

Abstract

The Consequences of Participative Budgeting and The Roles of Personal Characteristics: A Study in a Manufacturing Company in East Java

Participative budgeting is one of effective budgeting mechanism in facilitating managerial tasks to achieve the objectives of an organization. However, the process of budgeting might be in troubles if there are some behavioral abnormalities known as dysfunctional behavior. Therefore, this study included some psychological aspects that might influence the way of thinking and behavior of the managers involving in participative budgeting. This study aimed at examining and analyzing the influences of participative budgeting towards dysfunctional behaviors, mediated by self-efficacy and affective, continuance, and normative organizational commitment. The research employed samples of 128 functional managers of large- and middle-scale manufacturing companies in East Java. The analysis was conducted by means of PLS as this technique conformed to examining behavior variables that could not be directly measured. The results of this study revealed that the participative budgeting might lower dysfunctional behaviors. Also, high self-efficacy could reduce dysfunctional behaviors within high mechanism of participative budgeting. Yet, the affective, continuance, and normative organizational commitment could not mediate the relationship of participative budgeting and dysfunctional behaviors. This study contributed to social cognitive theory as it predicted that self-efficacy might reduce dysfunctional behaviors within the mechanism of participative budgeting.

Keywords: Participative Budgeting, Dysfunctional Behavior, Self-Efficacy, Organizational Commitment