

The Influence of Budgetary Participation and Competency on the Performance of the Local Government with Psychological Capital as Moderated Variable

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Abstract:- This study aims to examine: the direct influence of budgetary participation and competence on apparatus performance; the influence of psychological capital as a variable that moderates the relationship between budgetary participation and competence on apparatus performance. This study uses a quantitative approach. This research was carried out at the Regional Government of Majene Regency. Object studied is the Head of the Organization of Devices (OPD) or other structural officials Echelon III and IV who are involved in preparing the budget. Data obtained using survey methods. The instrument used was in the form of a questionnaire. The research sample of 97 respondents. Sampling in this study used a purposive sampling method. Data were analyzed using a moderated regression analysis method that was processed with statistical packages for the social sciences (SPSS v.25). The result show that budgetary participation and competence significantly affect the performance of apparatus. Psychological capital moderates the influences of budgetary participation on apparatus performance. Psychological capital does not moderate the effect of competence on apparatus performance.

Keywords:- Budgetary Participation, Competency, Psychological Capital, Performance Apparatus.

I. INTRODUCTION

In general, performance is the achievement achieved in an organization in a specified period. Performance is the quantity and quality of work completed by individuals, groups and organizations in a certain period (Stoner, 1986). Performance measurement in an organization is very important, because it is a material for evaluation and decision making in the organization's future planning.

Mahoney *et al.* (1963) explained that managerial performance is the performance of individual members of the organization in managerial activities, including planning, investigation, coordination, supervision, staffing arrangements, negotiations, and representation. The performance of each individual will affect the overall organizational performance. Mahsun (2009) in Rahmi *et al.* (2013) defines performance is a picture of the level of achievement of the implementation of an activity / policy in realizing the goals, objectives, mission, and organizational vision contained in the strategic planning of an organization.

In the government sector performance is an achievement achieved by government employees and government agencies in providing services to the community in a period (Corinal, 2016). Meanwhile, according to Nina (2014) the performance of government officials is a set of results achieved by government officials aimed at assessing a strategy through financial and non-financial measurement tools. The ability of the apparatus to carry out managerial tasks including planning, coordination, investigation, supervision, staffing, negotiation, and representation (Mahoney in Leach-Lopez, *et al.* 2007).

In reporting its performance, government agencies poured performance reports into the Government Performance Accountability Report (LAKIP). LAKIP was prepared based on PERMENPAN 53 of 2014 concerning Technical Guidelines for Performance Agreements, Performance Reporting and Review Procedures for Local Government Performance Reports. With the predicate ratings are AA (Satisfactory), A (Very Good), B (Good), CC (Fairly Good), C (Somewhat Poor), and D (Less). Efforts to improve performance continue to be carried out by the Government of Majene Regency. Although it has increased, the results obtained are still not optimal. As shown in table 1.

No.	Assessed Components	Weight	Year			
			2014	2015	2016	2017
1	Performance Planning	30	14,01	14,01	11,84	19,48
2	Performance Measurement	25	5,67	5,67	9,8	9,1
3	Performance Reporting	15	5,43	5,43	6,23	9,55
4	Performance evaluation	10	1,32	1,32	3,01	4,75
5	Performance Achievement	20	7,61	7,61	10,06	7,31
Value of Evaluation Results		100	34,04	34,04	40,94	50,19
Level of Performance Accountability			C	C	C	CC

Table 1:- Details of the AKIP Regency Assessment Results. Majene 2014 - 2017

Source: Regional Planning Board of Majene Regency Government

In the table above, shows the predicate and value of the performance of the Government of Majene Regency for the last four years starting from 2014 to 2017. In 2014, the Majene Regency Government received a C with a rating of 34.04. In 2015, he was awarded C with a value of 34.04. In 2016, the value of performance accountability of the Majene Regency Government won the C title with a value of 40.94. In 2017 obtained the CC title with a value of 50.19.

