

The Correlation of Budgeting, Decentralization and Work Motivation on the Performance of Local Government Organizations in East Java Province, Indonesia

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Abstract

Purpose: This study aims to investigate the influence of budgeting, decentralization, and work motivation on the performance of regional government agencies in East Java Province, Indonesia.

Design/Methodology/Approach: This study employs a quantitative approach, collecting data through questionnaires administered to employees of regional government agencies in East Java Province, Indonesia. Regression analysis is used to analyze the relationship between budgeting participation, decentralization, work motivation, and the performance of regional government agencies.

Findings: The findings of this research indicate a positive relationship between budgeting, decentralization, work motivation, and the performance of regional government agencies. Budgeting has a significant impact on the performance of regional government agencies, followed by work motivation and decentralization.

Practical Implications: The results of this study have significant practical implications for the government of East Java Province, Indonesia, in enhancing the performance of regional government agencies. Increasing employee participation in budgeting, implementing effective decentralization, and enhancing work motivation are considered crucial to achieving better performance in public services.

Originality/Value: This study provides original contributions to understanding the factors influencing the performance of regional government agencies in the context of local governance. By incorporating budgeting participation, decentralization, and work motivation as research variables, this study also offers a more comprehensive understanding of efforts to enhance the performance of local government.

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INTRODUCTION

Government agencies play a crucial role in regulating the interests of the nation and the state. As part of the concept of regional autonomy, the government of East Java province, Indonesia is committed to providing the best public services in a transparent manner and coordinating Regional Device Organizations such as the regional secretariat and others (Afonso 2021; Ali and Haliah 2021; Džinić 2022; Klotz 2022; Kuroki 2022; Swoczyna and Karaczun 2023). In this context, the performance of government officials becomes a primary concern as it significantly impacts the public sector. Performance is measured based on the quantity of assigned activities' outcomes and the quality of skills and abilities in the job. Evaluation and future planning are conducted using performance measures within the organization. High performance reflects the increased effectiveness and efficiency of members in completing their tasks.

Budgeting is an important issue in government financial management. The budget serves as an effective planning and control tool in the operations of agencies, both in the short and long term (Bayramov 2021; Höglund et al. 2021; Nuti et al. 2021; Pasha and Guzman 2023; Tauro et al. 2021). Participation in the budgeting process is a key factor in effectively implementing the budget. This participation process involves setting goals and preparing the budget aimed at improving organizational performance and effectiveness. Participating in budgeting can enhance the performance of leaders in organizational units and overall improve government performance.

Good financial management also supports the success of decentralization. Decentralization involves the transfer or delegation of authority from the central government to regions, sub-ordinate government units, semi-autonomous governments, regional authorities, functional authorities, and autonomous local governments to plan and manage public functions (Çukur 2020; Lexutt 2020; Taamneh et al. 2020; Siegel 2022; Sun and Razzaq 2022; Xu 2022; Wang et al. 2023). The goal of decentralization is to prevent financial centralization, ensure fairness, equality, and democratization at the local level. The performance of responsible government officials plays a key role in implementing decentralization. Decentralization allows organizations to develop capabilities, act autonomously, and improve the quality of decisions that drive performance improvement.

Work motivation is an important factor that drives individual behavior in an organization. High motivation encourages perseverance to achieve optimal work outcomes. Work motivation is necessary for all employees as a driving force to fulfill needs, positively adapt to the environment, achieve goals, and effectively complete organizational tasks (Lenihan et al. 2019; Murnieks et al. 2020; Pollack et al. 2020; Pham et al. 2020; Effendi et al. 2023; Kosycarz et al. 2023; Nzioka et al. 2023; Wang and Nayak 2023). This study aims to investigate the influence of budgeting, decentralization, and work motivation on the performance of regional device organizations in East Java province, Indonesia. By understanding and analyzing these factors holistically, it is expected to gain a more comprehensive understanding of how to improve the performance of regional device organizations in the context of increasingly complex and evolving local governance.

