

Research article

Effect of Organizational Climate and Participation in Budgeting on Employee Performance

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Abstract.

The objectives of this study were to: 1) examine the impact of organizational climate on employee performance at IAIN Kendari; 2) analyse the influence of budgetary participation on employee performance; 3) evaluate the impact of organizational climate and participation in budget preparation on employee performance; and 4) assess the role of Islamic economics on organizational climate, budgeting participation, and employee performance. Data were collected using a survey, applying a quantitative approach. The research sample consisted of 55 employees of various faculties, units and institutions. After assessing normality, linearity, multicollinearity and autocorrelation, data analysis involved descriptive and inferential analysis. Simple regression analysis and path analysis were used to test the hypotheses. The findings revealed that: 1) organizational climate had a positive and significant impact on employee performance with a 62.6% contribution; 2) participation in budgeting had a positive and significant impact on employee performance with a 40% contribution; and 3) the combination of organizational climate and participation in budgeting had a positive and significant impact on employee performance with a 40% contribution.

Keywords: organizational climate, participation, budgeting, employee performance, sharia economy

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1. Introduction

Every organization has a different way to create good human resources, among others, by having a good organizational climate. Every organization has a climate that is different from other organizational climates depending on how the organization manages it. Organizational climate can be suppressive, neutral, and can be supportive. Organizations tend to attract and retain people who fit the climate in which they are created.

Triatna explains "the study of organizational climate is one of the studies that emerges in an effort to how an administrator/manager develops patterns of social interaction so that organizational goals can be achieved".

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Organizational climate is part of the organization that will directly or indirectly affect employee behavior such as work enthusiasm, work comfort, organizational image, and job satisfaction. To get all that, the organization must be able to create an organizational climate that can support the creation of positive behavior that will be shown by employees because a supportive organizational climate is one of the needs for employees. The fulfillment of employee needs will have an impact on their satisfaction and will have an impact on fulfilling their obligations, namely increased productivity. Organizational climate is a comprehensive feeling towards the organization's work environment/mechanism, both physical and social, both internal and external.

The budgeting process is an important activity that involves various parties, both top-level managers and lower-level managers where each party plays a role in preparing and evaluating various alternatives and budget goals. "The resulting budget is always used as a benchmark for the performance of managers and employees. Therefore, participatory budgeting is expected to improve the performance of managers, where when a goal is designed and participatively approved, employees will internalize the goals set, and have a sense of responsibility to achieve them because they are involved in the preparation of the budget" [1].

The budgeting process can be done with several approaches, namely top-down, bottom-up and participative budgeting or participation. The budget preparation process using the top-down method is a budget that is entirely prepared and approved by the top-level management and the lower-level management only implements the approved budget. While the bottom-up budgeting process is the preparation of a budget by giving authority to the lower-level management to be submitted to the upper-level manager. Participatory budgeting is a budgeting approach that focuses on efforts to increase employee motivation to achieve organizational goals. Participatory budgeting will provide work motivation to individuals involved in it.

In the relationship between budgetary participation and employee performance, considering that the involvement of managers or individuals in an organization in the budgeting process cannot be separated from attitudes towards work situations and individual behavior, especially managers or leaders, which are displayed through attitudes and beliefs in their vision within the organization. In the public sector, participatory budgeting does not yet have a good system so that its implementation is not yet optimal. This is because the budgeting process is an important and complex activity, the existence of which is likely to have functional and dysfunctional impacts on the attitudes and behavior of members of the organization. "To prevent the dysfunctional impact of the budget, The greatest contribution of budgeting activities occurs if all parties are

allowed to participate in budget preparation. Regional financial management must be carried out transparently in accordance with the regulations governing finance. This is related to the impact of the budget on government accountability, in relation to the government's function in providing services to the community" [2]

The performance of government officials is a system that aims to assist superiors in assessing the achievement of a strategy through financial and non-financial measuring tools, where performance can be measured by how far the performance ability is in achieving the budgeted targets. "Performance measurement covers various aspects so that it can provide efficient and effective information in achieving the performance. In accordance with the performance approach used in the preparation of the budget, each planned cost allocation must be linked to the level of service or results that are expected to be achieved. Local government performance can be measured through evaluation of budget implementation" [3]

According to Manan [4] that "in Islam supervision that functions as control is carried out to straighten out what is not straight, correct what is wrong and correct what is right". "Based on the scope, supervision is divided into two; The first is internal control (built-in control), namely, supervision that comes from oneself and comes from faith in Allah SWT (tawhid). Philosophically, the supervisory function in Islam arises from human understanding of individual responsibility, trust, and justice" [5].

