
PARTICIPATORY BUDGETING, BUDGET CONTROL, STANDARD OPERATING PROCEDURE ON DYSFUNCTIONAL BEHAVIOR

Lego Waspodo¹, Dona Primasari²

¹Faculty of Economics and Business, University of Lampung

²Faculty of Economics and Business, Universitas Jenderal Soedirman

Correspondence author: dona.primasari@yahoo.com

Abstract

This paper aims to investigate the influence of budgetary participation, budget control, and local government standard operating procedures toward dysfunctional behaviour on local government.

The research method used is the population of the local government in Bandar Lampung. Sampling technique using nonprobability or not random with the purposive sampling method. Tool analysis using SPSS. The paper ends with a set of hypotheses requiring further research.

The paper finds that budgetary participation and standard operating procedures simultaneously affect on dysfunctional behaviour of the local government in Bandar Lampung. Budget control measures partially negatively affects the provincial government's dysfunctional behaviour in Bandar Lampung. This paper provides the influence of budgetary participation, budget control, and local government standard operating procedures toward dysfunctional behaviour. It examines dysfunctional behaviour on local government performance in Bandar Lampung, Indonesia.

Keywords: budgetary participation, budget control, standard operating procedures of local government, dysfunctional behaviour, local government performance

INTRODUCTION

Law No. 32 and Law No. 33 of 2004 imply that regions are given broad authority to organize excellent and clean governance and are expected to increase accountability to the public. The law is a benchmark for local governments to carry out managerial control activities to create public accountability and realize a clean government from Corruption, Collusion and Nepotism (KKN).

The local government managerial control system is a tool to monitor local government performance; the existence of an administrative control system as a measuring tool is expected to be able to minimize deviations that occur. One component of the managerial control system is the participation budget. In the study of behavioural accounting, there is a particular discussion regarding the relationship between budget participation and the company's inclusive conditions, which impact performance. Research conducted by Setiawan (2009) shows that budget participation will encourage individual initiative to increase member cooperation in achieving goals. This indicates that budget participation is an important thing that must be considered and is one of the tricks that can be used in a company's or organization's operational activities.

According to Brownell et al. (1986), budget participation is participation, participation of individuals in the form of behaviour, work and other activities by government officials in preparing the budget. Budget participation, budget control and work procedure operating standards are measuring instruments for the local government managerial control system. Nevertheless, in implementing its activities, there is often a behavioural deviation or deliberate violation outside of the rules and procedures of the local government administrative control system, which is usually carried out by the SKPD executor itself, which is referred to as dysfunctional behaviour.

This research develops previous research (Birnberg & Snodgrass, 1988; Soobaroyen, 2006; Wiyantoro, 2012). In this study, employee performance variables were added as an impact of dysfunctional behaviour. The addition of employee performance variables is motivated by the theory

of action reaction proposed by Ajzen (1989), that the existence of action or action will trigger reactions in individuals and the surrounding environment. The existence of budget participation, budget control, and work order organizational structure that affects dysfunctional behaviour will directly affect one's performance, logically.

The performance will decrease if there is deviation or manipulation because dysfunctional behaviour will create an uncomfortable work climate. This study uses a sample of local government employees; the results of this study are expected to add to the literature regarding individual behavioural factors in the reorganization, namely understanding the organizational structure of work procedures, budget participation and the use of budget control which is a guide in carrying out activities that affect improving performance. Other results are expected to be input for organizations, especially local governments, to pay attention to factors of dysfunctional behaviour in realising public trust and creating a clean government from Corruption, Collusion and Nepotism (KKN).

OVERVIEW AND HYPOTHESIS

Budget Participation and Dysfunctional Behavior

Budget participation as a form of management control has been widely applied to companies. Low participation in budget preparation can result in biased budgets (Onsi, 1973; Govindarajan, 1986). The effect of bias arising from the budgeting concept causes managers to be dysfunctional; from the budget planning, the manager includes an element of bias, namely, the manager deliberately over-reports the expected performance in the budget. Research conducted by Siegel and Marconi (1989) proves that the participation of managers in budgeting can develop positive initiatives in the work environment so that participants or employees can contribute ideas and information, increase togetherness and feel belonging to one another so that cooperation among members in achieving goals increases.

