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The Effect of Managerial Commitment, Budget Quality, and Capital Budget on Participatory Budgeting

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Abstract.

Purpose: This study aims to examine the effect of managerial commitment, budget quality, and capital budget on participatory budgeting.
Methodology : This study uses quantitative approach. The research method used the Quota Sampling method. Data collection techniques using questionnaires and interviews. The object of the study was aimed at APBKal/APBDes management team at the Community and Village Empowerment Council Special Regional of Yogyakarta. The population of this study is 392 sub-district governments in the Special Region of Yogyakarta Province. Calculation of the percentage of sample size using the Slovin formula obtained 80 respondents from 392 villages which can represent the number of existing populations. The method of data analysis used in this study is the Structural Equation Model (SEM) based on Partial Least Square (PLS) using the Smart PLS 3.0. The data analysis technique uses two test methods: the measurement method (Outer Model) and the structural method (Inner Model).
Findings: This study found that managerial commitment has a positive effect on participatory budgeting. Budget quality and capital budget have a negative effect on participatory budgeting.
Novelty: The researcher wanted to show the differences between this study and previous studies. First, the researcher re-examined the dependent variable in the form of participatory budgeting, which was influenced by the capital budget, then added two independent variables: managerial commitment and budget quality. In future study, it is possible to expand the number of sampling aims to provide more complex and testable validity results. It is also expected to develop study variables that can affect the samples used by researchers in the APBKal management process in each region.

Keywords: Managerial Commitment, Budget Quality, Capital Budget, Participatory Budgeting

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Introduction

The central government is a group of council members with the highest power in implementing government activities. In the last year, the government has issued significant funds to the community in hundreds of millions to distribute regional budgets related to better village development. Various efforts were made as a form of central government effort to reduce the impact that had an impact on increasing essential infrastructure development, such as the quality of life and the economy of rural communities. Therefore, the use of village fund allocations is prioritized to finance the implementation of programs and activities in the village development and empowerment of rural communities.

The priority indicator for using village funds in 2021 is the ratio of tax revenue to GDP (Calculation of village income) with an income value above the percentage rate of 12% per year. In addition, village meetings are held four times a year as a form of transparency and accountability of the village budget management committee. Then the results of the village discussion (MUSDES) produced several documents, such as the APBDes (Village Income and Expenditure Budget), RKPDes (Design of Village Development Activities), and RPJMDes (Village Medium-Term Development Plan).

The source of village income is divided into two forms of funding sources, namely Village Funds (DD) and Village Fund Allocations (ADD). Village funds as DD, are funds sourced from the APBN (State Revenue and Expenditure Budget) intended for villages transferred through the Regency/City APBD and used to finance government administration and implementation of development, community development, and community empowerment. The Village Fund Allocation (ADD) is a balancing fund received by the district/city in the form of the district/city APBD after deducting the Special Allocation Fund.

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Problems with the use of ADD include still many plans based on the desire, not the needs of village development, not integrated planning and village development, and low innovation of human resources in village development planning. There is village development planning that is not based on supporting data and the need for simple and easy applications to support the recording of village finances. The theory of village development is essential to improving village living standards in reducing poverty in villages (Ella & Andari, 2018).

Meanwhile, in 2020, there will be an increase in the poor (underprivileged) from various regions in Indonesia. One area with a high volume of increase in the number of poor people is DI Yogyakarta.

Table 1 Level of Poor Population D.I. Yogyakarta

Region (District)	2016	2017	2018	2019	2020
Yogyakarta	32,06	32,2	29,75	29,45	**31,62**
Sleman	96,63	96,75	92,04	90,17	**99,78**
Bantul	142,76	139,67	134,84	131,15	**138,66**
Kulon Progo	84,34	84,17	77,72	74,62	**78,06**
Gunungkidul	139,15	135,74	125,76	123,08	**127,61**

Source: bappeda.jogjaprov.go.id

Based on table 1, the Level of Poor Population in 2020 in units of thousands of people [1]provides evidence that there are still many areas with a distribution of poor (underprivileged) people in DI Yogyakarta. The implementation team for government activities in Yogyakarta has reduced the poverty rate to 9.11% with a total reduction of three thousand poor people. The purpose of implementing poverty reduction activities is to prevent an increase in the poor population that occurs continuously in the area.

Erlina et al., (2017) state that an increase in the number of poor people is a determining factor for government debt which has increased drastically, as well as village/district governments who are unable to plan the distribution process of the Village Revenue and Expenditure Budget (APBKal) is good and evenly distributed to the entire population. According to Grillos (2017), the government has a vital role in planning, managing, and carrying out the process of budget distribution activities, usually called the Village Revenue and Expenditure Budget (APBKal). The Village Revenue and Expenditure Budget (APBKal) is a form of Transfer to the Regions and Village Funds (TKDDKal) which is a *non-profit capital budget distribution process* from the central government with monitoring by the regional government, managed by the village government—and enjoyed by the local community.

In this study, the local government targeted by the researcher is the Yogyakarta Community Empowerment Service as *a sub-unit* of the local government that deals directly with the APBKal management team from each village/ district government. Researcher interviewed the management of the Yogyakarta Community Empowerment Service, Mr. Suwarto S.Sos, as the Head of Sub. Section of Community Institutional Arrangements, where he gave his opinion regarding the obstacles and problems in the management of the APBKal experienced by the village/sub-district government.

