

Volume 6, Number 1
February 2006

ISSN : 1411 - 8572
Accredited No. 23a/DIKTI/Kep/2004

The JOURNAL of
Accounting, Management, and Economics
RESEARCH

The Voice of Australian Chairman

Alistair Brown and Emita Wahyu Astami

**The Contributions of Foreign Workers to Manufacturing Output,
Employment and Wages**

Nasri Bachtiar

**Antecedent and Outcome of Budgetary Participation :
A Proposed Model**

Faizuniah P, Yuserrie Z, Sofri Y, and Noor Nasir K A

**The Impact of Discretionary Accruals on Initial Returns with
Auditor Quality as Moderating Variable**

Endang Raino Wirjono

**The Influence of Budgetary Participation and Budget Goal
Clarity Toward Local Government Managerial Performance with
Organization Commitment as Moderator**

Ehrmann Suhartono

**The Effect of Timelines of Financial Reporting on Earnings
Response Coefficients : An Empirical Study in Bursa Efek Jakarta**

Muchamad Syafruddin

**THE INFLUENCE OF BUDGETARY PARTICIPATION
AND BUDGET GOAL CLARITY
TOWARD LOCAL GOVERNMENT MANAGERIAL PERFORMANCE
WITH ORGANIZATION COMMITMENT AS MODERATOR**

*Ehrmann Suhartono**

Abstract

This study examines the influence of (1) local government budgetary participation on the performance of local government managerial performance, (2) local government budget goal clarity on local government managerial performance, and (3) organizational commitment on the relation of budgetary participation and budget goal clarity as well as local government managerial performance. The subjects of this study are 148 middle and lower managers in local governmental institutions under the municipality and regencies in the Special Province of Yogyakarta. The results show that budgetary participation and budget goal clarity influence the local government managerial performance. Additionally, organizational commitment acts as moderating variable in the relationship of local government budgetary participation and local government managerial performance but it does not influence the association of local government budget goal clarity with the local government managerial performance.

***Keywords:** Budget, Participation, Goal clarity, Organizational commitment, Performance*

I. Introduction

Reformation that started a few years ago in Indonesia, is implicated on wider and real autonomy assertion that must be given to local government (Halim, 2001). Therefore, the government ascertained Act No. 22, 1999 and Act No. 23, 1999 about local government and financial equality between centre government and local government. Then, these Acts were replaced and completed with Act No. 32, 2004 and Act No. 33, 2004. Both Acts have changed local government responsibility from vertical responsibility (to centre government) to horizontal responsibility (to public through Regional People Consultative Assembly). Then, Act No. 17, 2003 about State Financial contains a must for local government to arrange responsibility report. The report will explain work accomplishment of local ware work unit. It is aimed to realize more accountability government management.

* Faculty of Economics, University of Technology "Yogyakarta"

The accountability of local government management can't be released from local government budget. It is related with budget impact toward government performance, due to government function in giving service to public (Mardiasmo, 2000a). Besides, budget is document / political contract between government and Regional People Consultative Assembly in the future (Mardiasmo, 2002b). Furthermore, Regional People Consultative Assembly will control government through budget. According to Dharma (2004), this controlling form is suitable with institutions theory that government as agent and Regional People Consultative Assembly as principal. Budget is a tool for preventing asymmetry information and disfunctional behaviour from agent or local government (Yuhertiana, 2003) and is public accountability process (Bastian, 2001; Kluvers, 2001). It causes many studies in budget field of local government, become relevant and important.

Kenis (1979) said that there are 2 characteristics of budgetary system i.e. budgetary participation and budget goal clarity. In local government context, budget goal is included in Local Strategic Plan and Local Development Program. The relation of budgetary participation and managerial performance is study field which is debated much. The study results done by Brownell (1982a), Brownell and McInnes (1986), Lucyanda (2001), Charlos and Poon (2000) found positive and significant relation between budgetary participation and managerial performance. On the other hand, the studies done by Milani (1975) in Riyadi (1998) and Riyadi (1998) found insignificant relation. Meanwhile, Sterdy (1960); Brian and Locke (1967) in Lucyanda (2001) found negative relation between budgetary participation and managerial performance.

