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The Effect of Organizational Politics on Budgetary Participation with Procedural Fairness as A Mediation

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ABSTRACT

Organizational politics and budgeting are the phenomena that exist in every organization. This study aims to examine the effect of organizational politics on budgetary participation through procedural fairness. Organizational politics refers to three dimensions, namely general political behavior, politics of going along to get ahead, and politics of pay and promotion policies. Data were collected through a questionnaire survey to 128 managers in the retail sector of the modern supermarket in Bandung, West Java, Indonesia. The data was processed using the structural equation model and Sobel test. This study shows that, firstly, general political behavior, politics of going along to get ahead, pay and promotion policies have a negative effect on procedural fairness. Second, procedural fairness has a positive effect on budgetary participation. Third, procedural fairness mediates the relationship between each organizational political dimension and budgetary participation. This study supports the theory of organizational politics and procedural fairness and has the implications for budgeting practices, namely that it is important to consider employee's perceptions of organizational politics because it has an impact on reducing the sense of fairness and eventually on budgetary participation.

ABSTRAK

Politik organisasi dan penganggaran adalah fenomena yang ada di setiap organisasi. Studi ini bertujuan untuk menguji pengaruh politik organisasi terhadap partisipasi anggaran melalui keadilan prosedural. Politik organisasi mengacu pada tiga dimensi, yaitu perilaku politik umum, politik bersama untuk maju, dan politik kebijakan gaji dan promosi. Pengambilan data melalui survei kuesioner kepada 128 manajer di sektor ritel pasar modern berjenis supermarket di Bandung, Jawa Barat, Indonesia. Data diolah menggunakan model persamaan struktural dan pengujian Sobel. Studi ini menunjukkan bahwa, pertama, perilaku politik umum, politik bersama untuk maju, kebijakan gaji dan promosi berpengaruh negatif terhadap keadilan prosedural. Kedua, keadilan prosedural berpengaruh positif terhadap partisipasi anggaran. Ketiga, keadilan prosedural memediasi hubungan antara masing-masing dimensi politik organisasi terhadap partisipasi anggaran. Studi ini mendukung teori tentang politik organisasi dan keadilan prosedural dan berimplikasi terhadap praktik penganggaran, yaitu bahwa penting untuk mempertimbangkan persepsi karyawan terhadap politik organisasi karena berdampak mengurangi rasa keadilan dan pada akhirnya berdampak pada partisipasi penyusunan anggaran.

1. INTRODUCTION

The level of employees' involvement in the budgeting process is the main factor that differentiates budgetary participation from non-budgetary participation (Milani, 1975). In budgetary participation, employees' aspirations are considered in the budgeting process so as to enable the employees to negotiate with superiors regarding

achievable budget targets. Shields and Shields (1998) stated that most studies on budgeting are focused on the effects of budgetary participation, whereas it is important not only to understand the consequences of budgetary participation, but also to investigate the antecedents of budgetary participation. They recommended that further research should expand the scope of the investigation by exploring other

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variables as antecedents of budgetary participation. De Baerdemaeker and Bruggeman (2015) suggested that when management want to influence managers' budgeting behavior, they should hence take a holistic approach. Because budgeting is one technique that can integrate the entire scope of organizational activities (Mahlendorf, 2015) and participatory budgeting related to behavior and performance (Mahlendorf, (2015); Chenhall & Brownell, 2011), it is very important to continue studying how to improve budgetary participation through investigation of the antecedents of budgetary participation.

Several studies have analyzed the antecedents of participatory budgeting. For example, Mahlendorf (2015) and Wong-on-Wing, Guo, and Lui (2010) analyzed personality factors, namely motivation as the antecedent of budgetary participation. Lau, Scully, and Lee, (2018) analyzed organizational politics as the antecedent of budgetary participation either directly or indirectly through the motivational variables of subordinates participating in setting targets. Due to the lack of identified and researched variables related to the antecedents of budgetary participation. Mahlendorf (2015) and Lau et al. (2018) debate that organizational politics in the context of budgeting is very relevant because the root cause of politics is competition for securing scarce organizational resources. Therefore, this study re-examines the relationship between organizational politics and budgetary participation. The re-examination of this relationship is also based on the fact that these two variables (organizational politics and budgetary participation) are very important phenomena and always exist in every organization. In addition, the results obtained are also expected to strengthen the understanding regarding how far does budgetary participation can be managed by controlling employees' perceptions of organizational politics.

Employees' perceptions of politics in the organization will affect the way employees executing their jobs; how employees feel about the company, superiors, and coworkers; as well as their productivity and satisfaction (Kacmar & Carlson, 1997). Political actions and behavior are generally conducted to promote personal interests rather than organizational interests, so that employees can harm organizational goals, and in the context of this study, organizational politics has an effect on budgetary participation behavior. Organizational politics can affect budgetary participation depending on employees' perceptions of the existence of politics in the organization. For example, if employees have

perceptions that the existence of organizational politics are negative, then organizational politics will increase the budgetary participation. On the contrary, if employees have positive perceptions of organizational politics, then organizational politics will reduce the level of budgetary participation. Organizational politics can also affect budgetary participation indirectly, so it is necessary to manage other factors so that budgetary participation can increase. A factor that previously associated with budgetary participation is procedural fairness.

