

Moderation of Opportunistic Behavior between Budget Participation Preparation and Managerial Performance in the Telkom Pension Fund

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ABSTRACT

A budget is a plan that is expressed quantitatively in units of money to achieve predetermined organizational goals. This study aims to determine whether there is an effect of opportunistic behavior on budgeting participation and managerial performance. Therefore, this study was conducted to see its consistency with previous studies. Researchers are interested in conducting research in the PT. Telkom Indonesia because of the phenomenon that occurs in the lack of effective managerial performance which results in opportunistic behavior related to the preparation of budget participation in the Employee Pension Fund of PT. Telkom Indonesia. This research was conducted in the PT. Telkom Indonesia Employee Pension Fund environment with the number of samples used as many as 78 employee respondents who were involved in the budgeting process. Analysis of the data used a moderating regression test (MRA) Moderated Regression Analysis with SPSS Software Version 20. The results of this study indicate that the preparation of budgetary participation has a significant effect on managerial performance, while opportunistic behavior is a moderating variable that strengthens the influence of budgetary participation on managerial performance.

Keywords: Budget Participation, Managerial Performance, and Opportunistic Behavior.

INTRODUCTION

Every organization, both public and private sector, which is engaged in both goods and services requires a management control system that can ensure the achievement of organizational goals effectively and efficiently. The management control process consists of strategic planning, budgeting participation, analyzing financial reports, measuring and evaluating performance as well as management compensation in the form of incentive compensation (Anthony and Govindarajan, 2012:75). Budget is a plan that is expressed quantitatively in units of money to achieve predetermined organizational goals (Atkinson, 1995: 45). The budget is not only a tool for financial planning and control, but also as a tool for coordination, communication, performance evaluation and motivation

(Hanson and Mowen, 2005). The phenomenon of the struggle or contestation of the interests of budget policy actors continues to surface, at least it occurs in the two main actors of regional budget policies or budget policy makers, namely the executive and the legislature (Abdullah, 2006). Opportunistic behavior proposes activities that are not actually a priority, proposes activities that have creative opportunities, namely opportunities to get large personal benefits, allocates budget components to measure results (Halim and Abdullah, 2008). Participation in budgeting makes it more likely for subordinates to negotiate on budget targets that they think can be achieved. Budgeting participation provides opportunities for subordinates to interact and communicate with their superiors and even be able to influence the budget targets they

want to achieve. Successfully achieved budgets reflect individual success. The higher the participation in the budgeting process, the higher the managerial performance that can be achieved (Lina, 2015).

In the face of increasingly competitive competition, every company is required to have supportive managerial performance (Narsa and Yuniawati, 2003). Managerial performance is defined as the ability of managers to carry out managerial activities including planning, investigation, coordination, supervision, staff management, negotiation and representation (Mahoney et al., 1963) The PT Telkom Indonesia Employee Pension Fund Foundation has made adjustments to become a Pension Fund Telkom on September 15, 1997. The source of the budget collected by the Telkom Pension Fund comes from the Founder's Fee (PT. Telekomunikasi Indonesia Tbk) and the Participant's Contribution (Employees of PT. Telekomunikasi Indonesia Tbk), so that investment must be made prudently. by choosing a portfolio that is considered profitable through risk management. The formation of a portfolio is carried out with the intention of reducing (if possible eliminating) the risk borne from each investment that makes up the portfolio (Suad Husnan, 2005:49).

The participatory process of preparing the company's budget with a participatory approach emphasizes the participation of subordinates at a certain level to participate in budget submissions with reference to company policies (Mardiasmo, 2002:44). Participation in budgeting with the application of agency theory will have a positive impact, because agents want to show good performance to the principal through increasing efficiency, but on the other hand it can also open up space for opportunistic behavior (Latifah 2010). Factors that influence opportunistic behavior are power and ability. Opportunistic behavior explains that the parties involved in budgetary participation have a tendency to

maximize their utility through the allocation of resources in the budget set (Maryono, 2013).

Participation in budgeting has a positive effect on managerial performance. A number of studies show these results such as Indarto and Ayu (2011), Lina and Stella (2013), Soleha et al. (2013), Lina (2015), and Moheri and Arifah (2015). The research of Venkatesh and Blaskovich (2012) and Syahputra (2014) showed different results, namely that budgetary participation had no effect on managerial performance.