On the other side, studies about the relation of budget goal clarity and managerial performance haven't got consistent results. Locke (1967) in Kenis (1979), Kenis (1979) and Darma (2004) indicated that the relation of budget goal clarity and managerial performance shows significant results. However, Adoe (2002) indicated that budget goal clarity isn't influential significantly on local government managerial performance.

Finding results that indicate inconsistency between one study and another studies, show possibility of other variables that influence the relation of budget characteristic and managerial performance. Contingency approach enables other variables act as intervening variable or moderating variable.

Organization commitment concept is a variable that handle important role in the relation of budget characteristic and managerial performance. Organization performance is strong belief and support of value and goal that expected by organization (Mowday et al, 1982 in Dharma, 2004). Based on study results, high organization commitment will disposed to decrease budgetary slack and significant toward performance (Keller, 1997). Besides, organization commitment can be psychological tool aid in running its organization for expected performance achievement (Nouri and Parker, 1996; McClurg, 1999; Chong and Chong, 2002; Wentzel, 2002).

This study examines the relation of budget goal clarity and managerial performance. Then, this study will consider organization commitment variable in the relation of budgetary participation and budget goal clarity with local government managerial performance.

There are some advantages that are expected from this study, that is (1) strengthen prior studies, related with the relation of budget characteristic (budgetary participation) and budget goal clarity with managerial performance, especially in local government, (2) clarify contingency factor (organization commitment) that influence the relation of

budgetary participation and budget goal clarity with managerial performance, especially in local government, (3) get input about the need of integration approach in the increasing of local government managerial performance.

II. Literature Review

A. Contingency Theory

Study results about the relation of budget characteristic and budget goal clarity, show inconsistent results between one researcher and another researchers. According to Govindarajan (1998) in Lucyanda (2001), an effort is needed to reconcile inconsistency by identifying conditional factors between both variables by contingency approach. The use of contingency approach enables other variables act as moderating variable or intervening variable influence the relation of budgetary participation and budget goal clarity with managerial performance (Brownell, 1982b).

Riyanto (2003) said that studies of contingency approach are needed. Those studies are needed for examining contextual factor that influence the relation of control system and performance. Contextual factor that influence control system effectiveness, in general, out of accounting domain. The examples of the contextual factors are commitment, motivation, organization structure, environment uncertainty and strategy.

According to Riyanto (2003), next studies could be done by using contingency model of management control presented in summary in Appendix 1. The study concerns with trial of whole system, widen literature by identifying context variable that never been studied, including its method improvement.

In Appendix 1 i.e. next studies frame, budgeting, controlling and esteem system are control system that will influence performance. Uncertainty, individual and organization design factors are contextual factors that will influence those control system effectiveness. The budgeting characteristic, could be formed as budgetary participation, budget goal clarity, budgetary feedback, budgetary evaluation and budget goal difficulty (Kenis, 1979). Individual factors such as motivation, commitment, performance can be realized in financial, managerial or operational subject.

B. Budgetary Participation

Local government institutions participation in local government budgeting process aims at how much the involvement rate of local government institutions participation in arranging local budget and its accomplishment to achieve budget target. Local government institutions who were involved in local government budgeting process, were given opportunity to take a part in decision making through negotiation of budget target. It is very important because local government institutions will feel productive and satisfy with their works so enables the appearance of accomplishment feeling that will upgrade its performance. Argrys (1952) in Kenis (1979) said that the key of effective performance is if the budget goal can be achieved and participation from staffs hold important role in those goal achievements.

Prior studies indicated that there was a relation of budgetary participation and managerial performance, such as Kenis (1979), Brownell (1982a), Brownell and McInnes (1986), Frucot and Shearon (1991), Indriantoro (2000) and Lucyanda (2001). Adoe's study (2002) found that there are positive and significant relations between budgetary participation and managerial performance in local government context, especially in local government of Nusa Tenggara Timur.

Based on the explanations above, a hypotheses can be made such as:

Ha1: Budgetary participation is influential positively toward local government managerial performance.

Brownell (1982a) said that there are other variables act as moderating variable that influence the relation of budgetary participation and managerial performance. Then, Brownell (1982a) said that participation may not influence performance indirectly, but influence other variables, whereas those variables will influence performance.

Riyanto (2003) said that budget characteristic relation, in this thing budgetary participation, with performance is influenced by individual factors of psychological attributes character. The example of those individual factors is organization commitment. Budgetary participation, effective or not, is very decided by psychological attributes. It causes individual factors are functioned as moderator in the relation of budgetary participation and managerial performance.