According to Onsi (1973), Collins (1978), and Merchant (1985), the existence of participation can lead to slack supervision and control it can lead to deviant behaviour. Another opinion was expressed by Lukka (2003), who suggested that the budget experienced refraction concerning behaviour.

Dysfunctional behaviour and budget participation increase the prospect of budgetary biases (i.e., a part of dysfunctional behaviour). Thus, budget participation in SKPD executives will increase dysfunctional behaviour. Participation budget can be viewed as information processed from superiors to subordinates. In this context, there is a situation of information asymmetry. Furthermore, there is a clear possibility for SKPD implementers to accept refraction or filter information.

H1: Budget participation affects dysfunctional behaviour

Budgetary Control and Dysfunctional Behavior

Budgets are crucial for driving cost efficiency and as a tool of control. Schiff and Lewin (1970) in Sardjito (2007) revealed that the budget has two roles. First, the budget functions as planning, which contains a summary of the organization's financial plans for the future. Second, the budget is a control tool to measure managerial performance.

Budget control is a performance measurement technique carried out by superiors against subordinates by evaluating the performance of subordinates measured in accounting and specified early as a budget or often referred to as a budget assessment style (Harrison, 2002). Research in the performance appraisal style of government officials was developed by Hopwood (2002) as an empirical study on the role of accounting data in assessing the performance of officials. While the results of Hopwood (2002) conducted by Otley (2005) show that the results of his research are consistent; namely, high budget control results in good (positive) behavior.

Previous research conducted by Van Der Stede (2000) proved that the existence of a budget control style and managerial short-term orientation could lead to deviant or dysfunctional behaviour. Van Der Stede's (2000) opinion is contrary to the opinion expressed by Fisher (2000) in his research. Fisher (2000) states that a control system that uses the budget as a tool will have the opportunity to cause damaging effects in the form of manipulation.

Information and manipulation of other activities. Based on the explanation above and previous research, the following hypothesis is put forward:

H2: Budget Control Affects Dysfunctional Behavior

Standard Operating Procedure Organizational Structure and Dysfunctional Behavior

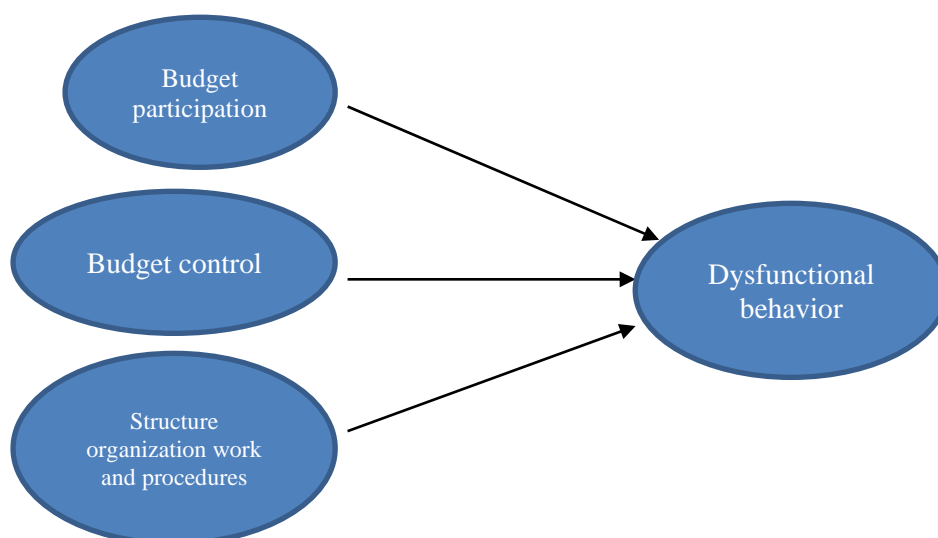
The organizational structure and existing human resources influence the local government apparatus's performance. The organizational structure of the government apparatus has been prepared and given standards or regulations as basic guidelines for activities. Soobaroyen (2006) revealed that standard operating procedures are several regulations as guidelines for managers to carry out activities in their departments.

