557	0.000
X -> Z1 -> Y	0,076	0,081	0,031	2,464	0.014
X -> Z2 -> Y	0,358	0,325	0,109	3,294	0.001

Source: smartPLS App (2024)

DISCUSSION

The hypothesis test conducted in this study was based on the t-statistic value and the p-value. The research hypothesis is considered accepted if the t-statistic value is greater than 1.96 and the p-value is less than 0.05. Based on the path coefficients presented in Table 4, the results of the hypothesis test can be summarized as follows:

1. Testing Hypothesis 1 (H1), which examines the effect of budget participation on budget implementation performance, yielded a path coefficient value of 0.232 and a statistical t-value of 2.232 (greater than the critical t-value of 1.96). The p-value of 0.026 is less than 0.05, indicating that budget participation has a positive and significant effect on budget implementation performance. Therefore, we accept Hypothesis 1 (H1), which states that budget participation positively influences budget implementation performance.
2. Testing Hypothesis 2 (H2), which investigates the effect of budget participation on budget goal commitments, produced a path coefficient value of 0.441 and a statistical t-value of 4.500 (greater than the critical t-value of 1.96). The p-value of 0.000 is less than 0.05, suggesting that budget participation positively and significantly affects commitment to budget goals. Consequently, we accept Hypothesis 2 (H2), which states that budget participation has a positive and significant effect on budget goal commitment.
3. Testing Hypothesis 3 (H3), which analyzes the effect of budget participation on the perception of procedural justice, yielded a path coefficient value of 0.543 and a statistical t-value of 3.148 (greater than the critical t-value of 1.96). The p-value of 0.002 is also less than 0.05, indicating that budget participation has a positive and significant effect on the perception of procedural justice. Thus, we accept Hypothesis 3 (H3), which asserts that budget participation positively influences the perception of procedural justice.
4. In testing Hypothesis 4 (H4), which examines the role of budget goal commitment in budget implementation performance, the results showed a

path coefficient value of 0.173. The statistical t-value was 2.972, which exceeds the threshold t-value of 1.96, and the p-value was 0.003, which is less than 0.05. These findings indicate that budget goal commitment has a positive and significant effect on budget implementation performance. Therefore, hypothesis 4 (H4), which asserts that the commitment to budget objectives positively impacts budget implementation performance, is accepted.

5. In testing Hypothesis 5 (H5), which looks at the role of procedural justice perception in budget implementation performance, the results revealed a path coefficient value of 0.659. The statistical t-value was 6.557, again greater than the threshold t-value of 1.96, and the p-value was 0.000, which is less than 0.05. This indicates that the perception of procedural justice significantly and positively influences budget implementation performance. Hence, hypothesis 5 (H5), stating that the perception of procedural justice has a positive and significant effect on budget implementation performance, is accepted.
6. Testing Hypothesis 6 (H6) reveals that the commitment to budget objectives mediates the relationship between budget participation and budget implementation performance. This is evidenced by a path coefficient of 0.076, a t-statistical value of 2.464 (which exceeds the t-value of 1.96), and a p-value of 0.014 (which is less than 0.05). Therefore, the variable of budget objective commitment effectively mediates the influence of budget participation on budget implementation performance. Consequently, Hypothesis 6 (H6) is accepted, confirming that the commitment to budget objectives mediates the impact of budget participation on the performance of budget implementation.
7. Similarly, testing Hypothesis 7 (H7) indicates that the perception of procedural justice also mediates the relationship between budget participation and budget implementation performance. This hypothesis yields a path coefficient of 0.358, a t-statistical value of 2.464 (again, greater than the t-value of 1.96), and a p-value of 0.014 (below the 0.05 threshold). Thus, the perception of procedural justice is able to mediate the influence of budget participation on budget implementation performance, leading to the acceptance of Hypothesis 7 (H7), which states that the perception of procedural justice mediates the impact of budget participation on budget implementation performance.

CONCLUSION

Based on the results of the analysis and discussion, we can conclude that budget participation, commitment to budget objectives, and the perception of procedural justice have a positive and significant impact on the performance of budget implementation. Additionally, commitment to budget objectives and perception of procedural justice serve as mediators in the relationship between budget participation and budget implementation performance. Therefore, the findings of this study support the accuracy of these conclusions.

RECOMMENDATION

To strengthen the financial management at Politeknik Pariwisata Bali, it is essential to not only sustain the practice of budget participation but also enhance it significantly. This can be achieved by establishing transparent and equitable

budget preparation and execution processes, coupled with fostering robust communication with all employees at every level of management. Engaging everyone in this manner will empower the institution and promote a collaborative environment, ultimately driving our collective success.

ADVANCED RESEARCH

A recommendation for future research is to increase the number of respondents in order to achieve results that can be more universally applicable. Additionally, it is advisable to explore other variables, as this study found that the influence of budget participation, commitment to budget objectives, and the perception of procedural fairness on the performance of budget implementation accounted for only 81.5%.

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