

*Research Article*

## The Role of Organizational Culture and Budget Participation in Enhancing Managerial Performance in Government : A Systematic Literature Review

Ranti Melasari<sup>1\*</sup>, Sri Rahayu<sup>2</sup>, Wirmie Eka Putra<sup>3</sup>, Rita Friyani<sup>4</sup>, Wiwik Tiswiyanti<sup>5</sup>

<sup>1</sup> Universitas Jambi, Indonesia; e-mail : [ranti.akuntansiunisi@gmail.com](mailto:ranti.akuntansiunisi@gmail.com)

<sup>2</sup> Universitas Jambi, Indonesia; e-mail : [sri\\_rahayu@unja.ac.id](mailto:sri_rahayu@unja.ac.id)

<sup>3</sup> Universitas Jambi, Indonesia; e-mail : [wirmie\\_eka@unja.ac.id](mailto:wirmie_eka@unja.ac.id)

<sup>4</sup> Universitas Jambi, Indonesia; e-mail : [rita\\_friyani@unja.ac.id](mailto:rita_friyani@unja.ac.id)

<sup>5</sup> Universitas Jambi, Indonesia; e-mail : [wiek-muis@unja.ac.id](mailto:wiek-muis@unja.ac.id)

\* Corresponding Author : Ranti Melasari

**Abstract:** This study aims to systematically examine the relationship between budget participation and organizational culture on improving managerial performance in the government sector. Using the Systematic Literature Review (SLR) approach with PRISMA guidelines, a total of ten relevant national and international scientific articles in the period 2020 - 2025 were analyzed thematically and comparatively. The results showed that budget participation generally contributes positively to managerial performance, especially when supported by an adaptive, collaborative and inclusive organizational culture. Organizational culture plays an important role as a reinforcing factor, which can maximize the effectiveness of the participatory budgeting process. However, there were also variations in results that were influenced by organizational characteristics, leadership styles, and internal cultural readiness. This study concludes that the synergy between participatory systems and organizational culture is a key prerequisite for creating superior managerial performance in government environments. The findings provide strategic implications for policy makers in designing more participatory budget governance and building an organizational culture that supports bureaucratic transformation.

**Keywords:** Budget Participation; Government; Managerial Performance; Organizational Culture.

### 1. Introduction

Improving managerial performance in the local government sector is key to realizing effective, efficient, and accountable governance. One strategic instrument that supports this achievement is budget participation, which is the active involvement of government apparatus in the budgeting process from planning to evaluation. Previous studies have shown that budget participation can increase the sense of ownership, responsibility, and quality of public financial planning (Irfan Maulana, 2022; Shifa et al., 2024; Ewens & van der Voet, 2019). The effectiveness of budget participation is largely determined by organizational culture, the system of values, norms, and beliefs that govern collective behavior in a bureaucratic environment (Bahgia, 2020; Mauro et al., 2021). An adaptive and collaborative organizational culture can strengthen the positive influence of budget participation on managerial performance.

Received: May 26, 2025

Revised: June 09, 2025

Accepted: June 23, 2025

Published: June 25, 2025

Curr. Ver.: June 25, 2025



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Research by Pratiwi, (2019) confirms that a strong organizational culture that is aligned with institutional values can improve managerial performance through effective planning and decision making. In line with that, Yudi et al., (2022) showed that budget decentralization encourages regional economic efficiency and growth, which has a positive impact on increasing the Human Development Index (HDI). The integration of organizational culture and transparent budget participation is key in driving public sector managerial performance.

Although there are many studies on the relationship between budget participation, organizational culture, and managerial performance, the findings still show inconsistencies in both national and international contexts. Indonesian studies confirm that budget participation and organizational culture both simultaneously and partially have a significant positive effect on the managerial performance of government apparatus (Bahgia, 2020; Mauro et al., 2021). The study concluded that the synergy between active participation in budgeting and adaptive organizational culture is a key factor in managerial success, especially in supporting transparency, accountability, and achieving organizational targets. Other research confirms that the successful implementation of participatory budgeting innovations is not only determined by technical aspects, but is strongly influenced by the integration of values, a culture of collaboration, and communication between organizational actors (Wang & Niu, 2020; Jatmiko et al., 2020).