Budgetary participation is a media for staffs to be more understand what they done. Then, budgetary participation will help staffs to improve their performance by knowing budget target. This performance improvement will be connected with organization commitment. It was caused by, high organization commitment will support staffs to improve their performance. Individual with high organizational commitment will try to achieve organization goal. On the other hand, individual with low organizational commitment is disposed to have low concern of organization goal (Darlis, 2000). In other words, managerial performance will be influenced by budgetary participation, that is supported by staffs organization commitment.

Based on the explanations above, a hypotheses can be made such as:

Ha2: Higher (lower) the appropriateness of budgetary participation with organization commitment, higher (lower) the local government managerial performance.

C. Budget Goal Clarity and Managerial Performance

Local government budget as local government work plan, is technical design of strategy accomplishment to achieve local goal. If the quality of local government budget is low, so the quality of government functions accomplishment is supposed to be weak. Local budget should not just contain the information of income and fund utilization, but it must provide the information about expected performance condition. Local budget must be able to be a basis of expected performance achievement, so the local budget planning must be able to describe performance goal clearly. The performance goal must be specific,

measured, challenging but realistic, oriented with final results and has time limit (Abdullah, 2004).

According to Kennis (1979), budget goal clarity is how far the budget goal was established clearly and specifically, so the budget can be understood by people who are responsible with the budget goal achievement. Because of that, local budget goal must be established clearly, specifically and understandable by people who are responsible to perform it. Locke (1968) in Kenis (1979) said that specific goal determination will be more productive than doesn't establish specific goal. It will support staffs to do the best for expected goal achievement so it will be implicated with performance increasing. Some studies such as Latham and Yukl (1975), Steers (1976), Ivancevich (1976) in Kenis (1979), Darma (2004) performed that there is a positive influence between budget goal clarity and specific budget goal with local government managerial performance.

Based on the explanations above, a hypotheses can be made such as:

Ha3: Budget goal clarity is influenced positively with local government managerial performance.

Locke (1968) in Kenis (1979) said that budget goal clarity is purposed to manage staffs behaviour. Budget goal inarticulate will cause budget performers are being confused, are not relax and are not satisfy in working. It causes budget performers are not motivated to achieve expected performance. Kenis (1979) found that budget performers give positive reactions and relatively very strong to upgrade budget goal clarity. Those reactions are the increasing of work satisfaction, the decreasing of work stress, the increasing of staffs behaviour of budget, budget performance and cost efficiency in budget performers significantly if budget goal is explained clearly.

Riyanto (2003) said that the relation of budget characteristic, in this thing budget goal clarity, with performance is influenced by individual factors with psychological attributes character. So those individual factors are functioned as moderator in the relation of budget goal clarity and managerial performance. The example of psychological attributes is organization commitment.

Organization commitment is strong belief and support of value and goal expected by organization (Mowday et al, 1982 in Darma, 2004). Based on study results, high organization commitment is disposed to decrease the slack of budget and is significant toward performance (Keller, 1997). Beside that, organization commitment can become psychological tool aid in running its organization to achieve the expected performance (Nouri and Parker, 1996; Mc Clurg, 1999; Chong and Chong, 2002; Wentzel, 2002). So, budget goal is clearer and supported by high commitment, will be influenced toward expected performance achievement.

Based on the explanations above, a hypotheses can be made such as:

Ha4: Higher (lower) the matching of budget goal clarity with organization commitment, higher (lower) local government managerial performance.

III. Research Method

A. Data

Data in this study are obtained from primary data through survey method. Sample taking is done by purposive sampling method. First consideration is this study respondents are middle and lower managers from local government including official of the same level with heads, section heads/sector heads/sub-official heads and sub-section heads/sub-sector heads/section heads from corporation, agency and office in local government under the municipality and regencies in the Special Provinces of Yogyakarta. The election of corporation, agency and office is done with the reason that the institution is government work unit, it means that it uses and reports budget realization or it as budget performer from local government (Abdullah, 2004).

Second consideration is top managers in local government aren't included in this study respondents. Regent or burgomaster is political occupation chosen by Regional People Consultative Assembly and political party in certain time limit. Third consideration is structural official in local secretariat work unit aren't included as respondents. It is considered with local secretariat isn't connected directly in giving service to public compared with agency (Darma, 2004).