Based on this background, the formulation of the problem in this research is:

1. Does participation in budgeting affect managerial performance?
2. Is the relationship between budgetary participation and managerial performance moderated by opportunistic behavior?

Participation in budgeting

In the context of budgeting, Brownell (1986) explains that participation is a process that involves individuals directly in it and has an influence on the preparation of budget goals whose achievements will be assessed and likely to be rewarded on the basis of achieving their goals. Anthony and Govindarajan (2004) state that budgetary participation has two advantages, namely 1. Budget objectives will be more easily accepted if the budget is under the supervision of managers; 2. Budgetary participation results in an effective exchange of information between budget makers and budget implementers who are close to products and markets.

Participatory budgeting allows lower-level managers to be involved in budgeting. A participatory budget communicates a sense of responsibility to lower-level managers and encourages creativity. Because lower-level managers are involved in budgeting, the budget goals will appear as the personal goals of the managers concerned, in the end this will result in greater goal congruence. The increased responsibility and challenges inherent in the

process provide non-monetary incentives that will lead to higher performance (Mowen et al. 2016).

Managerial Performance

Performance is the result of the relationship between effort, ability and perception of the task. The perception of the task itself is a guide for individuals to believe that they can realize their efforts at work. The purpose of this performance appraisal itself is to motivate employees in achieving organizational goals in order to meet the behavioral standards that have been applied in order to produce the desired actions and results.

Ayudiati (2010) says that performance is work performance, namely the comparison between real work results and the standards set.

Robbins (2008) suggests that in managerial performance appraisal can be measured through performance achievement that is based on judgment-based performance evaluation. The types of performance criteria that become the dimensions of assessing and/or evaluating the work performance of workers are as follows:

1. Quantity of work, the amount of work done in a specified time period
2. Quality of work, the quality of work achieved is based on the terms of suitability and readiness.
3. Cooperation, willingness to cooperate with other people (fellow members of the organization)
4. Personal quality, concerning personality, leadership, hospitality and personal integrity

Opportunistic behavior

Chow (1983) Opportunistic behavior, namely behavior that tries to achieve its desires by all means, even by illegal means, can cause a principal-agent relationship that occurs in a contract eventually leading to adverse selection (hiding information) and moral hazard (abuse of authority).

Executive opportunistic behavior can also occur in two positions, namely as a principal and also as an agent. The executive will use the discretionary power it has. The opportunistic behavior of budgetary participation can be seen from the budget allocation which is more directed to preferences that benefit certain parties, so that the needs of the community are not a top priority. Martinez et al. (2004) stated that political corruption occurs when politicians or high-level bureaucrats take advantage of their position for personal gain or those close to them. Opportunistic behavior (opportunistic behavior) is a behavior that exploits short-term profit opportunities at the expense of long-term profits Suartana (2010:78). Opportunistic behavior is measured using an instrument quoted from Prakasa's (2016) research as follows:

1. Tendency to do work to fulfill personal interests.
2. Possibility of manipulation to meet personal needs.
3. Honesty in doing certain jobs.
4. Openness with superiors.

METHODS

This research includes explanatory research. Explanatory research is research that aims to test a theory or hypothesis in order to strengthen or even reject the existing theory or hypothesis of research results. Instruments that can be used to collect data are interviews, questionnaires and literature.

The population in this study were all managers and employees both at the bottom manager level to the top manager at the PT. Telkom Indonesia Employee Pension Fund who were involved in the process of participating in budgeting. The sample is part of the population. The sample consists of a number of members selected from the population of Sekaran, and Bougie (2017: 57). The sample selection in this study was based on purposive sampling with the selection criteria being employees who have decisions in participating in budgeting in

each department as a unit of responsibility that is burdened with their own departmental budget targets. The sample in this study were 78 people consisting of:

Table 1. Research Sample

No	Description	Total
1	President Director	1
2	Director	3
3	Head of Division	11
4	Section Head	14
5	Senior Officers	6
6	SR Officer	4
7	Officers	10
8	Senior Staff	20
9	Junior Staff	7
10	Support Staff	1
11	Auditors	1
Total		78

Source: processed by researchers 2020

Data Analysis Method Data Quality Test Validity test

Ghozali (2011) states that the validity test is used to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. Bivariate correlation analysis using Pearson coefficients correlation is used to test the validity. This test will use a bivariate correlation between each indicator score and the total construct score.