To obtain a more complete, comprehensive, and evidence-based understanding, this research uses a Systematic Literature Review (SLR) approach. SLR was chosen because this methodology allows researchers to systematically identify, assess, and synthesize all research results related to the topic under study within a certain period of time, both from national and international sources (Snyder, 2019; Kitchenham et al., 2009.) This approach is also considered to be able to reduce the subjective bias of researchers, and produce findings that are more robust and can be used as a basis for policy recommendations. Thus, this study not only provides a scientific mapping of the influence of budget participation and organizational culture on managerial performance in the government environment.

## **2. Preliminaries or Related Work or Literature Review**

### **2.1. Managerial Performance**

Managerial performance is the capacity of managers to achieve organizational goals through planning, coordinating, selecting staff, supervising, evaluating, and making effective decisions (Wibowo, 2018). In the context of the public sector, managerial performance is one of the main indicators of the success of governance, which is not only measured from the financial side, but also outputs and outcomes that can be accounted to the public (Setyani et al., 2022).

### **2.2. Budget Participation**

Budget participation is defined as the active involvement of managers and subordinates in the process of preparing, implementing, and evaluating the budget (Hansen & Mowen, 2016). This process fosters a sense of ownership of organizational goals and increases responsibility for the results achieved. A number of studies have shown that budget participation significantly has a positive effect on managerial performance, where this

participation can increase motivation, initiative, and work productivity (Shifa et al., 2024; Irfan Maulana, 2022; Wilmanzah, 2019). However, there are also studies that state that there is not always a significant influence between budget participation and managerial performance, which is often influenced by factors of organizational culture, leadership, and policy implementation (Sumarno & Sardjito, 2015)

Irfan Maulana, (2022) research confirms that the higher the level of budget participation in local government, the better the financial management and performance of public organizations. Similar findings were also conveyed by Shifa et al., (2024) that budget participation can significantly improve managerial performance in the private and public sectors.

### **2.3. Organizational Culture**

Organizational culture is a set of values, beliefs, and norms that guide the behavior of organizational members in adapting and carrying out their duties (Edison et al., 2017; Ganyang, 2018). A strong and adaptive organizational culture can create a conducive work environment, encourage innovation, and increase the effectiveness of communication and collaboration between employees. In research in the government sector, organizational culture is proven to have a significant influence on managerial performance. Research by Setyani et al., (2022) found that organizational culture not only has a direct effect on government performance, but also affects budget decision making which ultimately impacts organizational performance.

Shifa et al., (2024) showed that organizational culture simultaneously along with budget participation and the application of total quality management (TQM) significantly improved managerial performance. This is reinforced by Yusuf & Yulianah, (2022) who concluded that organizational culture and leadership style have the strongest influence on managerial performance, even more dominant than budget participation.

### **2.4. Integration of Budget Participation and Organizational Culture on Managerial Performance**

Several studies emphasize the importance of integration between budget participation and organizational culture as a key to improving managerial performance in the public sector Setyani et al., 2022; Irfan Maulana, 2022) A collaborative and participatory organizational culture will strengthen the positive effects of budget participation, as it encourages openness, two-way communication, and commitment to achieving organizational goals (De Long & Fahey, 2017; Fadhlurrohman et al., 2021). On the other hand, weak organizational culture can hinder the effect of budget participation on performance, due to low discipline and innovation in the organization Setyani et al., (2022)

In addition, other variables such as leadership, accounting information systems, and budget decision-making mechanisms also act as mediators and moderators in the relationship between budget participation, organizational culture, and managerial performance Yusuf & Yulianah, 2022; Setyani et al., (2022). This integrative model shows that improved managerial performance cannot be separated from the synergy of budget participation, adaptive organizational culture, and the support of information systems and good governance.

### 3. Proposed Method

This research focuses on the phenomenon of managerial performance in the public sector, particularly in relation to budget participation and organizational culture in local government institutions. This study uses the Systematic Literature Review (SLR) approach, which is categorized as a form of desk research, with the aim of systematically and critically reviewing the scientific literature that explores the relationship between budget participation, organizational culture, and managerial performance in the public sector.

The data used in this SLR consists of primary sources, which are previously published empirical studies contained in reputable national and international journals, as well as secondary sources which include books, government reports, academic articles, and other relevant publications that discuss public budgeting, organizational culture, and performance management in the public sector.