Another opinion expressed by Fisher (2001) states that a system of operating procedures can improve the control of manager activities and control of personal activities. SOP (Standard Operating Procedure) in a government environment is known as the Work Organization Structure; thus, the SOP in this study is the Work Organization Structure (SOTK).

The Organizational Structure of Work Procedures (SOTK) provides rules for completing activities and as a basis for decision-making. Therefore, a very complicated standard operating procedure in carrying out activity control is likely to make the operation of managers in the development of dysfunctional practices (Soobaroyen, 2006). Based on the above explanation and previous research, the following hypothesis is put forward:

H3: Standard Operating Procedure (SOTK) affects Dysfunctional Behavior.

Figure 1.1. Research Development Model Framework



Source: Developed for this research, 2022

RESEARCH METHOD

Research Design

The type of research used in this study is hypotheses testing research, namely research that explains phenomena in the form of relationships between variables. The type of relationship between variables in this study is causality, namely the type of causal relationship. The type of data in this study is subject data, namely research data in the form of the participants' opinions, attitudes, experiences or characteristics.

A person or group of research subjects (respondents) (Indriantoro & Supomo, 1999). The data source used in the research is primary data in the form of respondents' perceptions (subjects) of research, and the instrument used is a questionnaire or questionnaire.

Population, Sample, and Sampling Technique

The population in this study were regional employees in the city of Bandar Lampung. The sample used consisted of the head of the Department, Head of the Agency, treasurer and Head of Finance in Bandar Lampung City. The sampling technique in this study was carried out by purposive sampling, namely sampling techniques with specific considerations and objectives. This research is based on budget participation and work organization structure, so the sample determined is employees involved with the budget and work organization structure, including the head of the Department, Head of Agency, treasurer and Head of Finance.

Data Collection Technique

Data collection was done by distributing questionnaires by directly visiting the sample areas in the study that could be reached (personally administered questionnaires). The questionnaire consists of a questionnaire with related questions (structured questionnaire). This data was obtained through questionnaires distributed to each respondent. Respondents answer the questions in the questionnaire and choose the most appropriate one from the various alternative answers provided without providing other answers. This form of questionnaire is more attractive to respondents because of the ease of providing answers, and also the time used to answer questions is shorter.

Data Quality Test

According to Hair (1995), the quality of data generated from research instruments can be evaluated through reliability and validity tests. These tests determine the consistency and accuracy of data collected using instruments. Two procedures are conducted to conduct reliability and validity: an internal consistency test of respondents' answers to research instruments and an internal consistency test of respondents' answers to research instruments.

Construct a validity test by correlating the score of each item and the total score. The descriptions of the two data quality tests are as follows:

The Cronbach alpha coefficient determines the internal consistency test (reliability). A construct or instrument is reliable if it provides a Cronbach alpha value above 0.60 (Hair, 1995).

Normality test

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. One of the statistical tests that can be used to test the normality of the residuals is the non-parametric Kolmogorov-Smirnov (K-S) statistical test.

Classic assumption test

This test is carried out to avoid the occurrence of classic problems which can cause the calculation results to be biased and invalid

Hypothesis Test

The statistical analysis used is multiple regression analysis as a model that predicts the causal relationship between the dependent variables and several independent variables. Test the hypothesis using the t test

RESULTS AND DISCUSSION

Respondent Overview

The questionnaire was distributed by direct delivery to respondents. The questionnaire was left and then taken back according to the appointment that had been agreed with the respondent. The distributed questionnaires amounted to 200 questionnaires, and 170 were returned, with a response rate of 85%. A total of 3 questionnaires could not be included in the analysis due to incomplete filling. Therefore the amount of data that could be processed for analysis was 167 questionnaires. The complete data will be presented in Table 4.1 below:

Table 4.1
Questionnaire Return Delivery Details

Description	Number of Questionnaires
- Distributed questionnaires	200 questionnaires
- Questionnaires received (returned)	170 questionnaires
- Non-returned questionnaires	30 questionnaires
Missing questionnaires (incomplete)so it cannot be processed	3 questionnaires
- Completed questionnaires	167 questionnaires
- Return rate (response rate)	$(170 / 200) * 100\% = 85,0\%$
- Usable rate of return	$(167 / 200) * 100\% = 83,5\%$

Source: Data processed, 2022

General Description of Respondents

Table 4.2 Respondent Profile

Description	Number (People)	Percentage(%)
Gender		
Men	75	44,9%
Women	72	43,1%
Education		
D3	45	26,9%
S1	108	64,6%
S2	12	7,1%
S3	2	1,1%
Length of service		
Under 3 years old	58	34,7%
Above 3 years	109	65,3%

Source: Data processed,2022

Uji Normalitas

Tabel 4.3
Hasil uji normalitas data

	Unstandardized Residual
N	167
Kolmogorov-Smirnov Z	.645
Asymp. Sig. (2-tailed)	.799

Source: Dataprocessed,2022

Based on the results of the normality test, the results show that the data is normally distributed.

Data Quality Test

Data quality tests include reliability and validity tests. The reliability test was carried out with the *Cronbach alpha* test using SPSS. A construct is said to be reliable if it provides a *Cronbach alpha* value > 0.60 (Nunnally, 1967 in Imam, 2005). The following is a recapitulation of the reliability and validity test results presented in table 4.4 and table 4.5.

Table 4.4. Validity Test Results

No.	Variables	Range Correlation	Significance	Description
1	Participatory budgeting	0.785**-0.820**	0.01	Valid
2	Budget control	0.732**-0.794**	0.01	Valid
3	Organizational structure of work procedures	0.751**-0.781**	0.01	Valid
4	Dysfunctional behavior	0.770**-0.822**	0.01	Valid

Table 4.5
Reliability Test Results

No.	Variables	Value Cronbach Alpha	Description
1	Participatory budgeting	0.855	Reliable
2	Budget control	0.803	Reliable
3	Organizational structure of work procedures	0.840	Reliable
4	Dysfunctional behavior	0.729	Reliable

Source: Primary data processed,2022

Uji Asumsi Klasik
Uji Multikolinieritas

Table 4.6.
Hasil Uji Multikolinieritas

Variabel	Nilai VIF
Participatory budgeting	1.788
Budget control	1.038
Organizational structure of work procedures	1.830

Source: Primary data processed,2022

Referring to table 4.6. it can be seen that the VIF value for each variable is less than 10 and the tolerance value is less than 1, so that all variables are declared free from multicollinearity symptoms.

Autocorrelation Test

In this study using the Durbin-Watson test (DW test) to determine whether there is a problem of autocorrelation in the regression model. The following is a table of the autocorrelation test results

Table 4.7.
Hasil Uji Autokorelasi

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.448 ^a	.201	.109	6.52770	1.116

Source: Primary data processed,2022

Referring to table 4.7. the results of the Durbin-Watson test with the help of the SPSS for Windows software that has been carried out, obtained a Durbin-Watson value of 1.116. This value is compared with the Durbin Watson table for n = 30 and k = 4 with (α) 0.05 or 5 %, then the value of $dU = 1.72$ and $dL = 1.41$. So the Durbin Watson test value is between dU and $4 - dU$. This is evidence of the absence of positive or negative autocorrelation.

Hypothesis Test

Uji t

Untuk mengetahui pengaruh secara parsial variable Participatory budgeting, Budget control, Organizational structure of workprocedures terhadap Dysfunctional behavior digunakan uji t. Dari hasil analisis dengan menggunakan tingkat kesalahan (α) = 0,05 diketahui nilai t_{tabel} sebesar 0,590. Berikut hasil output SPSS

Table 4.8
Test Results t

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	91.558	13.515		6.775	.000
total_parbudg	.174	.234	.175	.746	.463
Total_budgcont	.234	.251	.167	.434	.559
Total_org	.411	.373	.261	1.101	.281

Source: Primary data processed,2022

Referring to table 4.8, the results of calculating the t value of the research variables are obtained.