LITERATURE REVIEW

Budgeting

Research by Jumady et al. (2021) found that employee participation in budgeting has a positive impact on organizational performance. Through participation, employees feel more engaged in the decision-making process, which, in turn, enhances their commitment, motivation, and performance. However, a study by Wagner et al. (2021) and Klein et al. (2023) suggests that employee participation in budgeting is not positively related to organizational performance. This participation allows employees to be involved in providing input, expressing their needs, and feeling responsible for the final outcome, contributing to performance improvement.

Decentralization

Research by Feng et al. (2022) and Zhao et al. (2022) examined the influence of decentralization on organizational performance. They found that effective decentralization has a positive impact on organizational performance. Decentralization provides opportunities for government agencies to make decisions that better suit local conditions, enhancing responsibility and accountability, and motivating employees to achieve better results. Another study by Bellavitis et al. (2023) indicates that decentralization is not positively correlated with organizational performance. Poorly implemented decentralization can reduce efficiency, responsiveness, and the quality of services provided by government agencies, ultimately affecting overall organizational performance.

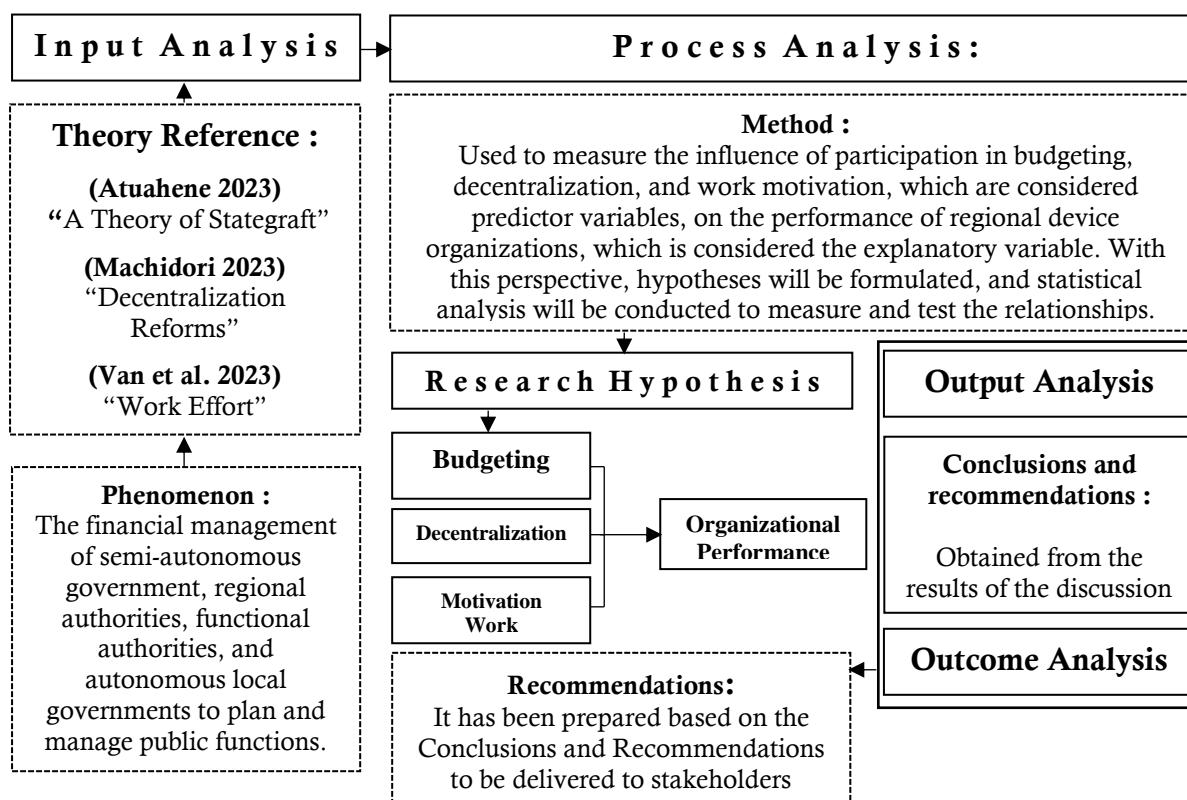
Work Motivation

Research by Pancasila et al. (2020) found that work motivation has a positive influence on organizational performance. High levels of work motivation drive employees to work more diligently, improve work quality, and achieve better results. Studies by Widisatria et al. (2021) and Zacharias et al. (2021) do not support a positive relationship between work motivation and organizational performance. Motivational factors such as recognition, involvement in decision-making, and career development opportunities do not play a significant role in enhancing employee work motivation and, in turn, affecting organizational performance.