It can be seen that the Majene Regency Government in obtaining the C title three years in a row during 2014 to 2016. This shows that in that year the Majene Regency Government's performance did not increase. In 2017, the performance of the Government of Majene Regency has increased with the title CC in 2017. Although it has improved, but efforts are still needed to improve the performance of the Government of Majene Regency, so that in addition to improving services to the community, it can also obtain maximum accountability performance value and obtain best predicate.

In carrying out the obligation to provide services to the community, the government must have a plan in achieving its objectives, one of which is by making plans as outlined in the form of a budget. The budget is a very important component in the planning and implementation of every activity or program both large and small scale. A budget can be defined as a plan for all organizational activities in the short term expressed in quantitative or financial units (Haliah *et al.* 2017). The budget is not only as a financial planning tool but also as a means of controlling, coordinating, communicating, evaluating performance and motivation (Hansen and Mowen, 2008). Control in the budget includes direction and organization of people in the organization (Hanson, 1996).

According to Anthony and Govindrajana (2015), there are three approaches in the budget preparation process, namely the top-down approach, the bottom-up approach, and the participation approach. Budgeting with a participatory approach is a process that describes individuals involved in budgeting and has an influence on targets and the need for appreciation for achieving those budget targets (Brownell, 1981).

The participation approach needs to be implemented because it can be used as a strategy to improve performance, both the public sector and the private sector. Approach to participation in budgeting requires collaboration from various levels of management, both lower level management and upper level management in making budget plans. Argyris (1952) concluded that the greatest contribution from budgeting activities would occur if subordinates were allowed to participate in budgeting activities. In addition, Argyris also stated that the key to successful performance is the purpose of the budget achieved and the participation of subordinates plays an important role in achieving these goals. In the goal setting theory it is also explained that the more levels of a person's participation in budgeting, the more ideas or thoughts will be obtained so that someone who participates will feel important and will also be responsible for what is done so that it will improve their performance.

Previous research related to budgeting participation and performance has been widely studied. Research conducted by Cecilia and Nunui (2017) found that participatory depiction has a positive effect on managerial performance. In addition, Komang *et al.* (2017) and Emilia (2015) also found the same thing, participation in budgeting has a positive effect on performance. Likewise by Frenni *et al.* (2017) found that budgetary participation had a positive effect on performance. However, research related to budgeting participation and performance has different or inconsistent results. As research conducted by Sutrisno (2010), Sinuraya (2009), Kennis (1979), and Milani (1975).

In order to improve regional management performance, many factors need to be considered, including employee competency and motivation (Safwan *et al.* 2014). Competence concerns the authority of each individual to perform tasks or make decisions according to his role in the company that is relevant to having (knowledge), skills (skills) and attitudes (attitude) productive (Komang *et al.* 2017). With good competence, it will make managers always ready to face challenges and be able to produce quality performance (Wardhana, 2015). Of course in the government sector, competence is an important thing that must be possessed by every officer, because by having good competence, of course it will improve its performance.

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Each individual has certain characteristics that can influence their behavior at work. One of the characteristics that can influence the behavior is positive psychological which can help the individual to continue to develop so as to improve his performance (Komang *et al.* 2017). Psychological capital is positive and includes the development level of each individual related to efficiency, optimism, hope and resiliency (Lina, 2015). Psychological capital is a form of human resources that can increase productivity and performance (Peterson *et al.* 2011). With the psychological capital owned by employees, the potential characteristics will be attached to it so that it can improve its performance.

This study is a development of previous research, namely research conducted by Komang, et al (2017) who examined the influence of budgeting participation and competence on managerial performance with psychological capital and organizational commitment as a moderating variable. The difference of this study with previous research is that in previous studies using the variable psychological capital and organizational commitment as a moderating variable, while in this study using the psychological capital variable as a moderating variable because it is more focused on the development and development of individual strengths and on the process of reducing individual weaknesses which will certainly influence the activities of individuals in carrying out their duties in this case the duties as local government officials.