Reliability Test

A construct or variable is said to be reliable if it gives a Cronbach alpha value > 0.70 (Nunnally 1994 in Ghozali 2011). A questionnaire is said to be reliable or reliable if a person's answer to the statement is consistent or stable from time to time (Ghozali 2011).

Hypothesis testing

Correlation Coefficient Test

The correlation coefficient test (R test) was used to test the relationship between the independent variable and the

dependent variable. If the correlation coefficient is greater than 0.5 then the relationship between the independent variable and the dependent variable is strong (Ghozali 2011).

Coefficient of Determination Test

The coefficient of determination test (R²) is used to determine how much variation in the dependent variable (Y) can be explained by the variation of the independent variable (X). In other words, the value of R² shows how much of the movement of Y can be explained by the movement of the independent variable (X). The coefficient of determination ranges from 0 to 1. A small value of R² means that the ability of the independent variable to explain the variation of the dependent variable is very limited. A value close to 1 means that the independent variable provides almost all the information needed to predict the variation of the dependent variable. (Ghozali 2011).

Moderated Regression Analysis

To test the regression with the moderating variable, an interaction test is used, according to Ghozali (2002:94) in Kornelius (2008) the interaction test or often called Moderated Regression Analysis (MRA) is a special application of linear multiple regression where the regression equation contains elements of interaction.

This analytical tool is used to determine the effect of the interaction between the variables of budgetary participation on managerial performance with opportunistic behavior as a moderating variable or moderating variable. The formula used is:

$$Y = a + b_1X + b_2M + b_3XM$$

RESULT AND DICUSSION

Characteristics of respondents seen from the level of education can be classified into several groups, as presented in the following table:

Table 2. Characteristics of Respondents

Characteristics of Respondents	Score
Total respondents	78

AGE	
Average	40.5
Intervals	27-65
Median	41,50
Standard Deviation	8.06
Gender	
Male	48 (61.53%)
Female	30 (38.46%)
MASA JABATAN (DALAM TAHUN)	
Rata-rata	5.51
Intervals	30-Jan
Median	4
Standard Deviation	5.41
LEVEL OF EDUCATION	
S1	46 (58.97%)
S2	18 (23.07%)
S3	14 (17.94%)

Source: Primary data that has been processed 2020

Test Data Quality Validity Test

The validity test in this study used the Pearson correlation test. Through this test we will get the value of r count. This calculated r value will be compared with the table r value. The value of r table for a significance level of 5% and degree of freedom = $n - 2 = 76 - 2 = 74$ is 0.229. If the calculated r value is greater than the r table value, it is said to be valid. The results of the validity test can be seen in the following table.

Tabel 3. Validity Test Results – Participation in Budgeting

Item Statemen	r Score	r table	Description
1	0.704	0.229	Valid
2	0.814	0.229	Valid
3	0.768	0.229	Valid
4	0.806	0.229	Valid
5	0.812	0.229	Valid

Source: Primary data that has been processed 2020

Tabel 4. Validity Test Results – Opportunistic behavior

Item Statemen	r Score	r table	Description
1	0.254	0.229	Valid
2	0.686	0.229	Valid
3	0.762	0.229	Valid
4	0.721	0.229	Valid
5	0.78	0.229	Valid
6	0.666	0.229	Valid
7	0.78	0.229	Valid

Source: Primary data that has been processed 2020

Tabel 5. Validity Test Results – Managerial Performance

Item Statemen	r Score	r table	Description
1	0.674	0.229	Valid
2	0.617	0.229	Valid
3	0.58	0.229	Valid
4	0.718	0.229	Valid
5	0.615	0.229	Valid
6	0.267	0.229	Valid
7	0.259	0.229	Valid
8	0.557	0.229	Valid

Source: Primary data that has been processed 2020

Referring to the entire table above, it can be seen that all statement items are valid.

Reliability Test

The results of the reliability test by looking at the value of Cronbach's alpha are shown in the following table.

Table 6. Reliability Test Results

Variable	Cronbach's Alpha	Description
Participation in Budgeting	0.824	Reliable
Opportunistic Behavior	0.746	Reliable
Managerial	0.774	Reliable

Performance		
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Source: Primary data that has been processed 2020

Based on the table above, all statement items can be said to be reliable because they are above 0.7.