In this study, the researchers will integrate those perspectives and take a holistic approach to understand the correlations between budgeting, decentralization, work motivation, and the performance of regional device organizations. By examining findings from previous research, it is expected that this study will provide a more comprehensive understanding of these factors and their impact on the performance of regional device organizations.

METHOD

This study will utilize a quantitative method with a cross-sectional research design to collect and analyze the necessary data in answering the research questions. The cross-sectional design allows for data collection from various variables of interest at a specific point in time. In this study, the variables to be measured simultaneously are budgeting, decentralization, work motivation, and the performance of regional device organizations in East Java province, Indonesia. A quantitative approach will be used to obtain numerically measurable data and analyze it using statistical methods. The population of this research is all regional device organizations in East Java province, Indonesia, while the sample will be randomly selected to represent various sectors and levels of importance within the regional government. The appropriate sample size will be determined through calculations based on the desired population. Data will be collected using survey methods by distributing questionnaires to respondents in the sampled regional device organizations. The questionnaire will include questions related to participation in budgeting, decentralization, work motivation, and organizational performance. Additionally, secondary data such as budget reports and previous performance evaluations will also be collected to support the analysis.



Source: data processed by researchers (2023).

Figure 1. Conceptual Framework

The framework above is a model of theoretical study, empirical study, and synthesis of a research framework that will serve as the basis for testing the validity of hypotheses. Based on indications from observed phenomena and supported by relevant theories, prior to relying on facts obtained through data collection, the hypotheses proposed in this research are as follows:

H₁ : Budgeting has a positive influence on the performance of local government organizations

H₂ : Decentralization has a positive influence on the performance of local government organizations

H₃ : Work motivation has a positive influence on the performance of local government organizations

The hypotheses are formulated based on the expectation that there is a relationship between employee participation in budgeting, decentralization, work motivation, and the performance of local government organizations. The next step in the research process is to collect data and analyze it to test the validity of these hypotheses.

This research utilizes a research model that includes testing the coefficient of determination (R^2) and classical assumption tests. This model is chosen because of its systematic discovery process based on relevant theory. The interpretation of using the coefficient of determination (R^2) testing is to assess how much of the variability of the dependent variable can be explained by the independent variables. The results of this testing provide information on the extent to which the independent variables influence the dependent variable in this study. The classical assumption tests consist of several tests to examine the basic assumptions that must be met in regression analysis. These basic assumptions include normality, multicollinearity, autocorrelation, and heteroscedasticity. By conducting these tests, the researcher hopes that the data used in this study meet the necessary basic assumptions for conducting regression analysis. This is important to ensure the reliability and validity of the research findings obtained through regression analysis. The researcher refers to the study by Gunanto (2023), as a reference source in explaining the research methodology and testing that will be conducted.

Budgeting (X₁):

Budgeting can be measured using a Likert scale, where respondents are asked to rate their level of involvement in the budgeting process. In this case, the rating scale ranges from 1 to 5, with 1 indicating very low participation and 5 indicating very high participation. The formula used to calculate the average score of budgeting participation is as follows:

$$\text{Budgeting} = \frac{(\text{The total score of all respondents})}{(\text{The total number of respondents})} \quad (1)$$

Decentralization (X₂):

Decentralization can be measured by collecting data on the level of autonomy and responsibility given to local government organizations in decision-making. Researchers can use a Likert scale to assess the degree of decentralization within local government organizations. The rating scale can range from 1 to 5, with 1 indicating low decentralization and 5 indicating high decentralization. The formula used to calculate the average decentralization score is as follows:

$$\text{Decentralization} = \frac{(\text{The total score of all respondents})}{(\text{The total number of respondents})} \quad (2)$$