Data collection used questionnaires. Those questionnaires were distributed directly by researchers or couriers to respondents. The amount of questionnaires sent to respondents were 236 questionnaires. Returned questionnaires were 167 questionnaires, error questionnaires were 19 questionnaires. Analysed questionnaires were 148 questionnaires. The calculation of questionnaires return level is presented in Appendix 2.

B. Variables

Budgetary participation is how much the level of local government institutions involvement in arranging budget. This variable is measured with instrument developed by Milani (1975) in Riyadi (1998), Brownell and McInnes (1986), Riyadi (1998), Adoe (2002), Nor (2003) and Dwianasari (2004). Respondents were asked to answer 6 questions that measure participation level of budget arrangement by using scale of 7 points, whereas low scale (1) shows low participation, while high scale (7) shows high participation.

The variable of budget goal clarity is how far the budget goal is decided clearly and specifically. This variable is measured with 14 questions used by Kenis (1979) that is suitable with Saprudin (2001) and Abdullah (2004). The variable of budget goal clarity is measured with scale of 7 points, whereas low scale (1) shows low budget goal clarity, while high scale (7) shows high budget goal clarity.

Organization commitment variable is defined as strong belief and support of value and goal expected by organization (Mowday et al., 1979 in Darma, 2004). Organization commitment variable is measured with using instrument used by Mowday et al. (1979) and modified by Dwianasari (2004). Organization commitment variable is measured with scale of 7 points and 9 questions.

Performance is an individual success level in doing his work. Managerial performance is measured by seven management subjects, that is planning, investment,

coordinating, evaluation, control, negotiation and representation and a whole performance measurement. Managerial performance variable is measured with instrument developed by Mahoney et al. (1963) in Brownell and McInnes (1986) and has used by prior studies (Brownell and McInnes, 1986; Lucyanda, 2001; Adoe, 2002; Dwianasari, 2004). Every respondent was asked to value his performance himself by choosing scale of one to seven. Scale 1 to 2 for under average performance, 3 to 5 for average performance, and 6 to 7 for over average performance.

IV. Results

A. Validity and Reliability

Validity test was done with data homogeneity test, by doing correlation test between question items score and total score (Pearson Correlation). Each question item must be correlated positively with total score in significant level of 1%. Validity test results show that correlation coefficient value between question items, statistically, is significant in level of 1% in Table I. It shows that the instrument is valid.

Table I
The Results of Validity and Reliability Test

	Pearson Correlation	Cronbach Alpha
Budgetary Participation	0,586-0,862	0,8735
Budget Goal Clarity	0,497-0,651	0,8576
Organization Commitment	0,529-0,784	0,8649
Managerial Performance	0,633-0,739	0,8639

Reliability test is purposed to decide minimum trust level that can be given for response truth level. The reliability test of study instrument was done by viewing coefficient consistency of Cronbach Alpha for all variables. According to Nunnaly (1978) in Ghozali (2002), study instrument is said to be reliable, if Cronbach Alpha value is more than 0,6. Based on Table I, Cronbach Alpha value is more than 0,6. It means that study instrument is reliable. Besides, it means that respondents consistency in answering questions can be trusted same as the Cronbach Alpha value.

B. Classical Assumption

This study used 4 kinds of classical assumption test that underlie regression analysis model, that is multicollinearity test with park method, autocorrelation test with Breusch-Godfrey method and normality test with normal probability plot.

Table II
Classical Assumption Tests

		Tolerance	VIF	Park Test (sig)	BG Test (sig)
Model 1	P (participation)	0,709	1,411	0,971	-
	O (commitment)	0,705	1,418	0,816	-
	Abs P_O	0,994	1,006	0,110	-
	Residual Lag	-	-	-	0,366
Model 2	S (clarity)	0,788	1,268	0,480	-
	O (commitment)	0,810	1,235	0,983	-
	Abs S_O	0,951	1,051	0,307	-
	Residual Lag	-	-	-	0,620

Multicollinearity test results in Table II show that tolerance calculation result indicates there is no variable has tolerance value less than 10%, means that multicollinearity is not happened between those variables. Calculation results of Variance Inflation Factor (VIF) show same results, that is there is no variable indicates VIF value more than 10 means that multicollinearity doesn't happen between those variables (Ghozali, 2002).