Based on information from sources, the limitations and problems in the APBKal management process were the difficulties of participatory budgeting parties operating the Village Financial System (SISKEUDES) application in the process of inputting budget receipts and budget planning to prepare reports on APBKal realization. In addition, other problems, such as the level of science and technology, human resources, handling *system errors* in the budget recording process, and the process of *inputting* data from the results of budget *refocusing* (Re-Budgeting Process) related to unexpected changes in APBKal receipts, to instability in changes in natural conditions that result in delays in making a report on the Village Development Activity Plan (RKPKal) by the village government to the local government.

The researcher found the same problem related to participatory budgeting based on previous study. Grillos (2017) stated that the process of implementing budget realization in the city of Solo, Indonesia has deviations from the failure of participatory budgeting in carrying out the budget refocusing process. In this case, Shybalkina & Bifulco (2019) show that there are differences in the measurement of the level of influence of participatory budgeting on capital budget receipts to local governments, which trigger gaps in the district councils (local governments) with one another. Erlina et al., (2017) show the effect of participatory budgeting on-budget quality which results in the budget planning process, transparency budget realization reports, to the process of fulfilling community needs which are realized through village activity programs. Moon (2020) argues that society needs a commitment from budget participants with the principles of being transparent, accountable, participatory, orderly, and budgetary.

Participatory budgeting commitment is manifested in this study, namely managerial commitment. Managerial commitment is a person's behavior to improve performance and responsibility in a community organization (Molepo, 2018). There is an assessment of managerial commitment consisting of human resource competence (HR), compliance with government regulations, and trust in carrying out tasks. If

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[1] bappeda.jogjaprov.go.id/ my data /data- poor-population day M week November 7, 2021 at 15:40

there is a decrease in managerial commitment, the behavior of budget participants will also decrease, resulting in a budget gap.

In theory, managerial commitment has the task of making a priority scale in selecting program activities that have been decided before the realization process. According to Kohlmeyer et al., (2014) the government provides a benchmark for the priority level of activity selection by assessing the good and bad quality of the budget issued for implementing the activity program. According to Grillos (2017), it is stated that a year before the village government realizes the planned program, the village government can hold a meeting at the Village Development Plan Deliberation level (MUSRENBANGKal) about the priority of implementing the realization of the activity program which is attended by the Village Supervisory Board (BPK), the head of the hamlet, and community representatives.

Strengthened by study from Erlina et al., (2017) regarding the influence of budget quality on participatory budgeting behavior in dealing with environmental conditions that are always moving and changing insignificantly in various fields such as politics, economics, social, law, and even governance. Budget quality assessment can be seen from various factors. Those are the effectiveness of the performance of budgeting reports, relevant budgeting reports, the vulnerability of budgeting activities, the behavior of participants who are accountable for the budgeting process, to the structure of the process of implementing activities that are carried out fairly (Rekova et al., 2018).

Based on the study of Cho et al., (2020) shows that the financial shocks of local governments during the Covid-19 pandemic have similarities with the deviations that occurred in previous study conducted by Shybalkina & Bifulco (2019) related to the capital budget. Shybalkina & Bifulco (2019) shows a difference in the treatment of the central government for people with low and high incomes. Therefore, researchers are interested in describing the effect of the capital budget on participatory budgeting in the management of the APBKal before and after the implementation of participatory budgeting. Implementing the capital budget process has a variable nature which is determined by the behavior of participatory budgeting and the community in the implementation of independent village development, community empowerment, and community economic development. However, it is not supported by study by Mohd Noor & Othman (2012) that *the* capital budget has a fixed nature and can only be measured by changes in economic policies listed in the Regulation of the Minister of Home Affairs *(*PERMENDAGRI).

In the literature above, the researcher wants to show the difference between this study and previous study. First, the researcher re-examined the dependent variable in the form of participatory budgeting, which was influenced by the capital budget. Then, two independent variables are managerial commitment and budget quality. This is supported by study by Bandiyono & Utami (2019) that managerial commitment positively affects participatory budgeting in managing village fund allocations. According to Erlina et al., (2017) tested that budget quality had a positive effect on participatory budgeting on the performance of budget realization reports in an area. Furthermore, the capital budget positively affects participatory budgeting in the management of the APBKal (Shybalkina & Bifulco, 2019).

Literature Review

This study uses agency theory and village development theory. According to Kurniawansyah (2018), agency theory is an individual's action or behavior in solving organizational problems that can affect the level of economic rationality. Therefore, Maksum & Bukit (2021) shows the existence of an agency theory relationship between the principal and the agent in an agreement in the institutional structure of various actions such as norms, behavior, and the concept of contracts, in which an agent works for the principal in fulfilling the decision-making process.

There is a principal and agent relationship in the public sector through executive and legislative bodies. The role of the executive is as an agent who plans, implements, and reports on regional financial performance from those intended for public services. Meanwhile, the legislative role is as the principal who is active in legislation, budgeting, and supervision (Halim & Abdullah, 2006). It can be seen from several rules that underlie the relationship between the legislature and the executive, such as Law no. 17 of 2003 concerning State finances, Law no. 1 of 2004 concerning the State Treasury, Law no. 15 of 2004 concerning the examination of the management of state financial responsibilities (Zelmiyanti, 2016).

Silver et al., (2021) justified these concepts and rules that there is an influence of the level of cooperation between the principal and the agent on solving a problem that creates a *sense of agency* (Control Agent). Relating to *non-social activities* in financial and non-financial institutions. It is emphasized in the study of Honig (2021) that the form of the relationship between agency theory and the work environment and employee performance is related to work motivation, where the higher the difficulty level of the employee's task, the higher the employee's work motivation.