Data Normality Test

Table. 7 Data Normality Test Results One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		78
Normal Parameters a,b	Mean	.0000000
	Std. Deviation	1.51772245
	Absolute Differences	.130
Most Extreme Differences	Positive	.130
	Negative	-.109
Kolmogorov-Smirnov Z		.735
Asymp. Sig. (2-tailed)		.652

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data that has been processed 2020

Based on the table above, it can be seen that the probability value (significance) obtained from the Kolmogorov-Smirnov test is 0.652. Because the probability value in the Kolmogorov-Smirnov test is still greater than the error rate of 5% (0.05), it is concluded that the model is normally distributed.

The Effect of Budgeting Participation on Managerial Performance

Hypothesis testing is carried out as proof of whether the Budgetary Participation

variable (X) has an effect on the Managerial Performance variable (Y).

Table 8. coefficient

Model	t_Score	P-Value	Description
(Constant)	3.422	0.024	-
Participation in Budgeting	8.322	0	H1 Accepted

Source: Primary data that has been processed 2020

Judging from the results of the preparation of the budget has a p value of $0.000 < 0.05$, it can be stated that there is an effect of budgeting on managerial performance.

This study succeeded in supporting the first hypothesis which states that budgetary participation has a positive effect on managerial performance. The higher the involvement in the budgeting process, the higher the performance achieved. By participating in the budgeting process, every manager involved will be motivated to achieve the budget targets. This is because every manager realizes that the budget targets that have been set are their own contributions. This high motivation will encourage the birth of maximum performance from each manager. The results of this study are supported by a number of studies such as Indarto and Ayu (2011), Lina and Stella (2013), Soleha et al. (2013), Lina (2015), and Moheri and Arifah (2015). and contrary to research by Venkatesh and Blaskovich (2012) and Syahputra (2014) which showed different results, namely budgetary participation had no effect on managerial performance.

The Effect of Budgeting Participation on Managerial Performance moderated by Opportunistic Behavior

This analytical tool is used to determine the interaction effect between the variables of budgetary participation on managerial performance, moderated by

opportunistic behavior. The results of the Moderated Regression Analysis test can be seen in the following table:

Table 9. Testing moderation with MRA

Model	B	t_Score	P-Value	Description
(Constant)	3.34	0.558	0.581	-
Budgeting Participation	0.83	3.322	0.0031	H1 Accepted
Opportunistic Behavior	1.23	2.723	0.0045	H1 Accepted
Moderate	0.03	1.638	0.0032	Moderate +
R ²	0.89			

Source: Primary data that has been processed 2020

Based on the results of the above calculations, the following regression equation is obtained:

$$Y = 3.341 + 0.826 \text{ Participation in Budgeting} + 1.233 \text{ Opportunistic Behavior} + 0.034 \text{ Moderate}$$

Based on the test results above that opportunistic behavior can moderate the effect of budgeting on managerial performance. So looking at the magnitude of the p value of opportunistic behavior moderation of $0.032 < 0.005$ so that opportunistic behavior can strengthen the influence of budgeting on managerial performance. While the influence of the coefficient of determination of 0.886 or 88.6% of budgeting forms managerial performance of 88.6% moderated by opportunistic behavior and the remaining 11.4% is formed by other factors. Referring to Latifah's opinion (2010) that participation in budgeting with the application of agency theory will have a positive impact, because agents want to show good performance to the principal through increasing efficiency, but on the other hand it can also have a negative impact as indicated by opportunistic behavior.

In other words, if the ability to change the budgeted activity program ceiling is used to achieve good performance targets, it will directly affect managerial performance as well. This condition is partly caused by the assumption that the policy of changing the budget ceiling is still the authority of some people, even though there is a high possibility that input from employees who do not have the authority will be able to measure the budget ceiling effectively and efficiently.

CONCLUSIONS

Based on the results of the discussion, the conclusions that can be drawn are:

1. There is a positive influence of Budgetary Participation on Managerial Performance of the Telkom Pension Fund
2. Opportunistic behavior is a moderating variable that strengthens the influence of Budget Participation on Managerial Performance

Suggestion

The suggestions that the author can propose are:

1. It would be nice if at the time of determining the budget a standard or scheduled control could be prepared with the aim of knowing the budgetary accountability of each unit.
2. It is better if the leadership involves employees who are at the implementing level as a team work when they are going to make a budget on the basis of planning and activities in order to achieve the ultimate goal of the organization.

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