One way to detect heteroskedasticity problem is park test. Park test was done by regressing independent variable with residual logarithm value that has squared. If the results show insignificant statistically, it means that there is no heteroskedasticity in the result model (Ghozali, 2002). Test results in this study indicate insignificant result. It indicates the assumption of heteroskedasticity has filled in this study.

One way to detect autocorrelation problem is Breusch-Godfrey test. This method was done by regressing independent variable and residual lag value toward residual value. If significant value of residual lag doesn't show significant result statistically, it means that there is no autocorrelation in this study model (Ghozali, 2002). Breusch-Godfrey test results are presented in Table II, show that significant level of residual lag value toward residual value is not significant statistically. These results shows the assumption of autocorrelation has filled in this study. One way to detect data normality is normal probability plot. Based on those results, it is concluded that this study has filled normality assumption because the data actually follow their diagonal line (Ghozali, 2002).

C. First Hypotesis

The testing of hypotheses 1 and 3, in this study, used simple regression analysis. The testing of hypotheses 2 and 4 used absolute dispute test from Brownell (1982b), Frucot and Shearon (1991), Indriantoro (2000). The equations of study model are:

$$\text{Model 1 and 3} \quad Y_{km} = b_0 + b_1 X_{p-X_o} + e \quad (1)$$

$$\text{Model 2 and 4} \quad Y_{km} = b_0 + b_1 X_{zp-Xzs} + b_2 X_{zo} + b_3 |X_{zp-Xzs} - X_{zo}| + e \quad (2)$$

Where:

Ykm	= Managerial Performance
b0-3	= Regression Coefficient
Xp	= Budgetary Participation
Xs	= Budget Goal Clarity
Xo	= Organization Commitment
Xzs	= Standardized Value of Budget Goal Clarity
Xzp	= Standardized Value of Budgetary Participation
Xzo	= Standardized Value of Organization Commitment
Xzp-zs- Xzo	= Absolute Value of the Difference between Standardized Value of Budget Goal Clarity and Standardized Value of Motivation
e	= Error

Based on Table III, the whole regression analysis results show adjusted R² of 0,126. It means that the variation of managerial performance change is just can be explained by independent variable (budgetary participation) of 12,6%, while the residual of 87,4% is explained by other variables out of the model. Anova test or F test generates F value of 22,174 with p value significant of 0,000 or p < 0,05. It means that regression model can be used for predicting dependent variable (managerial performance) with its predictor independent variable (budgetary participation).

Table III
Hypotheses Tests

		Coefficient	P-Value	Adj R ²	F
Hypotheses 1	Constanta	3,324	0,000	0,126	22,174 (p = 0,000)
	Participation	0,334	0,000		
Hypotheses 2	Constanta	5,139	0,000	0,189	12,437 (p = 0,000)
	Zscore(P)	0,199	0,014		
	Zscore(O)	0,226	0,006		
	ABSZP_ZO	0,181	0,067		
Hypotheses 3	Constanta	2,623	0,000	0,119	20,885 (p = 0,000)
	Clarity	0,421	0,000		
Hypotheses 4	Constanta	4,903	0,000	0,101	12,579 (p = 0,000)
	Zscore(S)	0,210	0,006		
	Zscore(M)	0,287	0,000		
	ABSZS_ZO	0,145	0,150		

Next testing shows that the coefficient value of budgetary participation of 0,334 with p value significant level of 0,000 or p < 0,05. It means that budgetary participation is influential positive significantly toward managerial performance of local government under municipality and regencies in the Special Provinces of Yogyakarta. This study results are in compliance with the study of Adoe (2002), Nor (2003) and with the study of Brownell (1982a), Brownell and McInnes (1986), Frucot and Shearon (1991), Lucyanda (2001) although with different study setting.

D. Second Hypotheses

The whole regression analysis results show adjusted R^2 of 0,189. It means that the change variation of managerial performance is just can be explained by independent variables, such as budgetary participation, organization commitment and the appropriateness of budgetary participation with organization commitment, is 18,9%, while the residual of 81,1% is explained by other variables out of the models. Anova test or F test generates F value of 12,437 with p value significant of 0,000 or $p < 0,05$. It means that regression model can be used for predicting managerial performance. Besides, it shows that budgetary participation, organization commitment and the appropriateness of budgetary participation with organization commitment together can be influential with local government managerial performance.

