

ABSTRACT

The Effect Of Budgetary Participation On The Effectiveness Of Budget Usage With Budget Adequacy As The Intervening Variable

By

Jane Ratini Puspa

This study aimed to examine the effect of budgetary participation on the effectiveness of budget usage in public sector organizations. This study also tested whether the budget adequacy variables mediate the relationship between budgetary participation and the effectiveness of budget usage.

The data used in this study obtained by questionnaire distribution method. Out of 70 questionnaires that were distributed to officials involved in the budgetary process and implementer who worked in Satuan Kerja Perangkat Daerah (SKPD) Kabupaten Lampung Selatan, 66 (94.29%) questionnaires were returned, but only 63 (90%) questionnaires could be used for analysis. The data were analyzed using Partial Least Square (SmartPLS).

The results of this study indicate that budgetary participation has a positive effect on the budget adequacy. In addition, budget adequacy is also has a positive effect on the effectiveness of budget usage. However, there is no direct influence between budgetary participation variables and the effectiveness of budget usage. This study was limited to one regency, Kabupaten Lampung Selatan, so that the results obtained from this study cannot generalize studies outside Lampung. This research is expected to provide input to local governments to involve subordinates in budgeting activities because subordinates have better information and more accurate than the superiors. They are more aware of the environmental conditions in which they work and knowing enough resources to carry out their duties.

Key words: Budgetary participation, budget adequacy, the effectiveness of budget usage