Development is a form of change in the level of welfare carried out measurably and naturally, where change is determined by who plays a role in the change (Utomo, 2015). Stage development villages are categorized into three, namely underdeveloped villages, developing villages, and independent villages (Ella & Andari, 2018). The measuring factors for village development are the unemployment rate in the village, place of residence, birth rate, average minimum wage, number of businesses, and number of people (Puji Handayati & Brilian Prastiti Andri Safitri, 2020). The success of the implementation of village development depends on the capacity, ability, and cooperation between the village community and the village government to realize a better vision and mission of village development (Ella & Andari, 2018).

Participatory budgeting is the act of a group of individuals planning, controlling, and regulating the implementation of activities in the organization. Campbell et al., (2018) stated that participation is an act of one or more individuals who have the right to express opinions, decide, and carry out activities that have been planned together. Meanwhile, the budget is an important object with many uses, such as planning, controlling, and realizing activities in an organizational group (Robert, 2011). Participatory budgeting is a group of people who can control their organization in making decisions such as the design of innovative ideas, budget management, and voting on the formulation of budget planning for organizational activities (Lorsuwannarat, 2017).

According to Mohd Noor & Othman (2012), participatory budgeting is a management tool used to obtain information related to budget execution from the budget manager (*Agent*). The budget execution process encourages managers to collect, disseminate, and communicate relevant budget information. Budget information has a role as vertical information, which is strengthened by Mohd Noor & Othman, (2012); Nguyen et al., (2019) that the delivery of information provided by the highest party (*Principle*) to subordinate staff (*Agencies*) as the party implementing participatory budgeting, in order to obtain effective and structured budget activities.

The importance of participatory budgeting is expressed by (Campbell et al., 2018; Fehrenbacher et al., 2020) that there is an influence in decision making on obtaining funding sources in the form of improvement, control, and regional development as a form of strength in meeting community priority needs. Kovács et al., (2017) explain the need for an evaluation process for the implementation of government budget activities as a form of the active role of participatory budgeting in controlling the decision-making process for local government development activities.

Managerial commitment is a sense of obedience of a manager to believe in his performance ability as a member of the organization. This is strengthened by Liu & Zhou (2020) that commitment is a person's compliance with tasks by applicable rules in an organization. Nguyen et al., (2019) explained that managerial is a series of tasks for managers to motivate employees in carrying out organizational activities. Puji Handayati & Brilliant Prastiti Andri Safitri (2020) that managerial commitment is a sense of responsibility and obedience of a manager to manage, maintain, and carry out their duties in the process of implementing organizational activities. The managerial parties within the scope of the regional government are the participants who have an important influence on planning, management, and decision-making on the realization of the regional budget (Molepo, 2018). In addition, managerial parties in the village government include the village head, village secretary, village treasurer, and other village officials as supporters of implementing participatory budgeting (Grillos, 2017).

Mohd Noor & Othman (2012) show a link between managerial commitment and organizational commitment, namely attachment to their role in completing tasks according to their beliefs in a place or gathering place for individuals or groups called organizations. Chanana (2021) mentions organizational commitment models, namely affective commitment (emotional linkage), normative commitment (obligation to survive), and *continuance commitment* (sustainability-related to cost calculations). The goal is to implement the rules and applicable laws in achieving quality financial reports (Maksum & Bukit, 2021).

Quality has the same meaning as the word "quality." Quality in budget management is the participant's actions in providing service satisfaction, distribution, and budget planning to improve village development. Important factors for assessing budget quality include accountability, transparency, relevant, effective, and efficient information in obtaining budget realization management reports (Rekova et al., 2018).

Accountability is an assessment factor of a person justifying the implementation of tasks to others as fulfilling responsibilities. The aim is to increase users' satisfaction with budget reports (Fehrenbacher et al., 2020). Transparency is the attitude of the government's openness in acting to the public on the management, planning, and reporting of budget realization (Moon, 2020). Relevant information, such as vertical information shared from members to leaders and vice versa, obtaining information from leaders that are shared with members aims to prevent uncertainty in obtaining information from both parties (Mohd Noor & Othman, 2012). The effectiveness and efficiency factor of participatory budgeting in managing public finances is based on the effect of decentralization of regional financial and fiscal policy in achieving good public budget quality (Rekova et al., 2018). The basis for controlling budget quality in the funding sector, such as government policies, and quality criteria for budgeting reports, to the success of independent village development.

Capital Budget (Capital Budget) is the result of budget planning in obtaining budget revenues and expenditures used to meet organizational needs. According to Chugunov & Makohon (2020), budgetary capital management is a tool to support the budget planning process in providing public services as a form of infrastructure fulfillment and community economic development.

Therefore, Bosch-Badia et al., (2020) argue that the role of budgetary capital is the ability of local governments to regulate budgets through funding allocations. The contribution of the local government in disciplining the implementation of decision-making aims to ensure that the implementation of the budget planning process and survey site analysis is carried out field according to the budget management flow within the specified time.

Managerial commitment is essential for a participant to convince his ability to manage the budget. Supported by study by Campbell et al., (2018) that the basis for implementing budgetary participation is the compliance of a manager in carrying out organizational goals based on the rules of law and the legal basis in force in a country. Mohd Noor & Othman (2012) form of compliance is the acquisition of information by managers as a basis for decision-making given to users of financial information for the benefit of the organization.