Based on table 4.8 it can be explained the effect of each independent variable on the dependent variable as follows:

1. The effect of Participatory budgeting on Dysfunctional behavior.

Based on the table, it is known that the t value of the cultural variable is 0.746. By using $\alpha = 0.05$, the t table value is 0.590. From these results it can be seen that the calculated t value > t table value. This shows that the Participatory budgeting variable has a significant positive effect on Dysfunctional behavior, so the hypothesis which states that Budget participation affects dysfunctional behavior is **accepted**.

2. The effect of budget control on dysfunctional behavior

Based on table 4.8. it is known that the t value of the inventory variable is 0.434. By using $\alpha = 0.05$, the t table value is 0.590. From these results it can be seen that the t count > t table value - This indicates that the Budget control variable has no effect on Dysfunctional behavior, so the hypothesis which states that Budget Control Affects Dysfunctional Behavior is **rejected**.

3. The effect of Organizational structure of work procedures on Dysfunctional Behavior

Based on table 4.8 it is known that the t count reporting value is 1.101. By using $\alpha = 0.05$, the t table value is 0.590. From these results it can be seen that the calculated t value > t table value. This shows that the Organizational structure of work procedures variable has a positive effect on the Dysfunctional Behavior variable, so the hypothesis which states that the Standard Operating Procedure (SOTK) affects Dysfunctional Behavior, is **accepted**.

Discussion

Hypothesis 1

The first hypothesis (H_1) Budget Control affects *Dysfunctional* Behavior. Thus the first hypothesis **can be accepted**.

The results of this study support the results of research conducted by Siegel and Marconi (1989). Based on the results of Siegel and Marconi's (1989) research, it is found that budget participation will allow dysfunctional behavior to occur. Dysfunctional behavior in this case is behavior that is not in accordance with the rules that are in effect. The existence of budget participation allows government officials to have the opportunity to take part in budget preparation, this situation results in a climate that is vulnerable to manipulation, both manipulation of data, funds, numbers, and other manipulations.

Hypothesis 2

Hypothesis 2 states that Budget Control affects *Dysfunctional Behavior*. Thus the second hypothesis **cannot be accepted**.

The results of this study do not support the results of previous research conducted by Van Der Stede (2000) which proves that budget control style and managerial short-term orientation are related to budget tendencies that can lead to *dysfunctional* behavior. The difference in research is due to the phenomenon found in government agencies that the existence of budgetary control does not have a direct impact on employee behavior to be cooperative in adherence to budget use, government officials tend to be indifferent and apathetic to budgetary control that has been implemented so that budgetary control does not have a significant impact on the work environment of government employees.

Hypothesis 3

The third hypothesis states that the Standard Operating Procedure (SOTK) Organization Structure affects *Dysfunctional Behavior*. Thus the **third hypothesis is accepted**

The findings of this hypothesis support the results of research conducted by Soobaroyen (2006), and research conducted by Jaworski and Young (1992), Wiyantoro (2012) which show that SOTK has an impact on dysfunctional behavior in managers. The results of this study also indicate that the SOTK applied to the government in Bandar Lampung city has been implemented properly. All kinds of rules, work procedures and policies have been running well so that dysfunctional behavior can be avoided.

CONCLUSION AND LIMITATIONS

Conclusion

This study is based on the importance of attention to budget participation, budget control, organizational structure of work procedures on dysfunctional behavior. The results of the study support that budget participation, organizational structure of work procedures affect dysfunctional behavior in government employees in Bandar Lampung city. This study provides an indication of the importance of implementing budget participation in performing management functions and assessing one's performance.

Limitations

Evaluation of the results of this study must take into account several limitations that may affect the results of the study, including:

1. The validity and reliability of the instruments used in this study do not appear to have been well tested, as there were several indicators that were eliminated (validation) despite the *pilot study*. The researcher suspects that there may be another factor, namely poor translation, especially language *settings* that are in accordance with the conditions of respondents in Indonesia.
2. The use of instruments in the form of perception will cause problems if the perception is different from the actual situation.
3. The use of self-ratings in employee performance measurement can cause respondents to measure their performance higher than it actually is, so performance appraisals tend to be higher.

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