Work Motivation (X₃):

Work motivation can be measured using a Likert scale that assesses relevant motivational factors such as recognition, involvement in decision-making, and career development opportunities. Respondents are asked to rate their level of agreement or disagreement with statements related to work motivation. The rating scale used can range from 1 to 5, with 1 indicating low motivation and 5 indicating high motivation. The formula used to calculate the average score of work motivation is as follows:

$$\text{Work Motivation} = \frac{(\text{The total score of all respondents})}{(\text{The total number of respondents})} \quad (3)$$

Organizational Performance (Y):

In this research, proxies that can be used to measure organizational performance are the percentage of target achievement, efficiency ratio, satisfaction score of the community, and the percentage of

community complaints resolved for service quality. The selection of these proxies is based on predetermined performance indicators and has considered their validity and relevance to the context of the local government organization being studied.

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + \beta_K X_{Ki} + \beta_{K+1} X_{(K+1)i} + \varepsilon_i \quad (4)$$

The formula is used to estimate the mean value of the dependent variable (Y) based on the values of independent variables (X_1 to X_K) using a linear equation model. The process of estimating regression coefficients is done by minimizing the error (ε) between the observed values of Y and the predicted values by the regression model. This also aims to measure the performance of Local Government Organizations through the work standards established by regulations in each Government Agency.

Multiple Linear Regression Analysis :

This formula refers to a linear regression model used to estimate the mean value of the explanatory variable based on the values of predictor variables (X_1 to X_K) in the linear regression between the independent and dependent variables. The linear regression model is expressed in equation formulation as follows:

$$Y = \beta_0 + \beta_1 \text{Budgeting} + \beta_2 \text{Decentralization} + \beta_3 \text{Work Motivation} + \varepsilon \quad (5)$$

In the equation above, Y is the dependent variable that we want to predict, X_1 to X_K are the independent variables used to predict Y, β_0 to β_K are the regression coefficients to be estimated, and ε is the error term representing the difference between the observed values of Y and the predicted values by the regression model. The main objective in linear regression is to minimize the error (ε) between the observed values of Y and the predicted values by the regression model. This process involves estimating the regression coefficients (β_0 to β_K) that depict the contribution of each independent variable to the dependent variable.

By obtaining good estimates of the regression coefficients, researchers can use the linear regression model to predict the values of the explanatory variable based on the given predictor variable values. In the context of this research, the formula depicts the approach used to analyze the relationship between the dependent and independent variables through a linear regression model. By minimizing the error between the observed and predicted values, readers can gain a better understanding of the influence of the independent variables on the dependent variable in this study.

RESULT AND DISCUSSION

In a local government organization, there are criteria used to determine the sample of employees who will be the subjects of the research. The process of determining this sample aims to ensure that the research can effectively address the research questions. Some criteria used in this study include:

One of the criteria used is to have a minimum of one year of tenure. This is done to ensure that the sampled employees have sufficient experience in the working environment of the local government organization. By having a longer tenure, the assessment of employee performance can be done more validly, as they have experience covering a longer period of time. Another criterion is employees of the local government organization who actively participate in the budgeting process. This is important because participation in budgeting can have an influence on employee performance and is also related to government financial management. By selecting employees involved in this process, the research findings can analyze the impact of budgeting on their performance. Another criterion is employees who have decision-making authority in the local government organization, such as department heads, agency heads, section heads, and division heads. This is important because their positions hold responsibilities for managing specific parts of the organization and making decisions that affect organizational performance. By selecting employees with decision-making authority, the research can examine the influence of their decisions on the overall performance of the local government organization.