After changing the status of STAIN Kendari to IAIN Kendari in 2015, IAIN Kendari underwent rapid changes both in terms of physical facilities and infrastructure and organizational structure which had implications for changes in organizational climate and organizational management. The organizational climate at IAIN Kendari has concretely undergone structural changes resulting in new positions as echelon II officials (Head of the AUAK Bureau), echelon III officials (Head of Divisions) and echelon IV officials (Head of Sub-Divisions) through the Regulation of the Minister of Religion of the Republic of Indonesia Number 9 of 2015 on Organization and Work Procedures at IAIN Kendari. In addition, in terms of infrastructure facilities are also experiencing rapid development such as the availability of representative lecture and office buildings, good arrangement of the room and office environment as well as the availability of other supporting infrastructure. These changes directly affect the system and management of the organization which is of course expected to be a supporter in the creation of a good organizational climate.

The organizational management in question includes the decision-making model in budgeting at IAIN Kendari which previously used a top-down model where in the preparation of the budget at that time subordinates or administrators were not involved

in making decisions and preparing RKA/KL directly, faculties/units only received and run the program. work that has been determined by top management but since 2015 after the transfer of status to IAIN Kendari the budgeting model has changed to using a participatory model, namely a combination of top-down and bottom-up approaches.

To be able to realize the performance of employees as valuable human resources, good management and participation of employees are needed that will make employees satisfied with the organization and can maximize their work well which can then produce good employee performance.

2. Literature Review

2.1. Organizational Climate

Organizational climate is essentially a situation that describes the atmosphere of the work environment, viewed from the perspective of the individual or the people in it. Experts define organizational climate as a physical element, where climate can be an attribution of the organization or as an attribution of individual perceptions themselves. Simamora [6] says that "organizational climate is the state of the internal environment of the organization or organizational psychology. Organizational climate influences the practices and policies of human resources (HR) accepted by members of the organization" .

Steers [7] suggests the notion of organizational climate is "the nature or characteristics that are felt to exist in the work environment and arise mainly because of organizational activities, which are carried out consciously or not, which are considered to influence later behavior. In other words, climate can be seen as the personality of an organization".

The view above emphasizes that organizational climate is a characteristic or distinctive characteristic inherent in an organization and colors the behavior of the people in it. Relevant to that, Davis and Stroom [8] state that "organizational climate is the human environment in which members of the organization do their work" . Organizational climate can influence the behavior of organizational members and color their interaction patterns in performing organizational tasks. Organizational climate is more than just the physical environment, it includes norms, attitudes, behavior, and even the feelings of organizational members in perceiving the situation in their organizational environment. This is as stated by Muhammad [9] that "organizational climate as a concept that reflects the content and strength of general values,

According to Timpe [10] the notion of organizational climate is "a set of characteristics of the work environment that can be measured based on the collective perception of people who live and work in that environment and can influence their motivation and behavior". Then Davis [11] suggests "organizational climate as the human environment in which organizational employees do their jobs". Organizational climate is influenced by almost everything that happens in an organization. The formation of an organizational climate is strongly influenced by all behaviors that exist in the organization.

Greenberg and Baron as quoted by Kurnia mention several dimensions of organizational climate as follows :

1. Trust, where every employee must strive to develop and maintain relationships in which there is confidence and credibility that is supported by statements and actions.
2. Joint decision making through the support of employees at all levels in the organization should be consulted on all issues in all organizational policies relevant to their position and participate in decision making and goal setting.
3. Honesty, (a general atmosphere of honesty and candor should characterize relationships within the organization and employees are able to say what's on their mind).
4. Communication (organizational employees are relatively aware of information related to their duties).
5. Flexibility/autonomy (employees at every level in the organization have their own strengths which can accept suggestions or refuse with an open mind).
6. Job risk (there is commitment and courage in the organization about high-risk, high-quality and high-productivity work by showing great concern for other members)

Based on the opinion of Greenberg and Baron as quoted by Kurnia above, it can be understood that the organizational climate includes several dimensions, namely: trust, joint decision making, honesty, communication, the power to accept and reject suggestions and great attention that can make the organization inspired by all its members. Thus, the organizational climate in this study is a collective assessment of organizational members and other parties from the circumstances or characteristics that describe formal and informal organizational policies, practices, and procedures that can influence attitudes and behavior and can determine organizational performance. The organizational climate in this study will be reviewed from the dimensions of trust, joint decision making, honesty, communication, and flexibility.

2.2. Definition of Participation

The word "participation" comes from the word "participate" which means taking part or participating. In the Indonesian dictionary translated participating in an activity. Meanwhile, the word member means a group of people who live together in a place with certain ties to certain rules, the crowd, the general public [12]. Djalal and Supriadi explain that "participation means that decision makers suggest groups or members get involved in the form of delivering suggestions and opinions, goods, skills, materials and services". Solekhan [13] explains that "participation is a form of active or pro-active participation or participation in an activity". Participation also means that groups recognize their own problems, examine their options, make decisions, and solve problems. Soleh [14] states that "participation is defined as the involvement of a person or group of people in an activity in order to achieve goals".

