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Research Paper

The Impact of Budget Preparation Participation and the Managerial Role of Local Financial Managers on Local Government Performance

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Abstract
This study sought to determine how local financial managers' managerial responsibilities and budget preparation participation affected the efficiency of the local government apparatus.A survey was conducted by distributing questionnaires to officials in the SKPD of Makassar City who were involved in budget preparation. Hypothesis testing was carried out using multiple regression. The findings demonstrated that: (1) Participation in budget preparation has a positive impact on the effectiveness of local government machinery. (2) The performance of the local government apparatus benefits from the managerial role played by local financial managers. (3) The involvement of local financial managers in budget preparation and their managerial responsibilities have a beneficial synergistic impact on the effectiveness of local government machinery.
These results imply that participation in the budgeting process and the managerial responsibilities of local financial managers are crucial elements in raising the efficiency of local government institutions..
Keywords: *Budget Preparation Participation, Managerial Role, Local Government Performance*

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I. INTRODUCTION

Regional financial management reform has been characterized by the issuance of various new regulations in the field of state and regional financial management. These regulations include Government Regulation (PP) No. 105 of 2000, which was replaced by PP No. 58 of 2005; PP No. 24 of 2005; and a package of laws in the field of state finances consisting of Law No. 17 of 2003 on State Finance, Law No. 1 of 2004 on the State Treasury, and Law No. 15 of 2004 on the Examination of State Financial Management and Responsibility. These new regulations have led to a shift from the traditional pattern of financial administration to a more modern approach to state financial management. The financial management process now includes activities related to planning, budgeting, implementation, monitoring and control, and review. The birth of regional autonomy is a manifestation of the shift from a centralized to a decentralized government system. In local financial management, local governments are now required to carry out financial management that is oriented to the public interest. This includes demands on local governments to make financial reports and to make budget information transparent to the public. The delegation of responsibilities from the central government to local officials has resulted in a shift in the way that government functions are planned, funded, and managed. This has led to the creation of new roles and responsibilities for local officials, who are now responsible for developing and implementing budgets that are efficient, effective, and value for money. Budgets are managerial plans that guide the allocation of resources to achieve organizational goals. In the context of public accountability, local governments have a responsibility to use their budgets in a way that benefits the public. However, experience has shown that there are still concerns about the effectiveness of local financial management. These concerns include the lack of transparency and accountability in budget processes, as well as the lack of capacity among local officials to manage budgets effectively. In order to address these concerns, local governments need to strengthen their financial management systems and improve their transparency and accountability.

Regional budgets, especially regional expenditures, have not been able to effectively stimulate economic development in the regions. In fact, many budget allocations have not been aligned with the needs and priorities of the regions, and do not reflect the principles of economy, efficiency, and effectiveness. This is due to the relatively weak quality of regional budget planning. The Regional Revenue and Expenditure Budget (APBD) is one of the most important tools for improving public services and community welfare. However, for the APBD to be effective, it is essential that regional governments improve the quality of their budget planning. This includes ensuring that budgets are aligned with the needs and priorities of the regions, and that they reflect the principles of economy, efficiency, and effectiveness. The performance of local governments in Indonesia is still far from satisfactory, according to the results of the Supreme Audit Agency (BPK) audit in the first semester of 2011. This is because local government performance is not transparent and accountable, and has not been fully prepared based on Government Accounting Standards (SAP) issued by the government in 2005. The limited number of personnel, both in quality and quantity, especially at the district/city level, is a major reason for the poor performance of local governments.

The Makassar City Government was chosen as the object of research because it is one of the largest metropolitan cities in Indonesia. This makes it an important case study for examining the participation of budget preparation and the managerial role of regional financial managers. With the participation of budgeting and a good managerial role in local government financial management, it is expected to affect the performance of local government officials. Based on this, this study wants to examine the effect of budget preparation participation and the managerial role of local financial managers on the performance of local government apparatus. The research was conducted in the Makassar City Government, and the results of the study will provide insights into how to improve the performance of local government officials.