II. LITERATURE REVIEW

A. Goal Setting Theory

The goal setting theory is one of the parts of motivation theory that was first proposed by Locke in 1998. This theory is based on evidence which assumes that goals or objectives have an important role in acting. Goal setting theory is an organizational model that wants to have goals and is motivated to achieve those goals.

Goal setting theory says that the goals of the individual being recognized are the main factors that determine behavior. Individual behavior will continue until the behavior reaches a higher level of performance. This theory states that performance will depend on the level of

difficulty of the goal, the detail of the goal, and organizational commitment to the goal.

Goal setting theory also states that individual behavior is governed by one's thoughts and intentions. Individual goals can be seen as the level of work to be achieved by individuals. If the individual is committed to the goals to be achieved, then this will affect the actions and consequences of performance.

B. Attribution Theory

Attribution theory discusses the process of how an individual can interpret an event and study one's behavior in interpreting the reasons or causes of behavior (Luthans, 1998). This attribution theory was first put forward by Fritz Heider in 1958. This theory explains the cause of a particular event, where someone will give a plausible reason about the cause of the event. Heider (1958) developed two main premises in this theory. The first principle in this theory is that a person's behavior will arise because of the difference between actions caused by one's personal actions compared with actions related to the environment. In other words a person's behavior occurs depending on whether the cause of the behavior is influenced by the individual itself (internal), or the environment (external), or even both.

The second premise of attribution theory is that there is a mistake in identifying certain attributions in the way people make causal inferences. Another error is called the effect of the subject of observation to link their own actions with external causes while the observer associates the same actions with internal causes. Heider (1958) concluded that bias with people attributed their own success to dispositional and internal factors, while external and uncontrolled factors were used in explaining their failures (Hewet *et al.* 2008).

C. Performance of Local Government

The performance of the apparatus can be seen based on the ability of the apparatus to carry out managerial tasks which include planning, coordination, investigation, supervision, staffing, negotiation and representation (Mahoney in Leach-Lopez *et al.* 2007). Performance when viewed from language means that performance means achievement. So the performance is an employee's work performance. According to Mahsun (2006), performance is a picture of the level of achievement, implementation of an activity / program / policy in realizing the goals, objectives, mission and vision of the organization as outlined in the strategic plan of an organization.

Performance measurement of the public sector is a system used to assist public managers in assessing the achievement of a strategy by using financial and non-financial measurement tools, in addition to that the performance measurement system can also be used as an organizational control because in the performance measurement also established a reward and punishment system (Wulandari, 2011).

D. Budgetary Participation

According to Milani (1975), budgetary participation is the level of influence and involvement felt by individuals in the process of designing a budget. Budget participation is a process in which subordinates are involved and have an influence on budget preparation (Anthony and Govindarajan, 2014). Kenis (1979) suggested that budgetary participation refers to the level of manager's participation in preparing the budget and influencing the budget objectives.

In addition, Siegel and Marconi (1989) define budgetary participation as a joint decision-making process by two or more parties that have a future impact on decision makers. Based on some of the terms of budgetary participation above, it can be concluded that budgeting participation is the process of preparing a budget that is carried out jointly between superiors and subordinates so as to produce a budget that is in line with what the target organization is.

E. Competency

One of the concepts of human resources (HR) can be seen in the concept of scientific management, according to Taylor (1911) there are 5 (five) main points of scientific management thought, 2 (two) of which are related to HR factors, namely, the selection of the right person to do work and employee training in order to be able to do work effectively and efficiently. Wiley (2002) defines human resources as the main supporting pillar as well as driving the wheels of the organization in an effort to realize the vision and mission of the organization.