Libby (1999) stated that organizations that utilize limited resources will not be able to meet all the demands. Therefore, there must be a fair procedure for distributing these limited resources through the budgeting process. As seen from the budgeting point of view, procedural fairness is employees' perceptions of the fairness of the process used by superiors to evaluate employees' performance against the budget, communicate feedback on budget performance achieved, and determine rewards for employees (Yücel & Günlük, 2007). The effect of procedural fairness on budgetary participation can be seen from the increased initiative and information sharing between superiors and employees (Wang & Nayir, 2010).

Lind and Tyler (1988) stated that procedural fairness is related to the effect of fair decision-making procedures on the attitudes and behavior of the employees involved. Procedural fairness is recognized as having a positive effect on employees' participation in decision making. Procedural fairness was chosen as the mediator in this study because it has the implications for employees' attitudes and behavior and it is very important in the budget literature. The selection of the procedural fairness variable as the mediating variable also sets this study apart from Lau et al. (2018) which used motivation as the moderating variable.

Many previous studies have associated organizational politics with procedural fairness and the results have not been conclusive. Lau et al. (2018) revealed that there was a negative relationship between organizational politics and procedural fairness. Byrne (2005) stated that the politics of going along to get ahead and general political behavior were negatively related to procedural fairness. Kaya, Aydin, and Ayhan (2016) found that the dimension which had a negative effect on procedural fairness is pay and promotion politics, while the politics of going along to get ahead and general political behavior had no effect on procedural fairness. Although there are quite a number of studies on the relationship between

organizational politics and procedural fairness, those studies were not conducted in the context of budget. Likewise, there have also been quite a number of studies associating procedural fairness with budgetary participation (for example, Rachman (2014); Murdayanti, Indriani, & Umaimah (2020); Rengel (2020)). However, there has been no study associating organizational politics with budgetary participation through procedural fairness as the mediator. Therefore, this study intends to enrich the budgeting literature, namely by associating organizational politics, procedural fairness and budgetary participation into a research model in the context of management accounting. This study explains the relationship between organizational politics and budgetary participation by analyzing the mediating role of procedural fairness.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Organizational Politics

Organizational politics is an activity to secure, increase, and use the authority and resources to obtain the desired results in an uncertain situation (Griffin & Moorhead, 2014). Politics in organizations are formed through informal approaches between individuals to gain authority beyond work performance and luck (Dubrin, 2010). According to Gunn and Chen (2006), this approach is manifested through excessive flattery towards the leadership, symbiotic mutualism between interests, the establishment of alliances to ask superiors to follow their wills. Organizational political behavior can occur when rules for behavior and decision-making are ambiguous or scarce, or when resources are limited or scarce (Kacmar & Ferris, 1991; Kacmar & Barron, 1999).

Kacmar & Carlson (1997) used three dimensions to measure organizational politics. First is general political behavior, which is a political behavior that occurs when there are no specific regulations and or no policies that direct behavior. This behavior occurs because information is ambiguous in a such way that individuals rely on their own interpretation of data or information and make rules that are comfortable and acceptable to members of the organization. Second is politics of going along to go ahead. This political behavior occurs when there are other people who also act politically. Third is pay and promotion policy. This policy was made to preserve political behavior within the organization. For individuals who support a group, promotions and pay incentives are still provided for them.

Procedural Fairness

Fairness is the main determinant of the employees' behavior (Irwandi & Akbar, 2014). Procedural fairness is defined as judgments about how fair the rules, processes, and instruments used by superiors in making decisions (Fogler & Konovsky, 1989). Procedural fairness is conceptualized as an assessment (employees' perception) of the fairness of the procedures (how fair the procedures are) used in evaluating performance, communicating work feedback (Lau & Lim, 2002) and determining employees' rewards and compensation (McFarlin & Sweeney, 1992).

Lind & Tyler (1988) conclude that employees are concerned with procedural fairness and this fairness evaluation is always important to them. In addition, fairness is perceived by employees for the fair application of procedures as a form of performance evaluation and feedback (Sholihin & Pike, 2010). If superiors are procedurally fair, employees tend to be satisfied at work, avoid conflict, comply with existing rules (Lind & Tyler, 1988), participate in company activities, and accept everything that results as fairness (Griffin & Moorhead, 2014). On the other hand, if employees receive procedural unfairness or perceive "unfair", then conflict, tension, and anxiety will arise. Employees will miss out the opportunities to participate, pay little attention to existing rules and policies, and see everything that results as unfairness (Griffin & Moorhead, 2014).