Next study shows that the coefficient value of appropriateness of budgetary participation with organization commitment is 0,181 with p value significant level of 0,067 or $p < 10\%$. It shows that the study is significant in certainty level of 90%. Then, it shows that organization commitment can have a role as moderator variable in the relation between budgetary participation and managerial performance of local government under municipality and regencies in the Special Provinces of Yogyakarta. The results are in compliance with Dwianasari's study (2004).

E. Third Hypotheses

The whole regression analysis results show that adjusted R^2 is 0,119. It means that the change variation of managerial performance is just can be explained by independent variable (budget goal clarity) of 11,9%, while the residual of 88,1% is explained by other variables out of the models. Anova test or F test generates F value of 20,885 with p value significant of 0,000 or $p < 0,05$. It means that regression model can be used for predicting dependent variable (managerial performance) with its predictor of independent variable (budget goal clarity).

Next study shows that the coefficient value of budget goal clarity is 0,421 with p value significant of 0,000 or $p < 0,05$. It means that budget goal clarity is influential positive significantly toward managerial performance of local government under municipality and regencies in the Special Provinces of Yogyakarta. The results are in compliance with Yukl's study (1975), Steers (1976), Ivancevich (1976) in Kenis (1979) and Darma (2004).

F. Fourth Hypotheses

The whole regression analysis results show that adjusted R^2 is 0,101. It means that the change variation of managerial performance is just can be explained by independent variables, such as budget goal clarity, organization commitment and the appropriateness of budgetary participation with organization commitment, is 10,1%, while the residual of 89,9% is explained by other variables out of the models. Anova test or F test generates F

value of 12,579 with p value significant of 0,000 or $p < 0,05$. It means that regression model can be used for predicting managerial performance. Besides, it shows that budget goal clarity, organization commitment and the appropriateness of budgetary participation with organization commitment together can be influential toward local government managerial performance.

Next study shows that the coefficient value of appropriateness of budgetary participation with organization commitment is 0,145 with p value significant of 0,150 or $p > 0,05$. It shows that b_3 coefficient is not significant in certainty level of 90%. Then, it shows that organization commitment can't have a role as moderator variable in the relation between budget goal clarity and managerial performance of local government under municipality and regencies in the Special Provinces of Yogyakarta.

The testing results of hypotheses 4 are not in compliance with Riyanto (2003). But, Riyanto (2003) said that contingency theory with contingency variable, including motivation, needs to be studied deeper. It is aimed to find fittest condition in management control design, including budget, in each place and for each organization because the condition of each organization is different.

The commitment of instance head is estimated being individual commitment that grows limited in his obligation fulfillment. In other words, instance head is not interested in doing things out of his responsibility, to upgrade his performance. Besides, the commitment of instance head is estimated still consider his sacrifice. The consideration of cost benefit is still being stressed before the commitment of each individual appears (Darlis, 2000).

The other explanation is it's expected that instance head is compulsory to state the agreement of budget goal. It is implicated that instance head feels not involved psychologically. The disinvolvement psychologically will cause instance head feels not responsible morally so it is implicated that there is no commitment from instance head to achieve budget goal or government instance head's performance. On the other hand, budget goal clarity is influential positively and significantly to instance head's performance because the performance is measured based on stated goal and is agreement together so instance head tries to achieve that goal. It is implicated to influential significantly toward performance.

This study defined contingency as moderator. Analysis model formulates it as absolut value difference in regression equation. If the variable of absolut value difference is significant and its direction is suitable with the prediction, it can be used as evidence to support the hypotheses. The problem is contingency attitude can be defined by using some approach, that is as deviation and residual (Riyanto, 2001).

Hansen and Mowen (2000) said that the organization which uses budget as the only one performance measurement is not right. But, by diverse performance measurement, including performance measurement based on budget, can cause positive influence to positive behaviour so causes positive performance. It is caused by the goal of every organization head is suitable with organization goal and organization head has push to reach it. There is a relation between organizations head's goal and organization goal, so organization head will have strong commitment to achieve organization goal, including local government.

V. Conclusions and Limitations

A. Conclusions

The conclusions of this study are budgetary participation and budget goal clarity were influential positive significantly toward local government managerial performance. Organization commitment acted as moderator variable in the relation between budgetary participation and local government managerial performance. On the other hand, organization commitment didn't act in the relation between budget goal clarity and local government managerial performance.