According to Ngo et al., (2017) managerial involvement in participatory budgeting within the scope of government is the party planning the program, reporting, and managing the results of the realization of the budget by the central government to the regional government as a fulfillment of the draft implementation of the Regional Revenue and Expenditure Budget (APBD) for a certain period.

In Bandiyono & Utami's study (2019) managerial commitment consisting of the level of competence of human resources has a significant influence between managerial commitment and budgetary participation. In addition, managerial commitment has a positive effect on participatory budgeting (Bandiyono & Utami, 2019; Erlina et al., 2017; Mohd Noor & Othman, 2012).

Based on the description above, the researcher obtained the following hypothesis formula:

H1: Managerial commitment has a positive effect on participatory budgeting in APBKal management.

According to Maksum & Bukit (2021), budget quality is a budget report with a structure and budget allocation based on the level of user satisfaction. Erlina et al., (2017) explains the influence of budget quality on participatory budgeting in dealing with the condition of obtaining the rules for recording budget realization reports which always experience insignificant changes in several different situations, namely the initial application of system-based recording of village fund allocations—called the Village Financial System (SISKEUDES), the uncertainty over the change in the realization of village fund allocations at the end of 2019 was caused by the natural disaster of the Covid-19 pandemic.

According to Rivan & Arif (2019), the success of the budget design received exceptional support from participatory budgeting in the village budget management process based on joint deliberation between organizational leaders and administrators in the local community. It is hoped that the planning stage of the activity program can reduce the budget gap that will occur in the future. Resource allocation management can affect the increase and decrease in the level of user satisfaction with the role of participatory budgeting.

The study of Shybalkina & Bifulco (2019) shows that the factor of budget quality is the ambiguity of the change factor in comparing the distribution of budget allocations before and after the implementation of participatory budgeting is carried out with a fiscal policy approach.

According to Bandiyono & Utami (2019), budget quality on budget performance. The results do not significantly have a positive effect, meaning that the higher the budget performance, the less significant it will improve the budget quality in the budget planning process. Supported by study by Erlina et al., (2017) that the higher the public participation in budgeting, the lower the quality of local government budgets.

H2: Budget quality has a positive effect on participatory budgeting in APBKal management.

The results of the analysis of Campbell et al., (2018) regarding participatory budgeting in Indonesia provide evidence that more households with low incomes tend not to benefit and benefit from the process of realizing participatory budgeting. The development of regional conditions that are not significant allows for uncertainty in changes in budgetary capital receipts and regional expenditures called the regional revenue and expenditure budget (APBD) (Grillos, 2017).

The study of Shybalkina & Bifulco (2019) argues that the capital budget has an insignificant effect on implementing participatory budgeting in low-income areas. Study by Rekova et al., (2018) strengthens the structure of revenue receipts in the federal state, which is more developed and stable, while changes occur in the structure recorded with developing economic conditions. Therefore, participatory budgeting in obtaining budgetary capital has no significant effect on developments in the federal state.

Chung's study (2019) shows that the Capital Budget has a Significantly Positive effect on Capital Expenditure (Y).

H3: Capital budget has a positive effect on participatory budgeting in APBKal management.

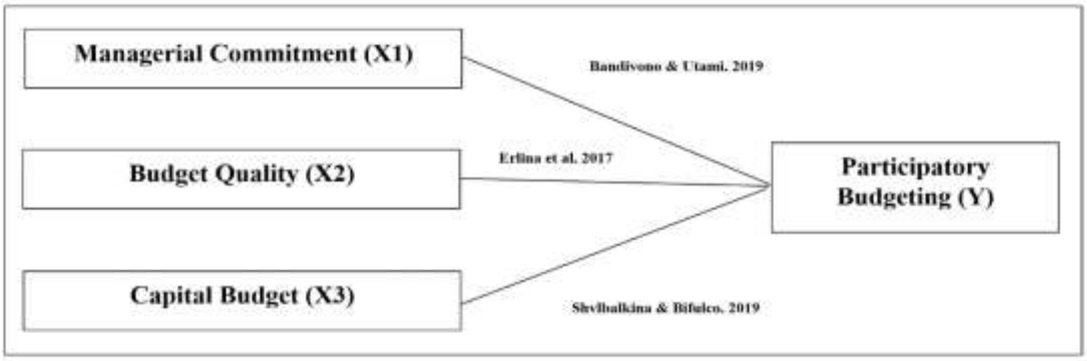

Figure 1 Research Framework

Methodology

The type of this study is quantitative approach. Quantitative approach emphasizes the meaning of combining the results of field surveys, which include distributing questionnaires and direct interviews with respondents, as a form of explanation and support for the problems that are the contents of the questionnaire (Kim & Mason, 2020). The type of data used in this study is non-experimental primary data in the form of questionnaires and direct interviews with respondents.