This means that by using the aforementioned criteria, researchers can determine a sample of employees that aligns with the research objectives, ensures representativeness, enhances research validity, addresses research questions, facilitates focused analysis, and yields more accurate generalizations. Below is the formulation and summary of the questionnaire distribution results via Google Form.

$$\mu = \frac{\sum X}{N} \tag{6}$$

Where:

- μ : population average
- $\sum X$: the sum of all the elements in the population
- N : the total number of elements in the population

The formula assumes that the population being calculated has an infinite or very large number of elements, making it impractical to directly calculate each individual element. Instead, researchers use $\sum X$ to represent the sum of all elements in the population. The value N indicates the total number of elements in this infinite population. In practice, when calculating the mean of an infinite population, statisticians often use a statistical approach that estimates the mean based on a representative sample from that population. This approach allows researchers to make generalizations about the population based on data obtained from a smaller sample. By employing inferential statistics, such as confidence intervals, researchers can estimate the population mean while accounting for the uncertainty in the estimation.

Table 1. Determination of the Research Sample and Product Moment Correlation

Local Government Organization	Amount	
LGO Economic		24
LGO Regional Income		9
LGO Finance and Regional Assets		21
LGO SMEs		34
LGO Pre-Industrial and Trade		43
LGO Cooperative		50
Total Sample Contributions		181
Research Sample Criteria	Amount	
Questionnaire distributed		250
Returned questionnaire		231
Unreturned questionnaires		(19)
Incomplete questionnaire		(7)
Respondents who do not fit the criteria		(43)
Questionnaires that can be processed		181
Classification of Budgeting Predictor Items	R-VALUE	R-TABLE
I understand the budgeting process in the LGO	0.630	0,198
I actively participate in the budgeting process in the LGO	0.668	0,198
I receive information about budget policies in the LGO	0.573	0,198
I have access to data and information in the budgeting process	0.594	0,198
I am effective in identifying the budget in my work unit	0.542	0,198
I am able to estimate the allocation of resources for budgeting	0.582	0,198
I participate in setting targets and performance indicators	0.631	0,198
The budget control process in the LGO is running smoothly	0.620	0,198
Classification of Decentralized Predictor Items	R-VALUE	R-TABLE
I understand the concept and objectives of decentralization in the LGO	0.795	0,198
The LGO provides autonomy in managing resources at the work unit	0.785	0,198
Policy allocation in the LGO is fair as a result of decentralization	0.761	0,198
Decentralization has increased participation	0.770	0,198
Classification of Work Motivation Predictor Items	R-VALUE	R-TABLE
I provide necessary information in the government context	0.702	0,198
I am driven to enhance my skills in the public sector	0.665	0,198
I am motivated to behave transparently while on government duty	0.764	0,198
I have improved the quality and effectiveness of public services	0.681	0,198
I am motivated to provide the best public service	0.694	0,198
Classification of LGO Performance Explanatory Items	R-VALUE	R-TABLE
Colleagues or the community served in the government	0.656	0,198
Clear understanding of the goals and values upheld	0.616	0,198
Practicing honesty and integrity in government	0.821	0,198
The government organization provides supportive policies	0.776	0,198
Work and personal life in government organizations	0.800	0,198

Sources: the data is processed, researchers from IBM SPSS Statistics version 25.0. and via Google form

researchers 2023

In this study, there are 181 questionnaires that can be processed as samples based on the pre-established criteria. Sample selection is conducted to choose a subset that represents a larger population with the aim of ensuring the validity and generalizability of the research results. The number of processable questionnaires reflects the sample size to be analyzed, and further analysis of these questionnaires will be conducted using appropriate statistical methods. Therefore, the selection of 181 questionnaires is a crucial step in this research to address the predefined research issues, from each local government organization outlined in Table 1 above.

Bivariate Pearson, according to Wampler et al. (2021), is a statistical technique used to measure the strength of the relationship between two measurable quantitative variables. This method utilizes the Pearson correlation coefficient (r) to evaluate the strength and direction of the relationship between the two variables by comparing the calculated r -VALUE with the critical r -VALUE. If the calculated r -VALUE (for each item, refer to the result of the product-moment correlation calculation in the Pearson correlation column) exceeds the critical value, it indicates a significant relationship. The obtained r -VALUE is shown in Table 2 below, based on the SPSS output.