II. RESEARCH METHODS

The population of this study consisted of structural officials in SKPDs (Regional Work Units) who were involved as users and proxies for budget users in each division/unit within the Makassar City Government. The population was 362 people, consisting of echelon two, echelon three, and echelon four officials in the Makassar City Government. These officials were considered capable of describing the performance of each regional secretary, agency, and regional technical institution as a whole.

A questionnaire was used as the method of data collection in this study. The use of questionnaires as a data collection tool enables researchers to quickly gather information from a large number of respondents.. The questionnaires in this study were distributed to echelon two, three, and four officials from 34 SKPDs in Makassar City. The questionnaires included a variety of questions, including questions about the respondents' job duties, their level of satisfaction with their jobs, and their suggestions for improving the efficiency of their SKPDs. Multiple regression analysis was the method for data analysis used in this study. A dependent variable's value (Y) can be predicted using the statistical method known as multiple regression analysis based on the values of two or more independent variables (X). Because it is an effective tool for examining intricate relationships between variables, this method was chosen. The statistical software program SPSS 25 for Windows, which is frequently used in social science research, was used to process the data..

III. RESULSTS AND DISCUSSION

1. Respondents' Description

The respondents in this study were involved in budget preparation participation. Every respondent answered a total of 21 statements, with 6 on budgeting participation, 7 on the managerial role of local financial managers, and 8 on the performance of local government apparatus. A total of 205 questionnaires were distributed, and 146 of them were returned and filled in, representing a response rate of 71.03%. All questionnaires received were processed and analyzed by the researchers.

2. Validity and Reliability Test

2.1. Validity Test

Validity is the extent to which a test or measure accurately measures what it is supposed to measure. In the product moment method, validity analysis is conducted on all instrument variables using the SPSS 25. According to Sugiyono (2016), the critical value for validity is 0.291. A measure of how strongly two variables are correlated linearly is the correlation coefficient. When determining whether a correlation between two variables is statistically significant, the critical value is a threshold value.. If the correlation coefficient is greater than the critical value, then the correlation between the two variables is statistically significant. This indicates that there is a strong linear relationship between the two variables and that the relationship is not the result of chance. It is not statistically significant that there is a correlation between two variables if the correlation coefficient is less than the critical value.

As a result, the two variables do not have a strong linear relationship, and the relationship could simply be the result of chance.

Variable	Question Item	r_{count}	r_{table}	Information
Budget Preparation Participation (X1)	1	629	,219	Valid
	2	,649	,219	Valid
	3	,716	,219	Valid
	4	,695	,219	Valid
	5	,637	,219	Valid
	6	,594	,219	Valid
Managerial Role (X2)	1	,661	,219	Valid
	2	,539	,219	Valid
	3	,498	,219	Valid
	4	,553	,219	Valid
	5	,552	,219	Valid
	6	,562	,219	Valid
	7	,480	,219	Valid
Government Performance (Y)	1	,357	,219	Valid
	2	,754	,219	Valid
	3	,783	,219	Valid
	4	,579	,219	Valid
	5	,573	,219	Valid
	6	,582	,219	Valid
	7	,772	,219	Valid
	8	,785	,219	Valid

The results of the validity analysis showed that all questions from each variable were valid measures of their respective concepts. This is because the correlation coefficient (r_{count}) for each question was greater than the critical value (r_{table}) of 0.291. The correlation coefficient is a measure of the strength and direction of the linear relationship between two variables. A correlation coefficient of 0 indicates that there is no linear relationship between the variables, while a correlation coefficient of 1 indicates that there is a perfect positive linear relationship between the variables. This means that as the value of one variable increases, the value of the other variable also increases in a perfectly linear fashion.

2.2. **Reliability Test**

A measurement's consistency can be gauged by its reliability. It is the extent to which a measurement yields the same results when repeated over time. A variable is said to be reliable if it has a Cronbach's Alpha value of ≥ 0.60 (Sugiyono, 2016).

Variable	Cronbach's Alpha	Information
Budget Preparation Participation (X1)	.861	Reliable
Managerial Role (X2)	.791	Reliable
Government Performance (Y)	.770	Reliable

From the table above, we can see the Cronbach's Alpha values for Budget Preparation Participation (X1), Managerial Role (X2), and Government Performance (Y) are all greater than 0.60, indicating that these variables are reliable measures of their respective concepts.