Budgetary Participation

Budgetary participation uses a bottom-up approach, thereby involving lower-level employees in the budgeting process. This process gives superiors a better understanding of the problems faced by the employees and vice versa (Blocher, Stout, & Cokins, 2010). By communicating responsibilities, managers as the involved parties will be motivated to improve the performance (Chenhall & Brownell, 2011; Murdayanti et al., 2020).

Libby (1999) explains that organizations that work with limited resources certainly cannot meet all demands. Therefore, there must be a fair procedure for distributing these limited resources through the budgeting process. Viewed from a budgeting point of view, procedural justice is an employee's perception of the fairness of the process used by superiors to evaluate employee performance against the budget, communicate feedback on budget performance achieved, and determine rewards for employees (Yücel & Günlük, 2007). The effect of procedural justice on

participatory budgeting can be seen from the increased initiative and information sharing between superiors and employees (Wang & Nayir, 2010).

The effect of General Political Behavior on Budgetary Participation

Kacmar and Carlson (1997) define general political behavior as behavior that involves individuals acting in a self-serving manner to gain results/authority. In the context of budgetary participation, general political behavior can obstruct or eliminate employees' participation in budgeting for two reasons. First, budgetary participation can be an instrument for employees to have access to top-level management. This can give employees the opportunity to go beyond the authority of their superiors and voice their personal agendas to top management, making it possible to gain authority at the expense of superiors (Stone, 1997). Second, budgetary participation can be an important instrument for employees to have access to important information. To maintain authority, it is important for superiors to control information (Kenno, Lau, & Sainty, 2018). Therefore, it is in the superior's interest to deny budgetary participation from employees in order to prevent employees from accessing important information. Based on this argument, it is presumed that when political behavior is common, employees' participation in the budget tends to be low.

H_{1a} : General political behavior has a negative effect on budgetary participation.

The Effect of the Politics of Going along to Get Ahead on Budgetary Participation

The politics of going along to get ahead refers to politics in which individuals adopt a strategy of inaction to avoid conflict in order to gain favor or avoid punishment from other political groups. Kacmar and Carlson (1997) define the politics of going along to get ahead as the lack of action on the part of individuals to secure a valuable outcome. The politics of going along to get ahead goes is not only conducted with the aim of avoiding conflict, but also for the purpose of obtaining assistance and/or avoiding punishment. Therefore, while the strategy of "inaction" may appear to be a non-political response, it can be considered political if the intention is to serve self-interest (to get ahead) (Kacmar & Carlson, 1997).

The politics of going along to get ahead is conducted by employees rather than superiors because of two reasons. First, Kacmar and Carlson (1997) call it as a strategy to avoid conflict. Employees who use this strategy are afraid of conflicting with their superiors for fear of causing conflict and fear of getting vengeance from their superiors. Second, this politics involves a deliberate "inaction" or "passive" strategy when dealing with superiors (Beugré & Liverpool, 2006). Employees who are involved in this strategy intentionally agree with their superiors, not voicing out their opinions, and not disclosing information that is contrary to the decisions of their superiors. In other words, following the boss's decision rather than taking alternative decisions. Therefore, this study presumes that subordinates' perception of the politics of going along to get ahead is negatively associated to budgetary participation.

H_{1b} : The Politics of going along to get ahead has a negative effect on budgetary participation.

The Effect of the Politics of Pay and Promotion Policies on Budgetary Participation

According to Kacmar and Carlson (1997), the politics of pay and promotion policies involve organizations through salary policies and promotion prospects. This may happen because superior makes decisions about salaries and promotions in inconsistent ways and non-compliance towards pay and promotion policies (Beugré & Liverpool, 2006). Kacmar and Carlson (1997) explain that this political goal is to provide benefits for those who are involved in political action (to secure salary increases and promotions) at the expense of others. Most likely, those who are involved in this political behavior are those with the authority to influence policies and decisions about salaries and promotions. Superiors may have incentives to prevent budgetary participation from employees with reasons like employees' participation in decision making including budgetary participation will provide an instrument for employees to access important information. This will be disturbing and exposing the superiors' inconsistent actions and non-compliance with salary and promotion policies. Budgetary participation can also provide an instrument for employees to gain the access to top management. This provides the instrument and opportunity for employees to voice out complaints to top management and obstruct the superiors' agenda. As a result, superiors tend to interfere budgetary participation.

H1c: The politics of pay and promotion policies have a negative effect on budgetary participation.