Based on the data in the table above, it can be concluded that the obtained r -VALUE for all items in the predictor variables is greater than the critical r -VALUE of 0.198. This indicates that all the questionnaire items used to measure the predictor variables have been well tested and are considered to meet the validity requirements. Furthermore, it can also be concluded that the obtained r -VALUE for all items in the explanatory variable is greater than the critical r -VALUE of 0.198. This suggests that all the questionnaire items used to measure the performance of local government organizations have been well tested and are considered to meet the validity requirements.

The reliability value in this research refers to the level of consistency or reliability of a measurement instrument in measuring a specific construct or phenomenon. In this study, as shown in the table above, the reliability of the measurement instrument should have a sufficiently high correlation value. A questionnaire is considered reliable when respondents' answers are consistent, as calculated by the Cronbach's alpha statistical analysis. Cronbach's alpha coefficient measures the correlation between all pairs of question items within the measurement instrument. This coefficient is then used to calculate the internal reliability of the measurement instrument, with an alpha value > 0.70 indicating higher internal reliability. The higher the alpha value obtained, the higher the internal reliability of the measurement instrument.

Table 2. Cronbach's Alpha

Variable	Cronbach's Alpha	Standard
Budgeting Predictor	0.737	0.60
Decentralization Predictors	0.804	0.60
Work Motivation Predictors	0.789	0.60
Explanation of the Performance of Local Government Organizations	0.846	0.60

Sources: the data is processed, researchers from IBM SPSS Statistics version 25.0.

The results of the reliability test indicate that the instruments used in this research to measure the variables of budgeting, decentralization, work motivation, and the performance of local government organizations are deemed reliable. The Cronbach's alpha values for each variable are > 0.60 , indicating a good level of consistency in the instruments. Thus, the results of the reliability test prove that all the instruments in this research are reliable and have a high consistency in measuring the variables under investigation.

Based on the data in the below table, there are two variables analyzed, including budgeting, decentralization, and work motivation as predictor variables, and the performance of the Local Government Organization as the explanatory variable. The tested model intercept has met and represents the classic assumption criteria. This can be observed from the value of *Asymp. Sig. (2-tailed)* which is $0.221 > \alpha (0.05)$. Thus, it can be assumed that the time in the dataset has a normal distribution range, and there are no significant issues related to the variables used. Furthermore, regarding the fulfillment of the classical assumption of Durbin-Watson, a value of 3.742 is obtained, exceeding the value of 2 for the intercept scale of 0 and 4, after the model is adjusted for temporal data transformation. This indicates that there is no significant autocorrelation in the residual regression model. Meanwhile, in meeting the classical assumption of the variance inflation factor, a value of 1.322 is obtained for the independent variables. This indicates that there is no significant multicollinearity problem with the predictor variables, as the variance inflation factor value around 1 shows that the variables are independent and not significantly correlated with each other.

Table 3. Interpretation of Research Results

Predictor and Explanatory Models	Minimal	Maximal	μ	σ
Budgeting Predictor	58.0	634.0	213.622	21.6576
Decentralization Predictors	71.0	690.0	198.007	27.2209
Work Motivation Predictors	66.0	701.0	201.779	30.1421
Explanation of the Performance of Local Government organizations	67.0	773.0	303.681	25.2722
Valid N (<i>listwise</i>)	181			

Representation of the Classical Assumptions	Intercept Model
Asymp. Sig. (2-tailed)	0.221 ^c
Durbin Watson	3.742
Variance Inflation Factor	1.322
Adjusted R ²	0.794
F-value	30.205
p-value Of F-value	0.001 ^b

Coefficients^a	β	Std. Error	t-value	α
Constant	310.191	45.571		
Budgeting Predictor	2.214	1.765	3.002	0.003*
Decentralization Predictors	1.987	0.809	1.871	0.004*
Work Motivation Predictors	2.098	1.801	2.074	0.000*

a. Dependent Variable: Performance of Local Government Organizations

The distribution test shows that the data follows a normal distribution, calculated using Lilliefors Significance Correction. Predictors: (Constant), Budgeting, Decentralization, and Work Motivation.

Note: *, ** indicates significance at 1% and 5% levels.

Sources: the data is processed, researchers from IBM SPSS Statistics version 25.0.

