

ABSTRACT

This research is built to investigate the phenomenon of the budgeters attitude establishment expected due to the change of budgeting process approach implementation, and the possibility that they behave inconsistently with their attitudes as the presence of results uncertainty when they have to make a resources allocation decision. This research examine direct and indirect effect of participation on budget preparation, in the performance based budgeting approach, to the cost consciousness, and the effect of cost consciousness to judgment performance of local government budgeters. Results uncertainty was used as a moderating variable on the effect of cost consciousness to the budgeters judgment performance. Public service motivation and cost management knowledge were used as intervening variables in order to examine indirect effect of budget participation to cost consciousness in the performance based budgeting. The dissonance cognitive theory and the theory of planned behavior were used to explain the model and to examine the hypothesis.

The research was administered to local government budgeters (two cities dan one regency) who directly involved in the unit budget preparation process in the Central Java Province. Smart PLS version 2.0M3 was used to test the empirical model in this study.

The results show that budget participation has both direct and indirect effects on cost consciousness, and cost consciousness influence judgment performance of local government budgeters. In addition, this study suggest that public service motivation and cost management knowledge improve the effect of budget participation to cost consciousness. Cost management knowledge, as a mediating variable, has more prominent role than public service motivation to explain the relationship between budget participation and cost consciousness. However, the results suggest that the moderating role of results uncertainty in the relation of cost consciousness and judgment performance is not supported.

Keywords: *budget participation, performance-based budgeting, public service motivation, cost consciousness, result uncertainty.*