The review process followed the steps outlined by the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines to ensure transparency, traceability and credibility of findings. The first stage was to determine keywords and inclusion-exclusion criteria. The keywords used in the literature search included budget participation, organizational culture, managerial performance, public sector, and local government. The inclusion criteria consisted of peer-reviewed articles published between 2020 and 2025, written in English or Indonesian, with a focus on public sector organizations, and explicitly examining at least two of the three main variables (budget participation, organizational culture, and managerial performance).

The second stage was a systematic literature search in trusted academic databases such as Scopus, Emerald Insight, Taylor & Francis, DOAJ, and Google Scholar. This process produces a set of relevant articles that match the keywords and criteria that have been determined.

In the third stage, screening and evaluation of the literature was conducted. Titles and abstracts were reviewed to eliminate duplication and irrelevant studies, followed by a full-text reading of the selected articles to confirm their contextual relevance and thematic focus.

The fourth stage was data extraction from each selected article. The extracted information included article metadata (title, author, year of publication), variables studied, research methods, population or sample characteristics, and key findings relating to the interaction between budget participation, organizational culture, and managerial performance. The data were then compiled into a matrix to facilitate thematic and comparative analysis.

The final stage consisted of thematic analysis and synthesis. Content analysis was used to categorize the data into key themes, identify patterns of variable relationships, and assess inconsistencies or research gaps across studies. It also included comparisons between studies to highlight consistent findings and contextual differences in public sector settings.

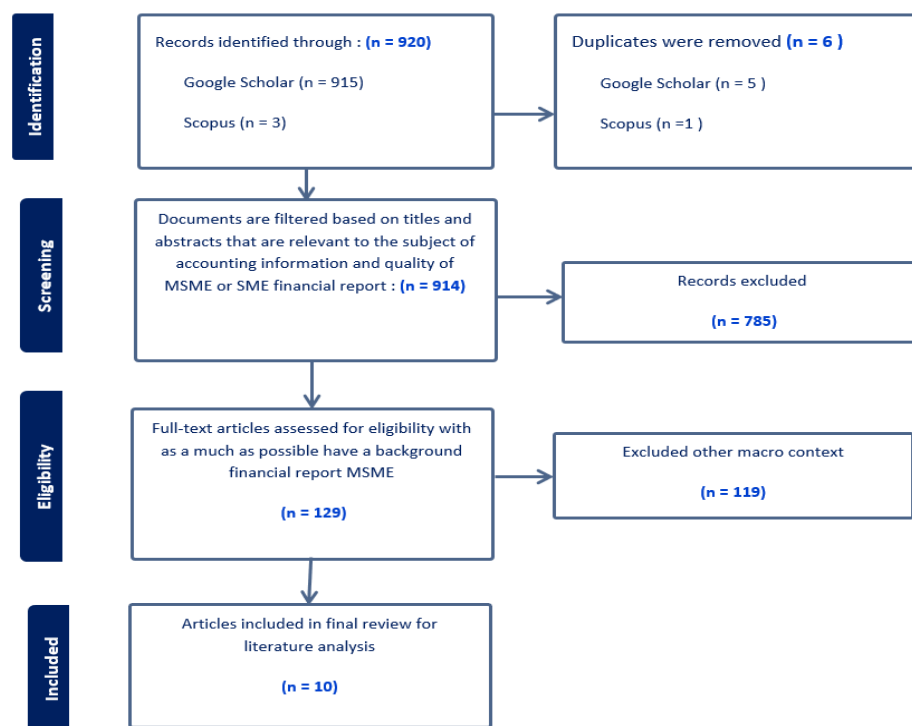
All stages of the study were conducted in accordance with PRISMA standards to uphold transparency and traceability, thus ensuring the validity and credibility of systematic findings on the impact of budget participation and organizational culture on managerial performance in government agencies. Based on the established criteria, the flow and results of this study are presented in the following PRISMA diagram.

**Tabel 1.** Process Results and Inclusion and Exclusion Criteria

No.	Description	Results Search
1	Articles found in the 2020-2025	920
2	Articles duplicate	6
3	Articles not match inclusion and exclusion criteria	785
4	Articles that are not found in full text or be accessed	119
Number of articles from the search process		10

Source : Data processed by researchers (2025)

After data collection, the first step is to screen the title and abstract to exclude irrelevant criteria. Based on the criteria that have been set, the flow and results of the research that will be used in this study are depicted in the following PRISMA diagram:



Source : Data processed by researchers (2025)

**Figure 1.** PRISMA Diagram

The study began by collecting 920 publications from academic digital databases such as Scopus and Google Scholar. Rigorous selection measures are implemented to ensure the quality and relevance of the selected study, in accordance with the PRISMA procedure, which is the standard guide for systematic review reports.