In this study, there is also an *Adjusted R²* value of 0.794, an F-VALUE of 30.205, and a p-VALUE of the F-TEST of 0.001. Therefore, based on these analysis results, it can be interpreted that 79.4 % of the variance can be explained by the predictor variables used in the model, while the remaining 20.6 % is presumed to be influenced by other factors outside the scope of the study. Furthermore, the F-VALUE of 30.205 and the p-VALUE of the F-TEST of 0.001 suggest that the regression model used in this study has a significant contribution in explaining the variance of the data. Additionally, the predictor variables simultaneously have a significant influence on the explanatory variable based on the low F-VALUE and p-VALUE of the F-TEST.

In statistical testing analysis, the t-VALUE is used to test the significance or importance of the relationship between the variables under study. This t-VALUE is then compared to a predetermined significance level. In the findings of this research, for the budgeting variable, the obtained t-VALUE is 3.002 with a significance level of 0.003. This value indicates that there is a significant relationship between budgeting and the performance of the local government organization. Furthermore, for the decentralization variable, the obtained t-VALUE is 1.871 with a significance level of 0.004. This result suggests that there is a significant relationship between decentralization and the performance of the local government organization. Meanwhile, for the work motivation variable, the obtained t-VALUE is 2.074 with a significance level of 0.000. This result indicates that there is a highly significant relationship between work motivation and the performance of the local government organization.

Then, there are results that show the regression coefficients (β) and standard errors for each variable. These results are interpreted as follows: The regression coefficient (β) for the constant variable is 310.191 with a standard error of 45.571. This constant indicates the estimated value of the performance of the local government organization when all independent variables are zero. Furthermore, the budgeting variable has a regression coefficient (β) of 2.214 with a standard error of 1.765. This means that for every one unit increase in the budgeting variable, there is an associated increase of approximately 2.214 units in the performance of the local government organization, with an uncertainty level of about 1.765. The decentralization variable has a regression coefficient (β) of 1.987 with a standard error of 0.809. This indicates that for every one unit increase in the decentralization variable, there is an associated increase of approximately 1.987 units in the performance of the local government organization, with an uncertainty level of about 0.809. Lastly, the work motivation variable has a regression coefficient (β) of 2.098 with a standard error of 1.801. This indicates that for every one unit increase in the work motivation variable, there is an associated increase of

approximately 2.098 units in the performance of the local government organization, with an uncertainty level of about 1.801.

This analysis result shows that the variables of budgeting, decentralization, and work motivation significantly contribute to the performance of the local government organization. The positive regression coefficients indicate a positive relationship between the independent variables and the dependent variable. Therefore, this multiple regression analysis provides a more detailed understanding, and by considering the regression coefficients and the level of uncertainty, we can draw more accurate conclusions about the extent to which these variables play a role in shaping the performance of the local government organization.

Discussions

Overall, these findings provide empirical evidence that participatory budgeting, effective implementation of decentralization, and improved work motivation of employees play a crucial role in enhancing the performance of local government organizations. By considering and implementing these findings, local management and policy decision-makers within the government organizations can adopt effective strategies to improve organizational performance and deliver better public services to the community. The detailed results of these findings are outlined as follows:

Participatory budgeting, as the findings indicate, has a positive and significant influence on the performance of local government organizations. The evidence for this influence is supported by the obtained t -VALUE of 3.002 with a significance level of $0.003 < 0.05$. This means that by implementing a participatory approach in the budgeting process, employees will feel more involved and have a greater sense of responsibility towards their work outcomes. This supports the findings from studies conducted by Birskyte (2019), Krueger and Park (2020), Panday and Chowdhury (2020), Johnson et al. (2021), Muthomi and Thurmaier (2021), Jung (2023), Manes et al. (2023), Martínez (2023), Murray et al. (2023) and Singla et al. (2023), which state that employee involvement in budgeting can enhance motivation, job satisfaction, and overall performance within an organization.