The Effect of Procedural Fairness on Budgetary Participation

Lind and Tyler (1988) state that procedural fairness affects the attitudes and behavior. The superiors realize that the employees pay attention to the procedural fairness used in the workplace, so it is the responsibility of the superiors to ask for maximum efforts from the employees. Managers tend to ensure that the procedures and processes used by the organization are perceived as fair by employees. Lau and Moser (2008) explain that individuals pay attention to participation in organizational processes because they look at the results that will be achieved from these activities. Individual perceptions of fairness will increase when someone is given the opportunity to participate because they believe that participation is important to achieve goals. This shows that there is a positive correlation between perceptions of fairness and the level of involvement and influence of individuals in budgeting. Nguyen, Evangelista, and Anh Kie (2019), Lau and Lim (2002), and Rahman (2014) show the results that procedural fairness has a positive effect on budgetary participation.

H₂ : Procedural fairness has a positive effect on budgetary participation.

The Effect of General Political Behavior on Procedural Fairness

General political behavior focuses on how employees behave politically and how they gain profits. This political behavior is a vulgar behavior or action (e.g. spreading rumors, discrediting others) to advance oneself or a group, such as clan formation behavior, information distortion and manipulation behavior (Kacmar & Ferris, 1991; Kacmar & Carlson, 1997). General political behavior tends to increase in an environment that is not adhered to laws and regulations, and can also be present in situations such as a scarcity of valuable resources. This political behavior may occur when procedures are not able to regulate how an employee performance evaluation should be; so procedural fairness tends to be low. Thus, this study suspects that general political behavior has a negative relationship with procedural fairness.

H_{3a} : General political behavior has a negative effect on procedural Fairness.

The Effect of The Politics of Gong Along to Get Ahead on Procedural Fairness

The politics of going along to get ahead refers to a more hidden indirect behavior used to gain profit. This political behavior emphasizes individual obedience towards the actions taken by others. By complying and not taking action to interfere, individuals can indirectly receive benefit. The politics of going along to get ahead are based on the dependence of a lack of action to move forward, while for fair procedures, all parties must be encouraged to have a voice. This shows that the existence of politics of going along to get ahead (individuals behave inaction), has a negative effect on procedural fairness. This is in accordance with Lau and Scully (2015) and Byrne (2005) stating that if the politics of going along to get ahead is low, then employees will feel a high level of procedural fairness.

H_{3b} : The Politics of going along to get ahead has a negative effect on procedural fairness.

The Effect of The Politics Pay and Promotion Policies on Procedural Fairness

Organizational politics is related to employees' perceptions of fairness (Beugré & Liverpool, 2006; Kacmar & Baron, 1999). The politics of pay and promotion policies refer to the non-compliance of political behavior on organizational policies. This political dimension explains that managers tend to prioritize employees who are the closest to them and provide higher average ratings or performance evaluation processes to the preferred employees so that those employees would enjoy the prospect of a better salary increment and/or promotion. Therefore, the political behavior of pay and promotion policies provides an unfair advantage to the group of individuals involved. Thus, this political behavior has a negative effect on procedural fairness. This negative result was also founded by Kaya et al. (2016) when analyzing the effect of pay and promotion policies on procedural fairness.

H_{3c} : The politics pay and promotion policies have a negative effect on procedural fairness.

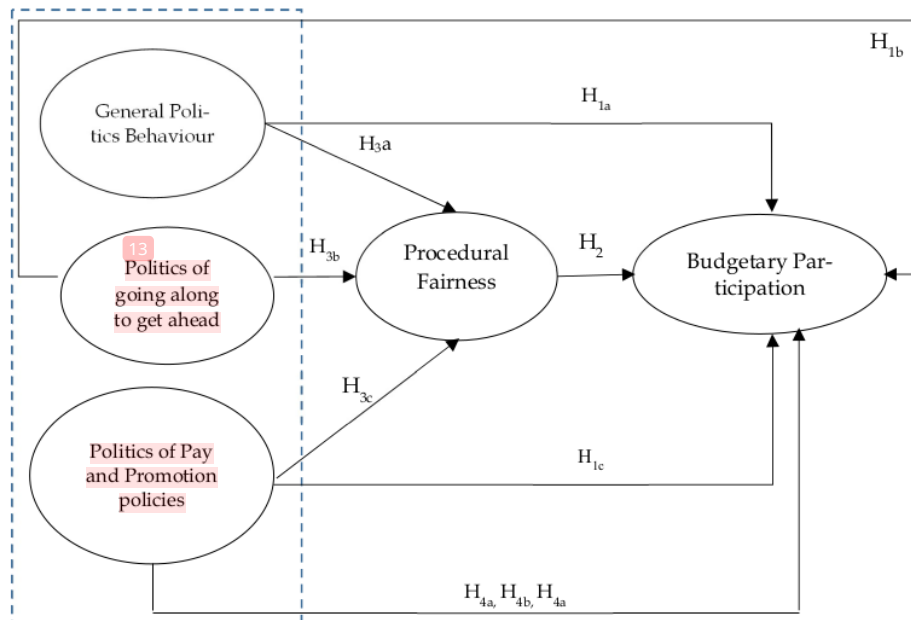
Procedural Fairness as The Mediator

One of the aims of this study is to ensure if the perception of procedural fairness mediates the relationship between organizational politics and budgetary participation. Statistically, Hair et al. (2016) states that the mediation occurs when the