The population in this study is the Village Fund Allocation (ADD) management committee in DIY Province. The population selection used a direct survey related to the problems of village budget management that occurred in the village administration apparatus in the Special Region of Yogyakarta Province. Based on the study population, the researcher used 392 sub-district governments in the Special Region of Yogyakarta Province. In addition, the researcher used a sample of the ADD management committee who had direct duties in managing the APBkal/APBDes in this case, the head of the village head (Lurah), the secretary of the village head (Carik), the village treasurer (Kaur Danarta), user Kaur Danarta (Staff Assistant Treasurer), pangripta (Village Planning and Development), kamituwa (Village Administration Division), Jagabaya (Village Security Head), Ulu – ulu (Village Civil Service Officer), and Tata Laksana (Activity Implementation Regulatory Section). Calculating the percentage of sample size using the Slovin formula obtained 80 respondents from 392 villages which can represent the number of existing populations. The interview respondents who were explicitly selected were the lurah (May be represented by Carik (Secretary of the Village Head)) and the Kaur Danarta as respondents who had direct duties in preparing the village budget.

The data collection technique is Quota Sampling where sample data is collected from a population that has characteristics as the basis for selecting samples until the number of samples is met. Quota Sampling uses suggestions and facts from researcher based on previous interviews related to the problems of the budget realization reporting process in the Village Government. Then the determination of the

Sampling Quota is seen from the age, gender, geographical location of the region, and the potential level of human resources development in the Special Region of Yogyakarta.

The method of data analysis used in this study is the Structural Equation Model (SEM) based on Partial Least Square (PLS) using the Smart PLS 3.0. The *SEM-PLS method* is a statistical technique that can analyze the pattern of relationships between study indicators and the validity relationship between hypotheses by study simultaneously. *SEM-PLS* can estimate the relationship between variables with *multi-relationship properties*. The data analysis technique uses two test methods: the measurement method (Outer Model) and the structural method (Inner Model).

Table 2. Variable Operation

No	Variable	Definition	Dimention	Scale
1	**Participatory Budgeting** **(Y)**	Planning, idea collection, project development, and voting; and in each phase, emphasis or incorporating resident decisions (Shybalkina & Bifulco, 2019)	• Budgeting • Budget Implementation • Decision-making (Source: Mada, 2017)	Likert
2	**Managerial Commitment** **(X1)**	Resource performance factors come from expertise, organizational processes, attributes, information, and knowledge (Arif Rivan,2019).	• Competence of Village Fund Management Apparatus. • Attitude of Compliance with applicable laws • Affective • Continuity • Normative (Source: Mada, 2017)	Likert
3	**Budget Quality** **(X2)**	In budgeting, the basic principles that must be accommodated are transparent, participatory, disciplined, fair, efficient, practical, rational, and measurable. (Maksum & Bukit, 2021)	• Management • Accountability • Transparency • Process (Source: Mada, 2017)	Likert
4	**Capital Budget** **(X3)**	The time series is the primary determinant that affects the level of budgeted capital design that must be available at different frequencies (Monthly, Quarterly, Annually) and the differences in the acquisition of sources of income available in that period. (Chugunov & Makohon, 2020)	• Distribution of village funds • Achievement of capital budget efficiency • Stability of tax revenue. • The influence of the number of poor and underprivileged people. • Geographical Area Location (Source: Buele et all, 2020)	Likert

Results And Discussion

Results

For the questionnaire return rate, The Head of the D. I. Yogyakarta Community Empowerment Service gave the option of 2 regencies out of 5 regencies in D. I. Yogyakarta, which were selected based on the scale of financial reporting fluency, namely Bantul Regency and Gunungkidul Regency. In each district, 3 sub-districts were selected by purposive random sampling related to the district government, namely 36 districts from the 55 registered districts. The questionnaires were distributed directly to the village government office, with 146 questionnaires distributed to the entire APBKal management team. Therefore, there are 9 unfilled questionnaires. So the total number of questionnaires that can be processed is 137 questionnaires, and there are 48 recorders from several respondents who are willing to be interviewed.

Researcher used two testing methods: measurement method (*outer model*) and the structural method (*inner model*).

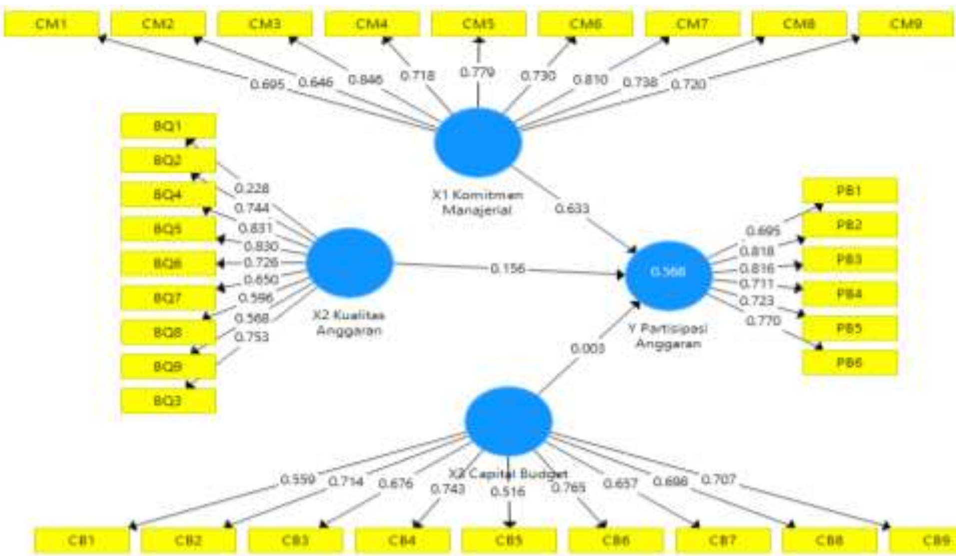

Figure 2 Outer Model

The outer model is a measurement model that tests the relationship between variables with validity and reliability testing, which includes reliability indicators in the form of *Outer Loading*, *Discriminant Validity* through *Cross Loading* and *Fornell Larcker, internal consistency in the* form of *Composite Reliability,* and *Cronbach's Alpha, Convergent Validity as* seen from the *Average Variance Extracted (AVE).* The *outer model* is the indicator indication stage which causes many changes to the *indicators* studied (Ringle, CM, Wende, S., and Becker, J.-M. 2015). From the figure, it can be seen that at the outer model stage, the value that can be accepted and continued to another validity stage is the indicator with a value > 0.7. The results of testing the study data obtained twelve *invalid indicators* and were omitted; the aim was to be able to continue testing.