According to Palan (2008), the competency of human resources can improve organizational performance and competitiveness because the basic competencies of human resources consist of knowledge, skills, and attitude. The competence concerns the authority of each individual to perform tasks or in decision making in accordance with their role in the relevant organization by having their knowledge, skills and productive attitudes. Competence is an underlying characteristic of a person related to the effectiveness of individual performance in his work which is used as a reference or primary performance in a particular workplace or situation (Spencer in Moehariono, 2014). Meanwhile, according to Anita and Fitria (2016) competence is the ability of individuals who are associated with superior performance in roles and jobs. With productive HR competencies, strong values will make managers always ready to face challenges and be able to produce quality performance (Wardhana, 2015).

F. Psychological Capital

In the budget preparation process, of course, involves the role of humans. The role in which the psychological condition of humans greatly influences the performance in the end. This condition is referred to as psychological capital (Abineri in Yuni 2018). Peterson *et al.* (2011) defines that psychological capital is a form of human resources that can increase productivity and performance. Psychological capital focuses on developing and building

individual strengths in an effort to concentrate on the process of reducing or eliminating individual weaknesses (Vanketesh and Blaskovic, 2012).

G. Hypothesis

Budgeting participation is the process of preparing a budget by involving lower-level managers and top-level managers so that a more efficient budget is created for the achievement of organizational goals. Locke's goal setting theory explains that ideas for the future or desired circumstances play an important role in acting. Related to participation in budgeting, the more people who participate in budgeting, the more ideas (thoughts) will be obtained so that someone feels important and also responsible for what they do.

In brief, it can be explained that the higher the level of participation in budgeting, the higher the performance of the officers produced, in this case the performance of regional government officials. This is in line with research by Komang *et al.* (2017), Cecilia (2017) and Emilia (2015). Based on this, the hypothesis can be formulated as follows.

H1: Participation in budgeting is positively related to the performance of local government officials.

Palan (2008) argues that human resource competencies can improve organizational performance and competitiveness because basic human resource competencies consist of knowledge, skills and attitudes. The competence concerns the authority of each individual to perform tasks or in decision making in accordance with their role in the relevant organization by having their knowledge, skills and productive attitudes.

Goal setting theory which explains that the goals of the individual being recognized are the main factors that determine behavior, where the behavior will continue until the behavior reaches a higher level of performance. With the goals of individuals who have competency goals to achieve organizational goals, there will be consistent competencies that arise in working to achieve organizational goals, namely improved performance.

This can be said in summary that the competencies possessed by employees can improve employee performance so that organizational performance in this case the local government can improve. This is in line with research by Komang *et al.* (2017) and Gede *et al.* (2015). Based on the description above, the following hypothesis can be developed.

H2: Competence is positively related to local government performance.

In budgeting participation provides an opportunity for each individual who participates to provide ideas and thoughts related to budget preparation. In addition to the opportunity to provide ideas and thoughts, participating individuals also get the opportunity to receive encouragement from their superiors when working in

setting budgets, so that they can influence the level of hope of each participating (Venkatesh and Blaskovich, 2012). In addition, the budgeting process can also provide feedback from superiors so that it can foster a level of efficacy (Venkatesh and Blaskovich, 2012). Budget participation also involves interpersonal relationships between superiors and subordinates where subordinates can communicate the difficulties they face and seek solutions, superiors are in a position to encourage favorable assessment (optimism) of subordinates (Venkatesh and Blaskovich, 2012).

Budget participation will improve performance despite facing a number of risks, in other words it will increase the level of resilience (Venkatesh and Blaskovic, 2012). This is also in line with the goal setting theory which states that the goals of individuals determine behavior. With the intention to achieve the desired goals, certainly will have a positive impact on the psychology of the individual so that it will affect its performance.

In short it shows that someone who has a high psychological capital can improve the quality of individuals in participating in budgeting so that they can improve organizational performance in this case the local government. This is in line with research by Komang et al (2010) and Venkatesh and Blaskovich (2012). Based on this, the hypothesis can be formulated as follows.