relationship between pathways is significant. In other words, for the mediation effect to occur in this research model, the effect of organizational politics on procedural fairness and the effect of procedural fairness on budgetary participation must be significant. This is supported by Andrews and Kachmar (2001), Aryee, Chen, and Budhwar (2004) and Byrne (2005) who state that the perception of organizational politics is negatively associated to procedural fairness, and Lau & Lim (2002) show that procedural fairness has a positive effect on budgetary participation. This study suspects that the perception of organizational politics has a negative effect on procedural fairness (H3a, H3b, H3c) and procedural fairness has a positive effect on

budgetary participation (H2). Based on the designed hypothesis, this study assumes that the relationship between organizational political behavior and budgetary participation is mediated by procedural fairness.

- H_{1a}: Procedural fairness mediates the effect of general political behavior on budgetary participation
- H_{1b}: Procedural fairness mediates the effect of politics of going along to get ahead on budgetary participation
- H_{1c}: Procedural fairness mediates the effect of the politics of pay and promotion policies on budgetary participation



Picture 1. Research Model

3. RESEARCH METHOD

This study uses a survey by distributing questionnaires to managers who work at the retail sector in supermarkets in Bandung. Based on data from the Central Bureau of Statistics of Bandung, there are six supermarkets distributed in 44 locations: Depo Bangunan (1 location), SOGO (1 location), Matahari (2 locations), Superindo (10 locations), Borma (14 locations), and Yogya/Griya (16 locations). Considering that the number of samples is unknown, then the purposive sampling method with certain criteria, namely the manager

who filled out the complete questionnaire who eventually selected as the sample of this study. The questionnaire distribution procedure begins with the researcher visiting the supermarket and personally entrusting the questionnaire to a number of managers at each location and informing the questionnaire filling link. Links are distributed through the organization's forum media, such as through whatsapp, line, telegram groups, and so on. As a result, 128 responses were gathered and completed, hence becoming the sample of this study.

Organizational Politics

Organizational politics is an activity to secure, increase, and use the authority and resources to obtain the desired results in an uncertain situation (Griffin & Moorhead, 2014). Kacmar and Carlson (1997) use three dimensions to measure organizational politics, namely general political behavior, politics of going along to go ahead, and pay and promotion policy. Organizational politics is measured by fifteen statement items developed by Kacmar and Carlson (1997) which include three dimensions of organizational politics, particularly two items for general political behavior, seven items for going along to get ahead, and six items for pay and promotion policies. Respondents' feedbacks to each statement items were measured on a scale of 1 to 7, namely strongly disagree to strongly agree.

Two statement items related to general political behavior are employees try to build their group by bringing down other people and there are groups that are influencing the working environment. The seven statement items on the politics of going along to get ahead are employees are encouraged to speak honestly when they criticize a good idea, good ideas are always being welcome even if they are in contrary with the supervisor's opinion, agreeing on others' reasons is the best choice in this company, saying something to break the comfort zone is needed in this company, sometimes it's easier to stay silent than to fight the system, telling something pleasing to the ear is sometimes better than telling the truth, and it's more comfortable to think than to decide something. Six statement items to measure the politics of pay and promotion policies are I have never seen the pay and promotion policies are implemented with political nuances; I can't remember when someone received a pay or promotion that didn't comply with the established policies; all policy implementations are inconsistent with what they should be; written pay and promotion policies are not in accordance with their implementation; irrelevant policies arise when increased pay and promotion decisions are made; and promotions at my workplace have no value because they are based on political interests.

Procedural Fairness

Procedural fairness is defined as judgments about how fair the rules, processes, and instruments used by superiors in making decisions (Fogler & Konovsky, 1989). Procedural fairness is measured by seven statement items from Colquitt (2001). Respondents' feedbacks to each statement item were measured on a scale of 1 to 7, from strongly disagree

to strongly agree. The statements include I can express my perspectives and feelings during the budgeting process, I have an impact on the outcome (results) of budgeting; the budgeting procedures are applied consistently in this company; The budgeting procedure conducted within the company is error-free; the budgeting procedure conducted within the company is based on the accuracy of the information; I can oppose to discrepancies in the results of the budgeting process; and the evaluation procedure for budgeting is based on ethical and moral standards.

Budgetary Participation

Budgetary participation uses a bottom-up approach, thereby involving lower-level employees in the budgeting process which gives superiors a better understanding of the problems faced by the employees and vice versa (Blocher et al., 2010). Budgetary participation is measured by six statement items from Chong & Strauss (2017). The statements are I am involved in preparing the budget; I am involved by my superior to revise the planned budget; I comment on budgets that are planned without having to be asked by my superior; I have great influence in budgeting; I contribute greatly to budgeting; and My superior often demands for my opinion. Respondents' feedbacks to each statement items were measured on a scale of 1 to 7, from strongly disagree to strongly agree.