Effective implementation of decentralization, as the findings also indicate, positively and significantly contributes to the performance of local government organizations. The evidence for this contribution is supported by the obtained t -VALUE of 1.871 with a significance level of $0.004 < 0.05$. This means that by granting greater authority and responsibility to local units in decision-making and resource management, decentralization can encourage innovation, efficiency, and better responsiveness to the needs of the community. This supports the findings from studies conducted by Anthony (2022) and Hutahaean and Pasaribu (2022), which mention that in the context of government organizations, effective implementation of decentralization can improve the performance of local government organizations and provide better public services.

Improving employee work motivation, where the variable of work motivation has also been proven to have a positive and significant influence on the performance of local government organizations. The evidence for this influence is supported by the obtained t -VALUE of 2.074 with a significance level of $0.000 < 0.05$. This means that in efforts to enhance performance, it is important to pay attention to factors that can increase employee work motivation, such as recognition, rewards, career development, and creating a conducive work environment. This supports the findings from studies conducted by Astuti et al. (2020), Kao et al. (2023) and Zampetakis (2023), which state that by strengthening employee work motivation, government organizations can create a more productive work environment and contribute to overall performance improvement.

Based on the statement, it can be concluded that the findings of this research have important implications in the context of government organizations. Participatory budgeting, effective implementation of decentralization, and improving employee work motivation have a significant impact on the performance of local government organizations. Regarding participatory budgeting, involving employees in the budget decision-making process can enhance their sense of ownership, motivation, and responsibility towards organizational performance. This aligns with the theory of participation in public management, which suggests that employee participation in decision-making processes can create a more responsive organizational climate and improve the quality of decisions.

The concept of decentralization also has a strong theoretical foundation in public management. Effective decentralization allows local units within government organizations to make more adaptive decisions and bring public services closer to the community. The theory of decentralization emphasizes the importance of delegating authority and responsibility to lower levels in the organizational hierarchy to enhance efficiency, innovation, and accountability. Furthermore, the theory of work motivation has long been a focus of research in the fields of psychology and human resource management. Previous studies have shown that high employee motivation can have a positive impact on both individual and organizational performance. Concepts such as motivation theories like intrinsic and extrinsic motivation, expectancy

theory, and human needs theory provide an understanding of factors that can enhance work motivation and its impact on organizational performance.

By combining these theoretical foundations, the findings of this research provide a more detailed and logical understanding of how participatory budgeting, effective implementation of decentralization, and improved employee work motivation can contribute to enhancing the performance of local government organizations. The implications of these findings are that management and decision-makers in government organizations need to pay attention to and implement these strategies to achieve organizational goals more effectively and efficiently.

CONCLUSION

Based on the findings of this research, it can be concluded that participatory budgeting, effective implementation of decentralization, and improved employee work motivation play a significant role in enhancing the performance of local government organizations. These findings demonstrate that involving employees in the budgeting process can enhance motivation, job satisfaction, and overall performance within the organization. Additionally, granting greater authority to local units in decision-making and resource management can encourage innovation, efficiency, and better responsiveness in public services. Furthermore, improving employee work motivation through recognition, rewards, and creating a conducive work environment can enhance the overall organizational performance. The implications of these findings highlight the importance of local management leadership and policy decision-makers in government organizations to pay attention to and implement strategies to improve organizational performance and provide better public services to the community.

Generalization, this research was conducted in a local government organization in a specific region, so the results may not be directly extrapolated to other government organizations in different locations or contexts. The measurement of variables in this study was done using a questionnaire method, which might be susceptible to subjective bias. Additionally, there is the potential for measurement errors that could impact the research results. Recommendations for future research include study replication. It is suggested to conduct a similar study with a larger population and sample in different locations to validate these findings and achieve broader generalization. The use of more objective measurement methods, such as observation or document analysis, can reduce the potential for subjective bias in data collection. Further research could explore other factors that may influence the performance of local government organizations, such as organizational culture, leadership, or organizational support. Additionally, the analysis should consider additional factors such as geopolitical uncertainty, technological changes, climate and environmental changes, economic inequality, and global financial crises. All these factors can impact the continuously evolving global economic conditions, increasing the likelihood of economic crisis situations. Using more sophisticated statistical analysis methods such as path analysis or multilevel analysis can provide deeper insights.

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