H3: Psychological capital moderates budgetary participation in government performance.

Psychological capital is a human psychological condition that has an influence on its performance (Abineri, 2016). This is a human characteristic that can influence their behavior at work. Psychological capital is a positive characteristic possessed by an individual through self-confidence, optimism, perseverance in achieving goals, and the ability to persist in achieving success. Of course with these positive things can help each individual in developing their competencies, so that in the end it can improve their performance in the organization.

This is in line with the theory of motivation which explains that motivation also comes from within the person. With the existence of psychological capital which is a characteristic possessed by individuals, it will be able to provide encouragement to individuals to continue to have consistent competence at work so as to improve their performance. In the scope of this study, employees who have psychological capital will have consistent competence so as to improve their performance and of course also will improve organizational performance in this case the local government. This is in line with research by Komang *et al.* (2017) and Herawati (2013). Based on this, the hypothesis can be formulated as follows.

H4: Psychological capital moderates competence on the performance of local governments.

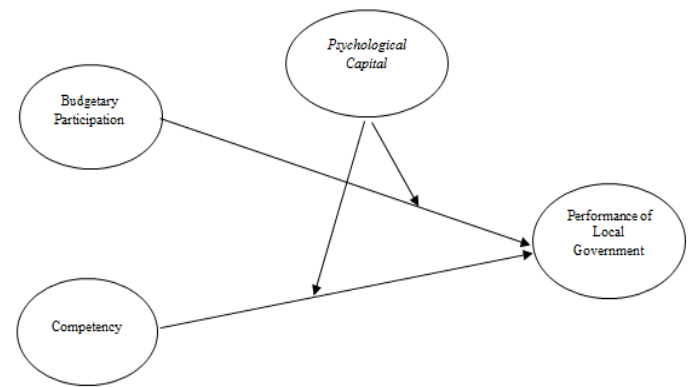


Fig 1:- Conceptual Framework

III. RESEARCH METHOD

This research is an explanatory research that is research that seeks to explain the causal relationship between variables through the submission of hypotheses that have been formulated. The variables in this study consisted of independent variables (budgetary participation and competency participation), dependent variables (performance of local government officials), and moderation variables (psychological capital). The time horizon for this study is cross sectional. The population in this study were all Regional Apparatus Organizations (OPD) in Majene Regency Government. Sampling in this study is by using purposive sampling method.

The sample used in this study is a Civil Servants (PNS) in the Majene Regency Government scope that is directly related to the budget preparation process. The focus of the respondents of this study was OPD structural officials namely the OPD Head as the budget user and other echelon III and echelon IV structural officials involved in preparing the budget for the Majene district government. Types and sources of data in this study are primary data, obtained directly from the source. Data collection is done by distributing questionnaires to respondents directly.

IV. RESULTS

The validity test results for all items indicate that the r-count value of all items is greater than the r-table. All items that have been tested have r-calculated values greater than r-tables (0.1680) so it can be concluded that all items are valid. The reliability test results show that the Croanbach Alpha value of all variables is greater than the standard alpha coefficient (0.60) so that it can be concluded that all the instruments used are reliable.

The classic assumption test consists of tests of normality, multicollinearity, and heterokedasticity. Testing for normality, using the Kolmogorov Smirnov test. The results show the sig value is greater than 0.05 so it can be concluded that normality is fulfilled.

One-Sample Kolmogorov-Smirnov Test		
N		Unstandardized Residual
		97
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.36524534
Most Extreme Differences	Absolute	.077
	Positive	.036
	Negative	-.077
Test Statistic		.077
Asymp. Sig. (2-tailed)		.183 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Table 2:- Normality Test Results

Source: Data processed, 2019

Multicollinearity testing is tested by calculating the value of Variance Inflating Factor (VIF). The test results show a VIF value smaller than 10, so it can be concluded that there is no multicollinearity.