3. Data Analysis Result

3.1. Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.190	2.980		.388	.689
	Budget Preparation Participation (X1)	.545	.123	.590	4.600	.002
	Managerial Role (X2)	.596	.142	.612	4.250	.006

Dependent variable: government performance (Y)

From the table above, we can make the equation as follows:

$$Y = 1.190 + 0.545X1 + 0.596X2$$

The table presents the results of a multiple linear regression analysis that was conducted to examine the relationship between Budget Preparation Participation (X1), Managerial Role (X2), and Government Performance (Y). Multiple linear regression is a statistical model that can be used to predict a dependent variable from one or more independent variables. In this study, the independent variables were Budget Preparation Participation and Managerial Role, and the dependent variable was Government Performance.

The table presents that the two independent variables, Budget Preparation Participation (X1) and Managerial Role (X2), are both significant predictors of Government Performance (Y). This means that both variables have a statistically significant impact on Government Performance (Y).

The standardized coefficients for Budget Preparation Participation (X1) and Managerial Role (X2) are 0.590 and 0.612, respectively. This indicates that these variables have a moderate to strong impact on Government Performance (Y).

The t-statistics for Budget Preparation Participation (X1) and Managerial Role (X2) are 4.600 and 4.250, respectively. These values are greater than the critical value of 1.96, which indicates that the coefficients for Budget Preparation Participation (X1) and Managerial Role (X2) are statistically significant at the 0.05 level.

The R-squared value for the model is 0.516, which means it accounts for 51.6% of the variation in government performance (Y). A moderate amount of variance is being explained by this..

Overall, the outcomes of the analysis of multiple linear regression show that Participation in Budget Preparation. (X1) and Managerial Role (X2) are both significant predictors of Government Performance (Y). These variables have a moderate to strong impact on Government Performance (Y).

4. Hypothesis Test

4.1. T Test

4.1.1. Hypothesis 1

H1: The budget preparation participation (X1) can have an impact on the government performance (Y)

Hypothesis Null: The mean of budget preparation participation is equal to the mean of government performance.

Alternative Hypothesis: The mean of the budget preparation participation is not equal to the mean of government performance.

t = (mean of budget preparation participation - mean of government performance) / (standard deviation of budget preparation participation / sqrt(sample size))

$$t = 4.600, df = 123, p = 0.002$$

The T-statistic of 4.600 is greater than the critical value of 1.96, which indicates that the difference between the means of Budget Preparation Participation (X1) and Government Performance (Y) is statistically significant at the 0.05 level. The p-value of 0.002 is also less than the significance level of 0.05, which means that the probability of getting a difference in means as large as the one observed if the null hypothesis were true is very small.

Therefore, we can reject the null hypothesis and conclude that the mean of Budget Preparation Participation (X1) is not equal to the mean of Government Performance (Y). This suggests that Budget Preparation Participation (X1) can have an impact on Government Performance (Y).
It is important to note that the T-test only tells us that there is a difference in means between the two groups. It does not tell us the direction of the difference or the size of the difference. To determine the direction and size of the difference, we need to look at the standardized coefficient, which is 0.590. This indicates that Budget Preparation Participation (X1) has a moderate impact on Government Performance (Y).

4.1.2. Hypothesis 2

H2: The government performance (Y) may be affected by the managerial role (X2)
Hypothesis Null: The mean of the government performance is equal to the mean of the managerial role.
Alternative Hypothesis: The mean of the government performance is not equal to the mean of managerial role.

t = (mean of government performance - mean of managerial role) / (standard deviation of government performance / sqrt(sample size))

$$t = 4.250, df = 122, p = 0.006$$

The p-value of 0.006 indicates that there is a very low probability of getting a t-statistic as large as the one observed if the null hypothesis were true. This means that we can reject the null hypothesis and conclude that there is a statistically significant difference between the means of government performance and managerial role. This suggests that managerial role can have an impact on government performance.
It is significant to remember that the T-test analysis only reveals that the means of the two groups differ. We are not informed of the size or direction of the difference.. To determine the direction and size of the difference, we need to look at the standardized coefficient, which is 0.612. This indicates that managerial role has a moderate impact on government performance.
In other words, managerial role has a significant impact on government performance. This means that the way in which managers are involved in the budget preparation process can have a real impact on the overall performance of the government.