1. At the identification stage, the study removed 6 publications that were detected as duplicates.
2. At the screening stage of the remaining publications, 785 publications were excluded because their titles and abstracts did not match the criteria that had been set.
3. Furthermore, in the eligibility stage, 119 publications were removed after the review of the full text, because they did not meet the eligibility criteria.

After these stages, only 10 publications remain to be used for further analysis. The focus of the analysis includes four main aspects relevant to this research such as the source of big data used, the approach applied in the research, the objectives of each study, and the context in which the results of the research are applied

#### 4. Results and Discussion

**Table 2.** Research Results

No	Author(s) & Year	Article Title	Research Method	Key Findings
1	Bahgia, (2020)	The Influence of Budget Participation, Government Accounting Comprehension, and Organizational Culture on Managerial Performance in the Aceh Government	Quantitative; census method involving 74 SKPA/PPK-SKPA heads; multiple linear regression analysis	Budget participation, government accounting comprehension, and organizational culture have a significant positive influence both simultaneously and partially on managerial performance in the Aceh government.
2	Jatmiko et al., (2020)	Budgetary Participation, Organizational Commitment, and Performance of Local Government Apparatuses	Quantitative; survey of 125 structural staff of regional organizations (OPD) in Sleman; regression and path analysis	Budgetary participation does not significantly affect organizational commitment or performance; however, understanding of the accounting system has a significant positive effect on both commitment and performance.
3	Ewens & van der Voet, (2019)	Organizational Complexity and Participatory Innovation: Participatory Budgeting in Local Government	Quantitative; regression analysis of 394 local governments in Germany	Organizational complexity (functional differentiation) is positively associated with the adoption of participatory innovations. More complex public organizations tend to be more innovative and more likely to adopt participatory budgeting.
4	Mauro et al., (2021)	New Public Management between Reality and Illusion: Analysing the Validity of Performance-Based Budgeting	Qualitative case study on ministries in Italy; document analysis and interviews	Implementation of performance-based budgeting often fails to meet expectations due to poor integration of values, communication, and organizational actor objectives. NPM reforms require synergy among structure, culture, and organizational values.
5	Wang & Niu, (2020)	Exploring the Relationship between Government Budget Information and Citizens' Perceptions of Public Service	Quantitative; two-wave survey in Guangzhou, China	Government budget information influences public perceptions: it improves perceptions of public service performance via increased trust in government, but may reduce satisfaction with the budgeting process.

No	Author(s) & Year	Article Title	Research Method	Key Findings
		Performance in China		
6	Shinta Octaviana Shifa et al., (2024)	The Influence of Budget Participation, Total Quality Management (TQM), and Organizational Culture on Managerial Performance	Quantitative; descriptive and verification approach with 60 employees; statistical analysis using SPSS	Budget participation, TQM, and organizational culture have both partial and simultaneous significant positive effects on managerial performance at PT Atamora Teknik Makmur Jakarta.
7	Irfan Maulana, (2022)	Participation and Organizational Culture on Local Government Performance Budgeting	Qualitative; descriptive analysis on local government settings	Budget participation and organizational culture enhance public sector performance. Higher participation correlates with better financial management and performance. Organizational culture plays a key role in budgeting effectiveness.
8	Setyani et al., (2022)	The Role of Budget Decision-Making as a Mediator Between Accounting Information Systems and Organizational Culture on Government Agency Performance	Quantitative; survey of 124 civil servants (66 valid responses); analyzed using SmartPLS	Organizational culture and budget decision-making significantly affect agency performance. Culture also influences performance through budget decisions, whereas the accounting information system has no direct impact.
9	Yusuf & Yulianah, (2022)	Budget Participation, Leadership Style, and Organizational Culture on Management Performance	Quantitative; survey of 30 structural officials at Muhammadiyah University; multiple regression	Leadership style and organizational culture significantly affect management performance, while budget participation does not. Leadership style is the most influential variable in performance enhancement.
10	Oktafian et al., (2022)	Enhancing Managerial Performance through Participative Budgeting, Leadership Style, and Organizational Culture: An	Quantitative; survey with Artificial Neural Network (ANN) modeling	Budget participation, leadership style, and organizational culture have a significant simultaneous effect on managerial performance. ANN is used to model and predict the relationship patterns among variables