4. DATA ANALYSIS AND DISCUSSION

Partial least square is used for data analysis. The following is a description of the characteristics of the respondents, the results of testing the validity and reliability of the data and the results of hypothesis testing.

Demographic Characteristics of Respondents

Of the 128 respondents, the majority are female (60.94%), aged under 30 years (61.72%), with a bachelor's degree (57.03%), have been in a manager position for 1-2 years (31.25%), have supervised less than 100 employees. (66.41%). Most respondents, respectively, came from the Yogja Department Store (30.47 percent); Superindo, Griya, Matahari (14.06% each); Borma (13.28%); Depo Bangunan (13.28%) and SOGO (4.69%). Respondents who work in the marketing department (22.66%), finance / accounting department (21.09%), human resources (17.97%), operations (16.41%), fashion (6.25%), strategic planning (3.91%), information & communication technology (1.56%), food, purchasing and merchandiser (2.34%), health

(1.56%) and other departments (0.78%).

Validity, Reliability, and Model Suitability Test Results

Validity testing uses confirmatory factor analysis, which is the discriminant validity. Discriminant validity was tested using the method recommended by Hair et al. (2014) which is based on cross loading of the indicators, with a rule of thumb for an acceptable outer loading value of ≥ 0.7 . Table 1 shows that there are 16 valid items out of a total of 28 statement items as they are showing an outer

loading value above ≥ 0.7 . Invalid items are discarded and not analyzed further as suggested by Hair et al., 2014. 16 valid items show no more cross loading, which means that discriminant validity is a satisfactory.

The composite reliability coefficient values for all variables ranged from 0.706 to 0.898. These values indicate values above the minimum threshold of 0.7 (Hair et al., 2016). These results conclude that respondents' feedbacks are consistent in answering statement items related to the research variables.

Table 1. Validity and Reliability Test Results

Variables	Dimensions	Indicators	Outer Loading	Composite Reliability
Organizational Politics	General Political Behavior	GPB1	0.866	0.857
		GPB2	0.866	
		GA3	0.809	0.898
	Politics of Going Along to Get Ahead	GA5	0.876	0.747
		GA6	0.904	
		PPP1	0.760	
Pay and Promotion Policies	PPP2	0.742	0.840	
	PPP6	0.709		
	PF1	0.767		
Procedural Fairness	-	PF2	0.810	0.706
		PF3	0.717	
		PF6	0.810	
Budgetary Participation	-	BP1	0.744	0.706
		BP3	0.770	
		BP4	0.789	
		BP5	0.744	

Source: Output of PLS (**p-value < 5%; *p-value < 10%)

Notes: GPB (General Political Behavior); GA (Go along to get ahead); PPP (Pay and Promotion Policies); BP (Budgetary Participation); PF (Procedural Fairness)

Table 2. Model Suitability Measuring Indicator

Model	PF = f(GPB, GA, dan PPP)	BP=f(GPB, GA, PPP, PF)
Endogen Variable	Procedural Fairness	Budgeting Participation
R-Square	0.409	0.732
Q-Square	0.411	0.550

Source: Output of modified Warp PLS 6

The model suitability test uses R-square (R2) and Q-square (Q2) on endogenous variables (Hair et al., 2016). Procedural fairness' R-Square (R2) shows 0.409, which is within the moderate criteria. Meanwhile, Budgetary participation's R-Square(R2) shows 0.732, which is in the good category. The Q-square (Q2) for procedural fairness and budgetary participation shows values of 0.411 and 0.550 respectively. Given the values are greater than 0, the model is relevant to

predict and show the support for predictive relevance of the structural model.

For the interpretation of the average score of respondents' responses, from the score interval 1-7, the response to the existence of general political behavior in the organization has an average value of 4.37, which is the medium category. The response to the existence of a political attitude to move forward has an average value of 4.44, which is a fairly high

category. The response to the existence of payment and promotion policies has an average value of 4.17, which is the medium category. The response to a sense of procedural justice is quite high with an average value of 4.44 and the response to budget participation has an average value of 4.62 and is categorized as quite high.

Hypotheses Test Results

Table 3 and Table 4 show the significant relationship between the constructs represented by the p-value of each path coefficient. The results show that general political behavior is negatively and significantly

related to budgetary participation (H1a. path coefficient -0.112; p-value 0.097); the politic of going along to get ahead is negatively and significantly related to budgetary participation (H1b. path coefficient -0.380; p-value < 0.001); the politics of pay and promotion policies have a negative and significant relationship with budgetary participation (H1c. path coefficient -0.126; p-value 0.073). The results show that procedural fairness has a positive and significant relationship with budgetary participation (H2. path coefficient 0.810; p-value <0.001).