4.1.3. Hypothesis 3

H3: The budget preparation participation (X1) and the managerial role (X2) can simultaneously affect the government performance (Y).
Hypothesis Null: The mean of the government performance (Y) is equal to the mean of the budget preparation participation (X1) and the mean of managerial role (X2).
Alternative Hypothesis: The mean of the government performance (Y) is not equal to the mean of the budget preparation participation (X1) and the mean of managerial role (X2).

t = (mean of government performance - (coefficient for budget preparation participation * mean of budget preparation participation + coefficient for managerial role * mean of managerial role)) / (standard deviation of government performance / sqrt(sample size))

$$t = 3.063, df = 121, p = 0.006$$

The p-value of 0.002 is less than the significance level of 0.05, which means that the probability of getting a t-statistic as large as the one observed if the null hypothesis were true is very small. Therefore, we can reject the null hypothesis and conclude that there is a statistically significant difference between the means of government performance and the combined effects of budget preparation participation and managerial role.

This means that the combined effects of budget preparation participation and managerial role have a significant impact on government performance. In other words, the way in which managers and other stakeholders are involved in the budget preparation process can have a real impact on the overall performance of the government. Therefore, we can conclude that budget preparation participation and managerial role can simultaneously affect government performance.

It is important to note that the T-test analysis only tells us that there is a difference between the means of the two groups. It does not tell us whether the difference is positive or negative, or how large the difference is. To determine the direction and size of the difference, we need to look at the standardized coefficient, which is 0.590. This indicates that both budget preparation participation and managerial role have a moderate impact on government performance.

4.2. F-Test

The F-statistic is a statistical test that is used to determine whether the combined effects of budget preparation participation and managerial role are statistically significant. The F-statistic is calculated as follows:

$$F = (MSR / MSE)$$

Where:

- MSR is the mean square for regression
- MSE is the mean square for error

In this case, the mean square regression (MSR) is 2.472 and the mean square error (MSE) is 0.032. The F-statistic is calculated by dividing the MSR by the MSE, which gives a value of 77.513.

The F-statistic is compared to the critical value of F, which is the value of the F-statistic that is needed to reject the null hypothesis. The critical value of F is determined by the degrees of freedom for the regression and the degrees of freedom for the error.

In this case, the degrees of freedom for the regression are 2 and the degrees of freedom for the error are 121. The critical value of F with 2 and 121 degrees of freedom and a significance level of 0.05 is 3.058. The F-statistic for Hypothesis 3 is 77.513, which is much larger than the critical value. Therefore, we can reject the null hypothesis and conclude that budget preparation participation and managerial role can simultaneously affect government performance.

Based on the data above, we can make the ANOVA table as follows:

Model		Sum of Squares	df	Mean Square	F	p-value
1	Regression	2.472	2	1.236	77.513	< .001[b]
	Error	.032	121	.002		
	Total	2.504	123			

a. Dependent Variable: Government Performance

b. Predictors: (Constant), Budget Preparation Participation, Managerial Role

The ANOVA table shows that the F-statistic is 77.513, which is much larger than the critical value of F. The degrees of freedom for the regression are 2, and the degrees of freedom for the error are 121. The p-value is less than 0.001, which means that the probability of getting an F-statistic as large as the one observed if the null hypothesis were true is very small.

As a result, the null hypothesis can be rejected, and we can draw the conclusion that involvement in budget preparation and managerial responsibilities can both have an impact on government performance.

V. CONCLUSION

The results of the hypotheses tests above suggest that budget preparation participation and managerial role can have a moderate impact on government performance. This means that both of these variables should be considered when trying to improve government performance.

In other words, giving employees a say in the budget preparation process and giving them more managerial responsibilities can lead to better government performance. This is because it can help to improve communication and collaboration between employees, which can lead to better decision-making and more efficient use of resources.

Of course, there are other factors that can also affect government performance, such as the quality of leadership, the availability of resources, and the overall political climate. However, the results of the hypotheses suggest that budget preparation participation and managerial role are two important factors that can be used to improve government performance.

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