



## THE EFFECT OF BUDGET AND ORGANIZATIONAL CULTURE ON PERFORMANCE OF GOVERNMENT INSTITUTION WITH LOCUS OF CONTROL AS MODERATED VARIABLES IN GOVERNMENT OF WEST SULAWESI PROVINCE

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**ABSTRACT:** This research was motivated because with the existence of regional autonomy the West Sulawesi Provincial Government was given the authority to regulate its own budget and regional finances. This study aims to analyze the direct influence of budgetary participation and organizational culture on the performance of government agencies; the influence of locus of control as a variable that strengthens the relationship between budgetary participation and organizational culture on the performance of government agencies in West Sulawesi Province. this study uses a questionnaire in collecting data. The total sample in this study amounted to 80 samples which in the sampling in this study used a sampling method by purposive sampling. The results showed that budgetary participation and organizational culture had a significant effect on the performance of government agencies. Locus of control moderates the effect of budget participation on the performance of government agencies. Locus of control moderates the influence of organizational culture on the performance of government agencies. Manfaat this research can provide the development of knowledge in improving the performance of government agencies.

**Keywords:** budget participation, organizational culture, locus of control, performance of government agencies

### 1. INTRODUCTION

This research was motivated by a phenomenon in the community related to regional autonomy given to the West Sulawesi Provincial Government. By granting authority to the West Sulawesi Provincial Government, it is expected that the targets set by the government can be achieved so that it is necessary to evaluate achievements based on the performance of the government agencies of West Sulawesi Province. Based on the initial survey, information was obtained that the performance of the West Sulawesi provincial government agencies had experienced an increase but had not been maximized and the problem in public sector institutions, namely the local technical agencies and institutions of West Sulawesi Province, was a lack of employee participation in budgeting. and the allocation of the budget received is not in accordance with the plan, this is due to the limited budget available for financing, the lack of attention of the Provincial Government to the needs of Regional Work Units (SKPD) needed for the public interest, the existence of political

interests which causes the planned budget for the interests of the regional offices and technical institutions were not optimal which became the culture of the West Sulawesi provincial government agencies so that the services provided to the public were ineffective.

The lack of attention of leaders to subordinates to achieve the objectives of an agency is the absence of strict sanctions and rewards, there are still many gaps in government bureaucracy regulations governing employees so that the objectives of an agency are not achieved and the delegation of authority to Echelon IV and Echelon III is not optimal. make them become less active, innovative and creative in assessing and directing staff in accordance with their abilities, as well as the availability of budget allocations and leadership decisions that are not in accordance with needs so as to provide results and benefits that are not effective against the agency.

In addition, there is still a lack of control in the individual so that employee performance is not optimal and causes the performance of government agencies to be not optimal as well. This study wanted to see the influence between budgetary participation and organizational culture on the performance of government agencies in the West Sulawesi Provincial Government with locus of control as a moderating variable.

## **2. LITERATUR REVIEW**

Goal-setting theory was first put forward by Locke (1998) which is a part of motivation theory. Goal setting theory is based on evidence that assumes that the target plays an important role in acting. According to this theory, performance will depend on the level of difficulty of the goal, the detail of the goal, and the person's commitment to the goal. This theory also states that individual behavior is governed by ideas (thoughts) and one's intentions. Goals can be seen as the goal or level of work that the individual wants to achieve, if an individual is committed to achieving his goals, then this will affect his actions and influence the consequences of his performance. This theory also explains that setting goals that are difficult and measurable results will be able to improve performance, followed by work skills and abilities. Based on the description above, it can be assumed that to achieve optimal performance there must be conformity to individual and organizational goals. By using the goal setting theory approach, the performance of government agencies that are good at achieving targets that have been determined is identified as the goal.

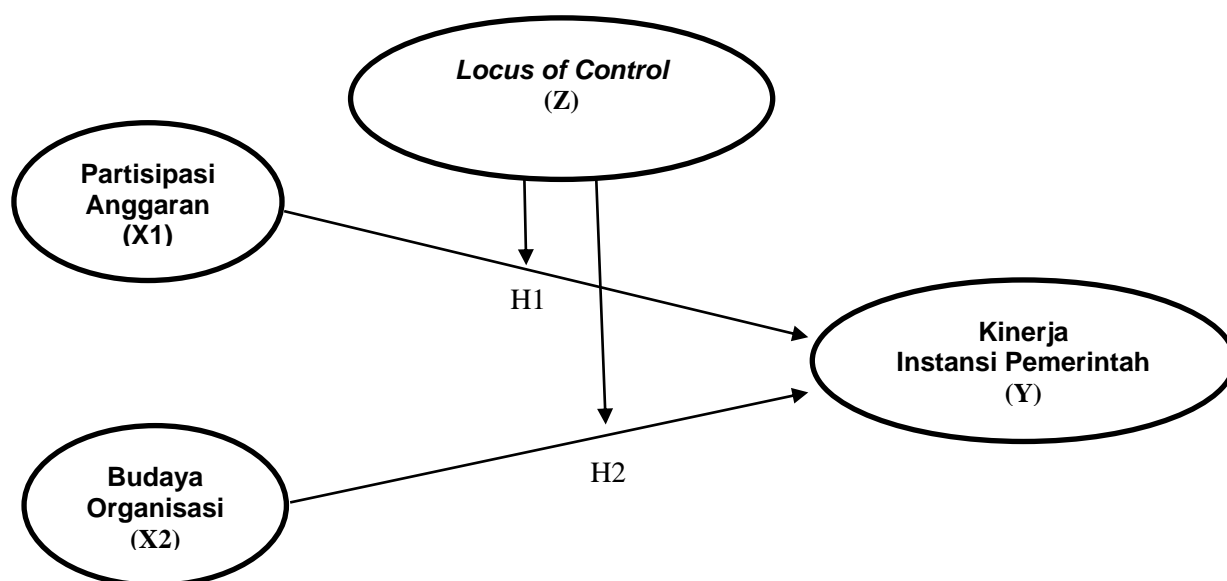
Budget participation is a process in preparing a budget by involving SKPD officials from the head level, head of sub-division, head of sub-division and even staff to determine how much budget is needed by each SKPD to run the organization for one year. The budget participation approach is expected to improve the performance of government agencies, this is based on research by Brownell (1982) and Anna (2010) which states support the