Independent Variable	VIF	Description
Budgetary Participation (X1)	1,355	Non Multikolinieritas
Competency (X2)	1,626	Non Multikolinieritas
Psychological Capital (Z)	1,649	Non Multikolinieritas

Table 3:- Multicollinearity Test Results

Source: Data processed, 2019

Heteroscedasticity testing is performed using scatterplots. The test results show that the points do not show a certain pattern. So it can be concluded that heterokedasticity does not occur.

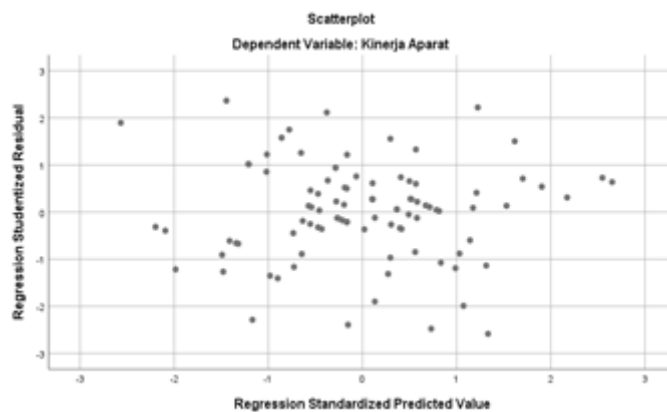


Fig 2

Source: Data processed, 2019

Furthermore, the results of the regression analysis were carried out in two stages. The first stage of multiple regression without moderation variables. The second stage of multiple regression with moderation variables.

Independent Variable	Coefficient	Beta	t	Sig t	Description
Constant	2,178		4,996	0,000	Significant
Budgetary Participation (X1)	0,220	0,220	2,071	0,041	Significant
Competency (X2)	0,219	0,234	2,197	0,031	Significant
$\alpha = 5\% = 0,05$					
R Square = 0,150					

Table 4:- Multiple regression without moderation variables

Source: Data processed, 2019

Based on the regression results above, the equation can be arranged as follows:

$$Y = 2,178 + 0,220X1 + 0,219X2 + e \dots (1)$$

Based on the results of the regression test obtained an R Square determination coefficient of 0.150 or 15%. This means that the budgeting participation variable (X1) and competence (X2) have an effect of 15% on the apparatus performance variable while the remaining 85% is influenced by other variables outside this study.

To partially test the hypothesis the t test is used to partially test the independent variable on the dependent variable as follows.

1. *Influence of participation in arranging budget (X1) on apparatus performance (Y)*

On the budget participation variable, the significance value is 0.041, smaller than 0.05 (0.041 < 0.05), meaning that budgeting participation has a significant effect on the performance of the apparatus. Based on the value of the budget participation coefficient, which is 0.220 (positive), indicates a positive influence. This means that the higher the participation in budgeting (X1), the higher the performance of the apparatus (Y).

2. *Effect of competence (X2) on apparatus performance (Y)*

On the competency variable, the significance value is 0.031, smaller than 0.05 (0.031 < 0.05), meaning that competence has a significant influence on the performance of the apparatus. Based on the value of the competency coefficient of 0.219 (positive), indicating a positive effect. This means that the higher the competency (X2), the higher the performance of the apparatus (Y).

Independent Variable	Coefficient	Beta	t	Sig t	Description
Constant	12,173		2,981	0,004	Significant
Budgetary Participation (X1)* Psychological Capital (Z)	1,039	6,821	3,957	0,000	Significant
Competency (X2)* Psychological Capital (Z)	-0,352	-2,663	-1,405	0,163	Not
$\alpha = 5\% = 0,05$					
R Square = 0,280					

Table 5:- Multiple regression with moderation variables
Source: Data processed, 2019

Based on the regression results above, the following equation can be arranged.

$$Y = 12,173 + 1,039X1Z - 0,352X2Z + e \dots (2)$$

Based on the results of the regression test, the R Square determination coefficient value is 0.280 or 28%. This means that the performance of the apparatus is influenced by 28% by participation in budgeting and competence after being reacted with psychological capital. While the remaining 72% is influenced by other variables outside this study.