Table 3. Results of Hypotheses Testing

Path	Path coefficient	Standard Error	P-value	Results
GPB--> BP	-0.112	0.086	0.097*	Significant, H _{1a} Accepted
GA --> BP	-0.380	0.081	<0.001**	Significant, H _{1b} Accepted
PPP --> BP	-0.126	0.083	0.073*	Significant, H _{1c} Accepted
PF --> PP	0.810	0.073	<0.001**	Significant, H ₂ Accepted
GPB--> PF	-0.253	0.083	0.001**	Significant, H _{3a} Accepted
GA --> PF	-0.269	0.083	<0.001**	Significant, H _{3b} Accepted
PPP --> PF	-0.265	0.083	<0.001**	Significant, H _{3c} Accepted

Source: Output PLS (**p-value < 5%; *p-value < 10%)

Table 4. Sobel Test Result to test the existence of Moderating Variables

Hypothesis	Path	Path	Path Coefficient	Standard Error	Multiplication between path coefficients	SE. Sobel	Z-statistic	P-value
H _{4a}	GPB -->	GPB--> PF	-0.253	0.083	-0.205	0.070	-2.928	0.005**
	PF --> BP	PF --> BP	0.810	0.073				
H _{4b}	GA --> PF	GA--> PF	-0.269	0.083	-0.218	0.070	-3.099	0.003**
	--> BP	PF --> BP	0.810	0.073				
H _{4c}	PPP -->	PPP--> PF	-0.265	0.083	-0.215	0.070	-3.057	0.004**
	PF --> BP	PF --> BP	0.810	0.073				

Source: Output PLS (**p-value < 5%; *p-value < 10%)

Table 3 also shows that the overall results of the three types of organizational political dimensions reduce perception of procedural fairness felt by the managers. The results show that General Political Behavior is negatively and significantly related to procedural fairness (H3a. path coefficient -0.253; p-value 0.001); the politics of going along to get ahead are negatively and significantly related to procedural fairness (H3b. path coefficient -0.269; p-value <0.001); the Politics of Pay and Promotion Policies have a negative and significant relationship with procedural fairness (H3c. path coefficient -0.265; p-value <0.001).

The Sobel test was conducted to examine the effect procedural fairness perception as the mediation

on the relationship between each organizational political dimension and budgetary participation. Table 4 shows the probability value of Sobel's Z-statistic is significant, which is 0.005; 0.003, and 0.004, meaning that hypotheses 4a, 4b and 4c are supported. Therefore, procedural fairness can mediate the effect of general behavioral politics, politics of going along to get ahead, and pay and promotion policies on budgetary participation. The result connects the previous findings (H2 and H3a, H3b, H3c) that all pathways are significant and at the same time support Hair et al., 2016, who explains that the mediation occurs when the relationship between pathways is significant.

The Effect of General Political Behavior on Budgetary Participation

The results show that general political behavior is negatively and significantly related to budgetary participation. These results support the arguments of Kacmar and Carlson (1997) and Stone (1997) stating that individuals who have authorities and are involved in political action will be powerful and tend to try to maintain the authority. In the context of budgetary participation, individuals who have authorities can make efforts to obstruct employees' participation in budgeting, as budgetary participation can provide employees with access to important information, in such manner that individuals who have authorities will exert control over information to maintain their authorities. Budgetary participation can be an important means for employees to have access to important information, and this is a reason for superiors not to involve their subordinates in budgetary participation in order to maintain their power.

The Effect of Going Along to Get Ahead on Budgetary Participation

The results show that the politic of going along to get ahead is negatively and significantly related to budgetary participation. These results support the argument of Beugré and Liverpool (2006), Lau and Scully (2015), and Kacmar and Carlson (1997) stating that in situations where employees are perceiving organizational reality to be politicized, employees will adopt an inaction strategy to avoid conflict with the aim of getting help or avoiding punishment from other political groups. Employees intentionally withhold the important information when the information is considered to be against the agenda of the superiors. This will have an impact on the low level of budgetary participation. If this type of politics occurs in the organization, employees will tend to give "inaction" behavior and this will have an impact on the low level of budget participation.

The Effect of The Politics of Pay and Promotion Policies on Budgetary Participation

The results show that the politics of pay and promotion policies have a negative and significant relationship with budgetary participation. This finding enhances the arguments of Kacmar and Carlson (1997) and Beugré and Liverpool (2006) stating that political action through pay and promotion policies will provide benefits for those who are involved in the political action, and in this case it is the superiors who have the authority to influence the decisions of pay and promotion policies.

The superiors will behave politically by preventing employees from conducting budgetary participation, so that employees do not get the access to the top management. Therefore, if employees feel or perceive a contrary on pay and promotion policies, it will reduce the employees in conducting budgetary participation. If employees feel that there is non-compliance with salary and promotion policies, employees will perceive that there is procedural unfairness.