existence of a relationship between budget participation and accountability of performance of government agencies. This means that budget participation is applied so that the performance accountability of local government agencies will increase and conversely the lower the budget participation, the performance accountability that is applied will decrease. If an individual has a good locus of control in him then he will be able to participate well in the preparation of the budget so that it will improve his performance, if the performance he has increases it will automatically improve the performance of the organization in this case namely the performance of government agencies. The research that shows that locus of control has a positive and significant influence on budget participation on performance, namely research conducted by Winadarta (2003) examines the effectiveness of budget participation in improving managerial performance at Pertamina Balongan VI Processing Unit by taking locus of control and culture organizational as a moderating variable.

H1 : Budget participation has a positive and significant effect on the performance of local government agencies and locus of control strengthens the relationship.

The organizational culture approach is expected to improve the performance of government agencies, this is based on the research of Muhammad Kurniawan (2013) which shows that the application of organizational culture has a significant positive effect on the performance of public organizations. There are several studies that show that locus of control has a positive and significant influence on organizational culture on performance, namely Abdullah (2006), by taking a sample of 100 PNS employees at the West Semarang Tax Service Office examining the direct influence of organizational culture, locus of control and job satisfaction on employee performance. The results of his research state that locus of control and job satisfaction variables directly have a positive and significant influence on employee performance.

H2 : Organizational Culture has a positive and significant effect on local government agency performance and locus of control strengthens the relationship.



Gambar 1. Model Penelitian

### 3. METHODOLOGY

This study is explanatory research, which is research that explains the influence of several variables by testing hypotheses. This study aims to show an overview of the factors that influence the performance of government agencies with independent variables consisting of budgetary participation and organizational culture. Furthermore, this study uses locus of control variables as moderating variables and the performance of government agencies as the dependent variable. The object which is the basis of the study is echelon III and IV officials in each SKPD in the Province of West Sulawesi. research location in Mamuju, West Sulawesi, Indonesia. The sampling technique of this study uses purposive sampling. The total SKPD which is the reference for the study is forty SKPD, each SKPD is divided into two questionnaires with a total sample of eighty samples. Analysis of this research data using Statistical Package for Social Science (SPSS).

### 4. RESULTS AND DISCUSSION

Based on the results of research and hypothesis testing in this study for the first hypothesis model one, namely budgetary participation influences the performance of government agencies, and the model of two budgetary participation influences the performance of government agencies moderated by locus of control with a p-value of 0.000, this indicates that the first hypothesis for models one and two is accepted. this means that budget participation has a significant positive effect on the performance of government agencies and locus of control strengthens the relationship. This finding is supported by previous research conducted by Winadarta (2003) to examine the effectiveness of budget

participation in improving managerial performance in Balongan's VI Processing Unit by taking locus of control and organizational culture as a moderating variable.

Based on the results of research and hypothesis testing in this study for the second hypothesis model one namely organizational culture influences the performance of government agencies with a p-value of 0.001, and the model of two organizational cultures influence the performance of government agencies with moderated locus of control with p-value at 0,000, this indicates that the second hypothesis for model two is accepted. this means that organizational culture has a significant positive effect on the performance of government agencies and locus of control strengthens the relationship. This finding is supported by several studies that show that locus of control has a positive and significant influence on organizational culture on performance, namely Abdullah (2006) which states that locus of control and job satisfaction variables directly have a positive and significant influence on employee performance.

## **5. CONCLUSION**

The performance of Government Agencies is influenced by several factors, namely budget participation and organizational culture. The factor of budget participation and organizational culture has a positive effect on the performance of government agencies in West Sulawesi Province and locus of control further strengthens that influence. The greater the value of locus of control in each employee will further increase the influence of budgetary participation and organizational culture on the performance of government institutions in West Sulawesi Province. The benefits of this research are expected to provide knowledge development in improving the performance of government agencies.

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