To partially test the hypothesis the t test is used to partially test the independent variable and the moderating variable on the dependent variable as follows.

1. *The influence of budgeting participation (X1) on the performance of the apparatus (Y) by being moderated by psychological capital (Z).*

In the variable participation in budgeting which is moderated by psychological capital, it is obtained a significance value of 0,000 less than 0.05 (0,000 < 0.05), this means that partially budgeting participation which is moderated by psychological capital has a significant influence on the performance of the apparatus. based on the participation coefficient value of the budget is moderated by psychological capital, which is 1.039 (positive),

indicating a positive effect. This means that the higher the influence of psychological capital (Z) to moderate budgetary participation (X1), the higher the performance of the apparatus (Y).

2. *Influence of competence (X2) on the performance of the apparatus (Y) by being moderated by psychological capital (Z).*

In the variable of competence moderated by psychological capital, a significance value of 0.163 is greater than 0.05 (0.163 > 0.05). Based on the value of the competency coefficient moderated by psychological capital that is -0,352 (negative), indicating the negative effect. This means that the higher the influence of psychological capital (Z) moderates competence (X2), the lower the performance of the apparatus (Y).

V. DISCUSSION

A. *Effects of Budgetary Participation on Performance of Apparatus*

The findings of this study found that budget participation consists of five indicators namely budgeting, budget revision, opinions / proposals, and contributions, as well as the influence of leadership influencing the performance of officials. This result is evidenced by the results of the regression which shows the level of significance and the coefficient of the regression which

results in a positive and significant influence of participation in budgeting on the performance of the apparatus.

This research is in line with the goal setting theory which provides an explanation that ideas for the future or desired conditions play an important role in acting. With regard to budgeting participation, the more people who participate in budgeting, the more ideas (thoughts) will be obtained in the budgeting process so that someone will feel important and also responsible for what he has done and of course this will improve his performance. Likewise with the results in this study which showed that budgetary participation had a positive and significant effect on the performance of Majene district government officials. This research is also in line with research by Cecilia (2017) and Emilia (2015) who found that budgetary participation has a positive effect on apparatus performance.

B. Effect of Competence on Apparatus Performance

The results of this study found that competence which consists of three indicators namely knowledge, skills, and attitudes affect the performance of the apparatus. This result is proven by the results of the regression which shows the level of significance and the coefficient of the regression produces a positive and significant effect of competence on the performance of the apparatus.

The results of this study are consistent with the goal setting theory which explains that the goals of the determined individual will determine behavior, where the behavior will continue until the behavior reaches a higher level of performance. With the goals set, the individual will continue to increase his competence to a higher level so as to improve his performance. Likewise with the results in this study which show that competence has a positive effect on the performance of Majene district government officials. With the increased competency of the Majene district government officials, the performance has also increased. This research is in line with research conducted by Komang *et al.* (2017) and Gede *et al.* (2015) who find that competence has a positive effect on apparatus performance.

C. Psychological Capital's Interaction with Budgeting Participation in Apparatus Performance

The results of this study indicate that psychological capital can significantly strengthen the influence of budgetary participation on the performance of the Majene district government apparatus. This shows that psychological capital owned by Majene district government officials is quite good in budgeting participation so that it can improve its performance. With the sense that, after the psychological capital variable interacts with budgeting participation, the effect produced on the performance of the Majene district government apparatus becomes stronger than this variable has not interacted.

The results of this study are in line with the goal setting theory which states that the goals of individuals will determine their behavior to a high level of performance to achieve their goals. With the goals that have been set, it

will affect the psychological individual such as self-confidence, optimism, continued to have hope, and the ability to persist in achieving its goals. Of course this positive psychological capital can be a motivation for individuals who participate in the budgeting process so that it can produce thoughts and a sense of responsibility for what is done so as to improve its performance.