No	Author(s) & Year	Article Title	Research Method	Key Findings
		Artificial Neural Network Approach		

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Source: Data processed by researchers (2025)

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The data obtained from the Systematic Literature Review (SLR) reveal that research on budget participation, organizational culture, and managerial performance in the public sector has grown significantly over the past decade. This SLR identifies ten core articles from reputable national and international journals that have passed rigorous quality and relevance screening. The thematic and comparative analysis of these articles highlights several key patterns and findings:

- a. **Budget Participation as a Determinant of Managerial Performance**  
Most studies Bahgia, 2020;Shifa et al., 2024; Irfan Maulana, 2022) demonstrate that budget participation has a positive and significant impact on improving managerial performance in local governments. Active involvement of managers and government officials in planning, implementation, and evaluation of the budget process enhances ownership and accountability, while also promoting more effective coordination and better decision-making.
- b. **Organizational Culture as a Reinforcer of Budget Participation Effectiveness**  
The SLR findings also emphasize that an adaptive, collaborative, and inclusive organizational culture strengthens the positive influence of budget participation on managerial performance (Setyani et al., 2022; Yusuf & Yulianah, 2022). A culture that supports innovation, open communication, and recognition of individual initiatives creates a conducive environment for high-performing managerial practices.
- c. **Integration and Interaction Among Variables**  
Several studies Irfan Maulana, (2022) reveal that the impact of budget participation on managerial performance is significantly enhanced when accompanied by a strong organizational culture. These findings reinforce the integrative perspective that improving managerial performance requires synergy between participatory systems and a culture that embraces change and collaboration.
- d. **Contextuality and Result Variability**  
Despite the prevailing positive trends, the SLR also identifies variation in outcomes. In certain contexts, the influence of budget participation becomes insignificant when organizational culture is weak or authoritarian leadership styles dominate (Jatmiko et al., 2020; (Yusuf & Yulianah, 2022). This highlights the importance of considering contextual factors and internal organizational capacity when evaluating performance outcomes.



e. Findings from International Studies

International research (Ewens & van der Voet, 2019; Mauro et al., 2021) reinforces the notion that organizational complexity and a culture of innovation play a critical role in the successful implementation of participatory budgeting and managerial reforms within the public sector.

The findings of this SLR reaffirm that high levels of budget participation not only enhance the quality of financial planning but also strengthen the sense of ownership and accountability among government officials. However, this influence does not operate in isolation; it is significantly shaped by the characteristics of the organizational culture. An adaptive, collaborative, and innovation-oriented culture fosters an environment conducive to the development of effective and efficient managerial performance. Conversely, when organizational culture is still dominated by rigid bureaucratic structures and authoritarian leadership styles, budget participation tends to become formalistic and yields little tangible impact on managerial outcomes.

The SLR also reveals a degree of complexity and variation across studies. Not all research identifies direct and significant effects, particularly in organizations that are not culturally prepared for transformation or lack adequate support systems (e.g., information systems and internal audit mechanisms). These findings align with international studies emphasizing the need for synergy among organizational structures, culture, and values when implementing budget reform (Mauro et al., 2021).

This study contributes to the theoretical understanding of the critical role of integrating organizational culture in efforts to improve managerial performance through participative budgeting. The practical implications highlight the need to strengthen adaptive organizational cultures and enhance human resource literacy and capacity in budget governance. Policies that promote active participation, organizational culture training, and the development of collaborative leadership will play a vital role in reinforcing managerial performance in the public sector.

## 6. Conclusions

This SLR reveals that the synergy between budget participation and organizational culture is a fundamental determinant of enhanced managerial performance in local government. Budget participation, when not supported by an adaptive organizational culture, tends to be ineffective; likewise, a progressive culture without a participatory budgeting system fails to achieve optimal outcomes. The implication for policymakers and public sector leaders is the need to invest in developing an adaptive and value-driven organizational culture while simultaneously fostering broad-based participation in the budgeting process.

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