Next, a validity test was carried out, which consisted of 2 test models, namely *Loading Factory* and *Average Variance Extracted* (AVE). A value is provided in the loading factory validity test, namely the value with a lift of more than 0.7. In contrast, the value below 0.7 must be removed to proceed to the convergent validity test stage in the form of *Average Variance Extracted.* (AVE). In the figure, The outer model shows several indicators that must be eliminated, namely the managerial commitment point CM1 has a value of 0.695 and CM2 has a value of 0.646. 4 points are omitted in the budget quality indicator, namely *BQ1* showing a value of 0.228, BQ7 point with a value of 0.650, BQ8 with a value of 0.596, and the last point BQ9 with a value of 0.568. Furthermore, the capital budget indicator consists of CB 1 with a value of 0.559, CB 3 points with a value of 0.676, CB 5 showing a value of 0.516, CB 7 of 0.657, and CB 8 with a value of 0.698. Then the participatory budgeting indicator which has a role as an endogenous variable, eliminates PB 1 with a value of 0.695.

The indicators that pass the next stage of validity testing is the managerial commitment indicator, consisting of 7 valid points such as managerial commitment CM3 with a value of 0.846, CM 4 having a value of 0.718, CM 5 showing a value of 0.779, CM 6 with a value of 0.730, CM 7 with a validity value 0.810, CM 8 with a value of 0.738, and finally CM 9 with a value of 0.720. Then another indicator, namely budget quality consists of BQ 2 with a value of 0.744, BQ 3 has a value of 0.753, BQ 4 with a value of 0.831, BQ 5 shows a value of 0.830, and finally BQ 6 with a value of 0.726. Furthermore, the capital budget indicator consists of CB 2 with a validity value of 0.714, CB 4 has a value of 0.743, CB 6 shows a value of 0.765, and CB 9, which has a value of 0.707. Then the participatory budgeting consists of PB 2 with a validity value of 0.818, PB 3 having a value of 0.816, PB 4 showing a value of 0.711, PB5 with a value of 0.723, and PB 6 having a validity value of 0.770.

Next, the Average Variance Extracted (AVE) test is carried out *where the validity value is more than 0.5, then the* value contained has good *convergent validity* . AVE is more than 0.5. Table 3 shows the independent variable on the managerial commitment indicator shows an AVE value of 0.604, budget quality has an AVE value of 0.669, on the capital budget indicator *with an AVE value of* 0.598. The value shown in the dependent variable is participatory budgeting with an AVE value of 0.608. Based on the AVE value, all indicators have a validity value of > 5, indicating that all variables have good convergent validity.

Then, the discriminant validity test was carried out by looking at the Fornell Lacker and Cross Loading values

1) Fornell Lacker

Table 3. Fornell-Larcker Criterion

	X1 CM	**X2 BQ**	**X3 CB**	**Y PB**
X1 CM	**0.777**			
X2 BQ	0.699	**0.818**		
X3 CB	0.444	0.496	**0.773**	
Y PB	0.731	0.568	0.364	**0.780**

Table 3 shows that the variable correlation data has met the criteria because the correlation number of the variable with the variable itself is greater than the correlation with other variables. Explanation of the detailed values in table 4 namely managerial commitment has a value of 0.777. In contrast, the correlation value of other variables, namely budget quality shows 0.669, capital budget has a value of 0.444, and Participatory budgeting which has a value of 0.731 is almost close to the correlation of managerial commitment variables. Furthermore, the budget quality shows a correlation value of 0.818, the correlation value with other variables, namely managerial commitment with a value of 0.669, *a* capital budget of 0.496, and finally the participatory budgeting variable shows a value of 0.568.

The correlation value of capital budget shows a value of 0.773, while with other variables, namely managerial commitment with a value of 0.444, budget quality which shows a value of 0.496, and participatory budgeting with a sufficient value of 0.364. The last indicator of the correlation value of participatory budgeting is 0.780. In contrast, the correlation with other variables such as managerial commitment with a correlation value of 0.731, budget quality has a correlation value of 0.568. The correlation value of other variables, the last is capital budget, which shows a correlation value of 0.364. It can be concluded that the correlation value between variables has a large value compared to the correlation values indicated by the relationship between variables and other variables.