The Effect of Procedural Fairness on Budgetary Participation

The results show that procedural fairness has a positive and significant relationship with budgetary participation. These results are in accordance with the arguments of Lind and Tyler (1988) stating that procedural fairness affects the attitudes and behavior. This finding also supports Rahman, 2014 and Lau & Moser (2008), that there is a positive correlation between perceptions of fairness and the level of involvement and influence of individuals in budgeting (procedural fairness has a positive effect on budgetary participation). These results emphasize that the individual's perception of fairness will increase when a person is given the opportunity to participate as he believes that participation is important to achieve goals. This study also supports organizational justice theory, namely that the fairness perception has an effect on behavior. When employees perceive that procedures are well, they will have a higher perception of fairness and tend to participate in budgeting.

Organizational Politics and Procedural Fairness

The results show that general political behavior is negatively and significantly related to procedural fairness. This finding supports Andrew and Kacmar (2001) stating that general political behavior will reduce the sense of fairness. General political behavior will occur when procedures are not able to regulate how the employee performance evaluation should be, so procedural fairness tends to be low. The results show that the politics of going along to get ahead are negatively and significantly related to procedural fairness. This result is in accordance with Beugré and Liverpool (2006) and Lind and Tyler (1988) who explains that the politics of going along to get ahead provide an unfair advantage that is only to a group of individuals involved and this condition will reduce the perception of fairness felt by employees. The results show that the politics of pay and promotion policies have a negative and significant relationship with procedural fairness.

These results indicate that if individuals perceive that there is contrary on pay and promotion policies within the company, then the individuals will have a perception that there is procedural unfairness. These results also support Lau and Scully (2015), Andrews and Kacmar (2001), and Beugré and Liverpool (2006).

The overall results of the three types of organizational political dimensions reduce perception of procedural fairness felt by the managers. These results support previous studies, such as Lau and Scully (2015), Andrew and Kacmar (2001), and Beugré and Liverpool (2006), finding a negative relationship between perceptions of organizational politics and fairness in organizations. This finding also emphasizes the argument that organizational politics is connected with perceptions of fairness and even organizational politics damage the perceptions of fairness. Organizational politics are the antithesis of fairness and is very relevant to procedural fairness (Andrews & Kacmar, 2001). Organizational politics ruin the perceptions of fairness (gives an unfair perception to the group of people) or the antithesis of fairness (Kaya et al., 2016).

Procedural Fairness Perception as the Mediation

The Sobel test was conducted to examine the effect procedural fairness perception as the mediation on the relationship between each organizational political dimension and budgetary participation. Procedural fairness can mediate the effect of general behavioral politics, politics of going along to get ahead, and pay and promotion policies on budgetary participation. The result connects the previous findings (H2 and H3a, H3b, H3c).

Organizational political dimensions consisting of general political behavior, politics of going along to get a head, and politics of pay and promotion policies reduce perception of procedural fairness felt by employees. This further reduces employee participation in budgeting. Therefore, to increase employees' participation in budgeting that is expected to improve their performance, companies need to set up a policy that direct their employees' behavior, eliminate any political group, and design a fair promotion and remuneration.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

The results show that employees' perceptions of the three dimensions of organizational politics have the effect on budgetary participation, either directly or indirectly. In detail, the results show that organizational politics has a negative effect on employees' perceptions of procedural fairness;

procedural fairness has a positive effect on budgetary participation; and employees' perceptions of procedural fairness mediate the relationship between organizational politics and budgetary participation. Overall, these findings indicate that the existence of organizational politics that occurs within the organization will have a negative effect on the employee's perception of fairness and will eventually affect employees' budgetary participation.

Due to the lack of management accounting study that associates budgetary participation with organizational politics and procedural fairness in one research model, this study provides theoretical implications by enriching the budgeting literature. This study results also support theories regarding the relationship between organizational politics and procedural fairness that organizational politics reduces the employees' perceptions of procedural fairness in organizations. This study also supports the results of previous studies on perceptions of procedural fairness on budgetary participation. This finding proves that employees who have a high perspective of procedural fairness will participate in budgeting. This study also directs future research to study the constructs of organizational politics and procedural fairness in the context of management accounting and different organizational settings. This study also has practical implications, namely reminding organizations to consider and manage organizational politics and procedural fairness in taking action in association to budgetary participation.

This study has several limitations, particularly first, this study only uses a sample of managers in supermarkets with the support of a relatively small number of samples so that it is possible to reduce the capability of statistical tests. Future studies could consider on other sectors, such as services and manufacturing and use a larger sample to further generalize the results. Third, this study uses a survey method, therefore the limitations of this method are most likely attached in this study, for example limitations in obtaining a representative and unbiased sample. Interviews and bias testing are suggested in future studies. Future studies can examine the antecedents related to budgetary participation that refers to Mahlendorf (2015), such as environmental competition, management control systems, responsibility accounting, control system complexity, personality of superiors, and perspectives of subordinates.

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