In brief, this study shows that someone who has a high psychological capital will be able to improve the quality of individuals in participating in budgeting so as to produce thoughts and a sense of responsibility that can improve their performance. This study is in line with research conducted by Komang *et al.* (2010) and Vankatesh and Blaskovich (2012) who found that psychological capital moderates the influence between budgetary participation on apparatus performance.

D. Psychological Capital Interaction with Competence on Apparatus Performance

These results indicate that psychological capital cannot significantly strengthen the effect of competence on the performance of the Majene district government apparatus. This proves that psychological capital owned by Majene district government apparatus cannot affect its competence in terms of improving its performance. In the sense that, after interacting with moderation variables, in this case psychological capital, the effect of competence on apparatus performance is not stronger than before competency variables interact with moderation variables.

In the theory of motivation explained that motivation comes from outside as well as from within a person who can provide encouragement to improve performance. Psychological capital is actually an individual characteristic that can be an encouragement from within a person to continue to improve performance. This theory directs that psychological capital is able to provide impetus to someone to improve their competence so as to improve their performance.

Based on the theory, psychological capital should strengthen the effect of competence on the performance of local government officials because the implementation of self efficacy, optimism, hope, and resilience support the realization of an increase in apparatus performance. However, the results of this study did not succeed in proving psychological capital as a good moderator in explaining the relationship between competence and apparatus performance. This means that this hypothesis is rejected because the reality on the ground shows that the perspective of respondents in this case the Majene district government apparatus, competence has been optimized by the apparatus participating in budgeting, but psychological capital is still less than optimal. This is evidenced by the existence of respondents who answered strongly disagree (STS) and disagree (TS) to the statement items that exist in the psychological capital variable. This is considered to be the cause so that the psychological capital variable does not moderate the relationship of competence to apparatus performance.

In addition, other things that are considered that can influence this hypothesis are rejected, namely the characteristics of respondents indicating that the educational background possessed most have completed strata 1 (S1) and master (S2) studies. In addition to their educational background, the length of work owned by respondents is mostly more than 15 years. From these characteristics it can be concluded that the respondent already has very good competence so that the respondent thinks that psychological capital does not significantly affect his competency.

VI. CONCLUSION

Based on the results and discussion of the research, the following conclusions can be described.

- The higher participation in budgeting will improve the performance of the apparatus. This is in accordance with the goal setting theory which explains that the involvement of the apparatus in preparing the budget can improve its performance because the apparatus will contribute thought in the budget preparation process so that the apparatus will feel responsible for the contributions given so that it will improve its performance.
- The higher the competency, the higher the performance of the apparatus. This is in line with the goal setting theory which explains that the goals of the individual will influence their behavior, where the behavior will continue to reach a higher level of performance. With the goals set, individuals will increase their competence so that their performance will increase.
- The higher the value of psychological capital, the higher the effect of budgetary participation on apparatus performance. The results of this study are in line with the goal setting theory which explains that the goals set will affect individual behavior such as psychological which is positive so that it can improve its performance. With a good psychological, it will be an encouragement for officials who participate in preparing the budget so that it will improve its performance.
- Psychological capital does not moderate the relationship between competence and apparatus performance. This was obtained by looking at the results of this study which showed the characteristics of respondents who had a good educational background and had worked for more than 15 years so that respondents had adequate competence. With good competence possessed by respondents, so respondents assume that psychological capital does not significantly affect the competencies they have in improving their performance.

Based on the conclusions of the study, it is recommended that several suggestions to the next research be related to improving the performance of local government officials, namely:

- Consider other variables that can be used in research related to improving the performance of local government officials.
- Future studies pay more attention to respondents in providing questionnaire answers.

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