2) Cross Loading

Table 4. Cross Loading

	X1 CM	**X2 BQ**	**X3 CB**	**Y PB**
BQ2	0.602	**0.799**	0.360	0.465
BQ3	0.595	**0.774**	0.378	0.499
BQ4	0.551	**0.858**	0.471	0.466
BQ5	0.627	**0.884**	0.410	0.489
BQ6	0.464	**0.767**	0.414	0.387
CB2	0.275	0.314	**0.748**	0.242
CB4	0.319	0.390	**0.761**	0.279
CB6	0.417	0.445	**0.811**	0.336
CB9	0.342	0.365	**0.771**	0.253
CM3	**0.830**	0.594	0.317	0.644
CM4	**0.718**	0.564	0.367	0.571
CM5	**0.793**	0.562	0.346	0.551
CM6	**0.755**	0.434	0.306	0.481
CM7	**0.828**	0.571	0.398	0.621
CM8	**0.768**	0.549	0.339	0.614
CM9	**0.742**	0.505	0.342	0.445
PB2	0.598	0.474	0.261	**0.790**
PB3	0.641	0.516	0.333	**0.792**
PB4	0.571	0.343	0.284	**0.738**
PB5	0.520	0.445	0.247	**0.770**
PB6	0.495	0.420	0.287	**0.808**

Based on Table 4, the correlation between indicators and variables has met the criteria because the correlation between indicators and variables is greater than with other variables. As in table 4, the correlation values between indicators in bold letters indicate the variable's value, while the value of not in bold letters are the values of other variables. If we look at them individually, the values in bold are greater than those not in bold letters. That's where it shows that the indicators in this study can be continued to the test stage next.

Furthermore, a reliability test was carried out; in this study, there were two ways to test the reliability of study data: Composite Reliability and Cronbach's Alpha. *Composite reliability,* which evaluates internal consistency. The value obtained must be more than 0.7, while the value of exploratory study is more than 0.6.

Table 5. Composite Reliability Test

Variable	***Composite Reliability***	***Cronbach's Alpha***	***Results***
X1 Managerial Commitment	0.918	0.891	Reliable
X2 Budget Quality	0.879	0.875	Reliable
X3 Capital Budget	0.881	0.777	Reliable
Y Participatory Budgeting	0.889	0.839	Reliable

Table 5 shows that each variable has met the requirements in the *composite reliability test,* which has a value of more than 0.7, then the study data is good. Details of the composite reliability value for each indicator, namely managerial commitment shows a value of 0.918, budget quality shows a value of 0.879, the capital budget shows a value of 0.881, and the dependent variable of participatory budgeting shows a value of 0.889. It can be concluded that the results of each indicator's composite reliability test scores have a value of more than 0.7, which means the results of this test have a good construct value.

Table 5 shows the *Combach's Alpha value* for each variable, each of which has a value of more than 0.7, then the indicator value used is good. The details of the *Combach's Alpha test results,* namely managerial commitment, shows a value of 0.891, the budget quality variable with a *Combach's Alpha value* of 0.875. *The* capital budget variable has a Combach *'s Alpha value of 0.777,* and finally, the participatory budgeting variable with a *Combach's Alpha value* of 0.839.

After testing with the measurement method (*Outer Model*), the next stage is testing with the structural method (*Inner Model),* which explains the relationship between the independent and dependent variables. There are three stages of testing, namely;

1) *R – Square*

Table . R-Square Test

	R Square	**R Square Adjusted**
Y PB	0.541	0.531

Table 6 explains that this study's R – Square value is 0.541, or 54.1% for the dependent variable in the form of participatory budgeting (Y). Table 4.11 shows that the percentage of participatory budgeting is influenced by 54.1 % by the three independent variables, namely managerial commitment (X1), budget quality (X2), and capital budget (X3). The rest of the percentage value is as much as 45.9%, possibly influencing indicators that have been omitted during the *Loading Factory test* on the measurement method (*Outer Model).* Changes occur because the indicators used do not meet the criteria and cannot be continued in the following testing process.

2) (*Path Coefficients*)

Table 2Patch Coefficents

Variable	Y	Connection
X1	0.648	+
X2	0.102	+
X3	0.026	-

Table 7 shows that the value of each independent variable has a relationship with the dependent variable. Suppose the value shows more than equal to 0 to less than 1. In that case, the relationship between the independent variables has a positive relationship. At the same time, the value of more than 0 to -1 means that the relationship between the independent and dependent variables is negative.

Based on table 7 shows the details of the value of the path coefficient test on each variable, namely managerial commitment (X1) with a Path *Coefficients value* of 0.648, which has a positive (+) relationship to participatory budgeting because the value is more than 0 or above zero. Furthermore, the budget quality (X2) with a *Path Coefficients value of* 0.102 has a positive relationship to the dependent variable in the form of participatory budgeting. Finally, the capital budget (X3), which shows a value of 0.026 has a negative relationship to participatory budgeting because the value is below zero, meaning that there is no relationship between the capital budget variable and the dependent variable in the form of participatory budgeting.

3) Significance (T- *Statistic*)

The *T-statistics test* is a step that must be carried out after seeing the path coefficient value of the *relationship* between variables. This stage is used to evaluate the significant relationship between the independent variable and the dependent variable.

Table 3 T- Statistics

Variable	T *Statistics* (|O/STDEV|)	*P Value*	Significance
CM (Managerial Commitment) · PB (Participatory Budgeting)	8.884	0.000	Significant
BQ (Budget Quality) -> PB (Participatory Budgeting)	1.109	0.257	Not significant
CB (Capital Budget)-> PB (Participatory Budgeting)	0.431	0.672	Not significant

Based on Table 8, the *T-statistic* and probability values show that the independent variable in the form of managerial commitment has a significant relationship with participatory budgeting because it has a T -*statistic value* above 1.96 and a *P value* of <0.05. Furthermore, budget quality and capital budget have the same significant relationship, which is not significant because the *T-statistic value is* less than 1.96 and the P-value > 0.05, so there is no significance between the budget quality and capital budget variables on the participatory budgeting variable.