B. Limitations and Implications

The limitations of this study are :

1. This study applied survey method that was done by written questions. It caused different perception from respondents with real condition.
2. This study just took organization commitment variable as moderator variable.
3. The utilization of self-rating scale in managerial performance measurement. It is possible to cause higher managerial performance than the truth. It is caused to consider the finding of more objective managerial performance.

The implications of this study are :

1. Budgetary participation needs to widen and deepen in order to upgrade managerial performance in local government.
2. Budget goal clarity has to be clearer and spesific and doesn't cause wrong interpretation for budget performer in upgrading managerial performance in local government.
3. The commitment of local government manager needs to keep its consistent and needs to be upgraded for performance achievement which is more maximal in local government.
4. The next study is expected to consider the finding of managerial performance size which is more objective and study with longer time limit.
5. The next study is expected to explain study design which is fitter with moderator variable in the connection with local government managerial performance.

REFERENCES

- Abdullah, H., 2004, Pengaruh Kejelasan Sasaran Anggaran, Pengendalian Akuntansi dan Sistem Pelaporan Terhadap Akuntabilitas Kinerja Instansi Pemerintah pada Kabupaten dan Kota di Daerah Istimewa Yogyakarta, *Tesis*, Program Pasca Sarjana UGM, Yogyakarta.
- Adoe, M. H., 2002, Pengaruh Karakteristik Tujuan Anggaran Terhadap Perilaku, Sikap dan Kinerja Pemerintah Daerah di Propinsi Nusa Tenggara Timur, *Tesis*, Program Pasca Sarjana, UGM, Yogyakarta.
- Bastian, I., 2001, *Akuntansi Sektor Publik di Indonesia*, Edisi I, Yogyakarta, BPFE UGM.
- Brownell, P., 1982a, The Role of Accounting Data in Performance Evaluation, Budgetary Participation and Organizational Effectiveness, *Journal of Accounting Research*, Vol. 10 (1) : 13-27.
- Brownell, P., 1982b, A Field Study Examination of Budgetary Participation and Locus of Control, *The Accounting Review*, Vol. LVII (4), October : 766-777.
- Brownell, P. and M. McInnes, 1986, Budgetary Participation, Motivation, and Managerial Performance, *The Accounting Review*, Vol. LXI (4), October : 587-600.
- Charlos, P. and M. C. C. Poon, 2000, Participation and Performance in Capital Budgeting Teams, *Behavioral Research in Accounting*, Vol. 12, 197-229.
- Chong, V. K. and K. M. Chong, 2002, Budget Goal Commitment and Informational Effect of Budget Participation on Performance : A Structural Equation Modeling Approach, *Behavioral Research in Accounting*, Vol. 14, 65-86.
- Darlis, E., 2000, Analisis Pengaruh Komitmen Organizational dan Ketidakpastian Lingkungan Terhadap Hubungan Antara Partisipasi Anggaran dengan Senjangan Anggaran, *Tesis*, Program Pasca Sarjana UGM, Yogyakarta.
- Darma, E. S., 2004, Pengaruh Kejelasan Sasaran dan Sistem Pengendalian Akuntansi Terhadap Kinerja Manajerial dengan Komitmen Organisasi sebagai Variabel Pemoderasi pada Pemerintah Daerah, *Tesis*, Program Pasca Sarjana UGM, Yogyakarta.
- Dwianasari, R., 2004, Pengaruh Hubungan Antara Struktur Desentralisasi dan Partisipasi Penyusunan Anggaran terhadap Kinerja Dinas dengan Komitmen Organisasi sebagai Variabel Intervening, *Tesis*, Program Pasca Sarjana UGM, Yogyakarta.
- Frucot, V. and W.T. Shearon, 1991, Budgetary Participation, Locus of Control, and Mexican Managerial Performance and Job Satisfaction, *The Accounting Review*, Vol. 66 (1) January : 80-99.