There are details of the value of the *T-statistical test results* on the indicator of the independent variable, namely the managerial commitment variable with the *T-statistic test value* of 8.884 and a *P value* of 0.000, which has a significant relationship to the participatory budgeting variable. Then the budget quality variable shows the value of the *T-statistic test results of 1.109* and *P-value* of 0.257, which has an insignificant relationship to participatory budgeting. In addition, *the* capital budget *variable* shows a *T-statistic test result value* of 0.431 and a *P value of* 0.672, meaning there is no significant relationship between the *capital budget and participatory budgeting*. The T-statistic test results show that only the managerial commitment variable has a significant relationship to the participatory budgeting variable.

Discussion

Table 8 shows that managerial commitment has a significant effect on participatory budgeting as indicated by the path coefficient relationship value of 0.648, which has a positive relationship to the participatory budgeting variable because the *Path Coefficient value* is more than 0. In the *T-statistical* commitment test, managerial shows a value of more than 1.96, namely 8.884, which means that there is a significant influence between the managerial commitment variables on the participatory budgeting variable. Supported by a probability value (*P-value*) of *0.000, which has a value of <0.05, there is a significant relationship to the* participatory budgeting variable. Thus, **Hypothesis 1** in this study is accepted. This is strengthened in the study by Bandiyono & Utami (2019) that the t-value, which indicates HR competence on-budget performance has a positive and significant effect. Therefore, the better the competency level of HR, the higher the budget performance value. In addition, the t-value indicates that knowledge of budget recording systems and procedures is also considered to have a positive and significant effect on-budget performance, meaning that the more someone has a firm attitude toward solving problems with the ministry of finance, the more financial performance will increase.

Table 8, based on the results of testing the budget quality, has a positive relationship to participatory budgeting, which is indicated by the path coefficient relationship value *of* more than 0, which is 0.102. In the T-statistic test and *P-value,* budget quality has a significance value of less than 1.96, namely 1.109, and *a P value* of 0.257, which has a value > 0.05, meaning that budget quality has no significant effect on the participatory budgeting variable. Therefore, **Hypothesis 2** in this study was rejected. Bandiyono & Utami (2019) have tested the t value in the form of budget quality on budget performance which has an insignificant positive effect.

Therefore, budget quality does not significantly increase participatory budgeting related to the APBKal planning process. Judging from the survey results, it can be seen that budget quality does not influence participatory budgeting activities. However, the budget quality is important for the ADD/APBDes management process as a form of assessing, controlling, and evaluating budget realization reports. The availability of reporting time is important for budget quality as one of the budget realization reporting cycles. Thus, the quality of the budget will remain of good value if the human resources who participate in the budget can manage, implement, and report their funding by the applicable rules and timeliness.

In Table 8, based on the results of the capital budget test, it has a negative relationship to participatory budgeting; it is shown that the path coefficient relationship value is 0.026, which is worth less than 0. In the *T-statistic test* and *P-value* of capital budget has a significance value of less than 1.96 that, which is 0.431, and a *P value* of 0.672 is worth > 0.05, which means that the capital budget variable has no significant effect on the participatory budgeting variable. Thus, **Hypothesis 3** in this study was rejected. The hypothesis tested has an insignificant positive effect on participatory budgeting, while the results show an insignificant negative value on participatory budgeting in the APBKal management process.

According to Shybalkina & Bifulco (2019) the capital budget produces an insignificant positive effect, which means that the capital budget variable is not effectively used to assess participatory budgeting in determining the level of budget revenues in an area. It is proven that there is a capital budget quartile that has a negative PB coefficient and is a statistically significant negative. Therefore, budgetary capital does not significantly negatively affect participatory budgeting in the APBKal management process.

Conclusions

This study examines the effect of managerial commitment, budget quality, and capital budget on participatory budgeting. The test used the results of interviews and the distribution of questionnaires related to the APBKal management process at the Yogyakarta Community Empowerment Service. The results of questionnaires and interviews concluded that managerial commitment and budget quality have a positive influence on participatory budgeting. In comparison, the capital budget negatively influences participatory budgeting in the management of the APBKal.

The results of testing managerial commitment, which has a significant positive effect on participatory budgeting, there is conformity that the better and the greater the number of budget participants comply with the rules in organizational management, the higher the level of assessment of participatory budgeting in the budget management process. In contrast to the quality of the budget, which has an insignificant positive effect on participatory budgeting, the higher the participation in budget management, the lower the quality of the results of the budget planning reports that the participants have prepared.

While the capital budget has an insignificant negative effect on participatory budgeting, it can be proven that the acceptance of the amount of budget capital provided by the government has nothing to do with the number of enthusiastic participants in the budget management process.

The village financial system (SISKEUDES) should not be updated at the end of the year, which can result in several factors, namely village budget input, lack of budget recording time, and delays in budget reporting. It is recommended that local governments carry out technical guidance (BIMTEK) training for all participants who take part in planning and reporting on the realization of the APBKal. The goal is to minimize data input errors, broaden insight related to system updates and unexpected policy changes, and evaluate government budget implementation activities.

In future study, it is possible to expand the number of sampling aims to provide more complex and testable validity results. It is also expected to develop study variables that can affect the samples used by researchers in the APBKal management process in each region.

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