- Ghozali, I., 2002, *Aplikasi Analisis Multivariat dengan Program SPSS*, BP Undip.
- Halim, A., 2001, *Bunga Rampai Manajemen Keuangan Daerah*, Edisi Pertama, UPP AMP YKPN.
- Hansen, D. R. and M. M. Mowen, 2000, *Management Accounting*, 5th Edition, South-Western College Publishing.
- Indriantoro, N., 2000, An Empirical Study of Locus of Control and Cultural Dimentions as Moderating Variables of Effect of Participative Budgeting on Job Performance and Job Satisfaction, *Jurnal Ekonomi dan Bisnis Indonesia*, Vol 15 (1), Januari: 97-114.
- Keller, R.T., 1997, Job Involvement and Organizational Commitment as Longitudinal Predictors of Job Performance : A Study of Scientists and Engineers, *Journal of Applied Psychology*, Vol 82, 539-545.
- Kenis, I., 1979, Effects on Budgetary Goal Characteristic on Managerial Attitudes and Performance, *The Accounting Review*, LIV (4), 707-721.
- Kluvers, R., 2001, Program Budgeting and Accountability in Local Government, *Australian Journal of Public Administration*, Vol. 60 (2), June : 35-43.
- Lucyanda, J., 2001, Hubungan Antara Anggaran Partisipatif dengan Kinerja Manajerial: Peran Locus of Control Sebagai Variabel Moderating dan Motivasi Sebagai Variabel Intervening, *Tesis*, Program Pasca Sarja, UGM, Yogyakarta.
- Mardiasmo, 2002a, *Otonomi dan Manajemen Keuangan Daerah*, Edisi Pertama, Penerbit Andi Yogyakarta.
- Mardiasmo, 2002b, *Akuntansi Sektor Publik*, Edisi Pertama, Penerbit Andi Yogyakarta.
- McClurg, L.N., 1999, Organizational Commitment in The Temporary Help Service Industry, *Journal of Applied Management Studies*, 5-26.
- Nouri, H. and R. J. Parker, 1996, The Effect of Organizational Commitment on Relation Between Budgetary Participation and Budgetary Slack, *Behavioral Research In Accounting*, Vol. 8, 74-90.
- Nor, W., 2003, Desentralisasi dan Gaya Kepemimpinan Sebagai Variabel Pemoderasi dalam Hubungan Antara Partisipasi Penyusunan Anggaran dan Kinerja Manajerial pada Organisasi Sektor Publik, *Tesis*, Program Pasca Sarjana, UGM, Yogyakarta.
- Republik Indonesia, *Undang-Undang RI No. 17 Tahun 2003, tentang Keuangan Negara*.
- Republik Indonesia, *Undang-Undang RI No. 32 Tahun 2004, tentang Pemerintah Daerah*.

- Republik Indonesia, *Undang-Undang RI No. 33 Tahun 2004, tentang Perimbangan Keuangan antara Pemerintah Pusat dan Daerah.*
- Riyadi, S., 1998, Motivasi dan Pelimpahan Wewenang Sebagai Variabel Moderating dalam Hubungan Antara Partisipasi Penyusunan Anggaran dan Kinerja Manajerial, *Tesis, Program Pasca Sarjana, UGM, Yogyakarta.*
- Riyanto, B., 2001, Alternative Approach to Examining a Contingency Model in Accounting Research: A Comparison, *Jurnal Riset Akuntansi Manajemen Ekonomi, Vol.1 No.1, 13-32.*
- Riyanto, B., 2003, Model Kontijensi Sistem Pengendalian: Integrasi dan Ekstensi untuk Future Research, *KOMPAK: Jurnal Akuntansi, Manajemen, dan Sistem Informasi, FE UTY Yogyakarta, No: 9, April, 330-342.*
- Saprudin, 2001, Pengaruh Kejelasan Sasaran Anggaran, Sistem Pelaporan Terhadap Efektifitas Sistem Pengendalian Manajemen Pada Rumah Sakit Daerah di Indonesia, *Tesis, Program Pasca Sarjana, UGM, Yogyakarta.*
- Wentzel, K., 2002, The Influence of Fairness Perceptions and Goal Commitment on Managers Performance in a Budget Setting, *Behavioral Research in Accounting, Vol. 14. 247-271.*
- Yuhertiana, I., 2003, Principal-Agent Theory dalam Proses Perencanaan Anggaran Sektor Publik, *KOMPAK: Jurnal Akuntansi, Manajemen, dan Sistem Informasi, FE UTY Yogyakarta, No: 9, April, 403-422.*