Levis [15] further explains that "participation is the level of involvement of members of the social system in the decision-making process which includes the process of planning, decision making, implementation, evaluation, and enjoying the results of development itself". Sumpeno [16] said that "various definitions of participation were examined in various projects, documentations, and guidebooks, most of them showing the emphasis and context of participation in various terms. According to him, participation is a series of systematic and structured activities involving members to take the initiative, make decisions, set goals, plan, implement, organize, and evaluate by optimizing the potential and capabilities that exist in them".

In helping to identify the level of participation, a measuring tool or indicator is needed as a key statement about the results and expectations of the goals set together. The indicators are divided into four categories that show the level of participation, namely; "(a) beneficiaries or beneficiaries, (b) program implementation, (c) program influence or participant control, and (d) access to decision makers[16]. In detail the four indicators mentioned above can be described that:

1. Indicators of beneficiaries or beneficiaries, that whether members receive all the benefits, or only some, or only certain members, or none of the members receive benefits from their participation.
2. Indicators of implementation, whether members contribute ideas in the preparation of plans, whether they are actively involved in planning, implementation and evaluation.

3. The influence of the program or control, that members are informed by decision makers at the stages of identification, design, implementation and evaluation.
4. An indicator of access to decision-making, whether members receive all the benefits of a program, only partially, only certain groups of members, or no members receive benefits from a program.

2.3. Understanding Budget

The budget is a statement regarding the estimated performance to be achieved during a certain period of time expressed in financial measures. Budget is an activity plan that is realized in financial form, including proposed expenditures that are estimated for a period of time, as well as proposed ways to meet these expenditures. In the context of regional autonomy and decentralization, the budget occupies an important position. The process and method for preparing a budget is called budgeting. In the public sector, budgeting is a stage that is quite complicated and full of political nuances. "Unlike the private sector or business, the budget is considered a corporate secret that is closed to the public, whereas in the public sector the budget is considered a tool of public accountability in managing public funds and programs funded with public money so that the budget in the public sector must be informed to be discussed openly" [17]. The public budget is an activity that is represented in the form of a revenue and expenditure acquisition plan in monetary units. In its simplest form, the public budget is a document that describes the financial condition of an organization which includes information on revenues, expenditures, and activities. According to Law (UU) No. 17 of 2003 concerning State Finance, it is stated that the budget is a tool of accountability, management, and economic policy.

Theoretically, the budget is a managerial plan for action to facilitate the achievement of organizational goals. The budget is the articulation of the formulation and strategic planning. Likewise in public sector organizations, the budget becomes a managerial plan to implement organizational strategies to achieve the goals of public sector organizations, namely the provision of excellent public services.

Broadly speaking, the approach to budgeting is divided into 3 groups, namely [17]:

1. *Top-down approach* (from top to bottom)

In preparing this budget, senior management sets the budget for lower levels so that the budget implementer only does what has been prepared. But this approach rarely

works because it leads to a lack of commitment on the part of the budget maker and this jeopardizes the success of the budget plan.

2. *Bottom-up approach* (from bottom to top)

In the bottom up approach, the budget is fully prepared by the subordinates and then submitted to the superior for approval. In this approach, lower level managers participate in determining the size of the budget. A bottom-up approach can create a commitment to achieving budget goals, but if not carefully controlled can result in an amount that is too easy or that doesn't match the company's overall goals.

3. Combination of top down and bottom up

The combination of these two approaches is the most effective. This approach emphasizes the need for interaction between superiors and subordinates to jointly determine the best budget for the company.

The measurement of participation in budgeting is measured based on an instrument developed by Milani. Measurement aims to assess the participation of managers in various decisions taken by the company. Manager participation can be seen from several aspects, namely:

- 1) Involvement of managers in budgeting.
- 2) The authority of the manager in the preparation of the budget and the enactment of the budget.
- 3) Involvement of managers in overseeing the budgeting process.
- 4) Involvement of managers in budget implementation objectives in the areas they lead [17]

2.4. Understanding Employee Performance

Performance as the actualization of ability shows that the level of a person's performance depends on the level of his ability. High performance can be achieved if it is supported by adequate work skills. Ability refers to the level of a person's ability to do a job. Without the ability, it is difficult to achieve high performance. Kane in Berk [18] suggests that "performance is not a person's characteristics such as talent or ability, but is a manifestation of talent or ability itself". Performance also describes a person's professionalism in carrying out their duties. Therefore, in measuring performance, it is

important to consider how a job is carried out legally, complies with the professional code of ethics and does not violate applicable norms. In this case,

Similarly, Aritonang [19] explains that "performance is the result of work achieved by a person or group of people in an organization in accordance with their respective authorities and responsibilities in an effort to achieve the goals of the organization concerned, legally not violating morals or ethics". From the description above, it can be synthesized that performance is the work achievement achieved by a person in carrying out his duties and responsibilities in accordance with the status / position of the person in an organization. Performance describes the level of a person's ability to carry out tasks. Ability does not only include work skills but also includes appropriateness in showing attitudes and behavior in accordance with work rules and ethics. Apart from skills,

Ability is the basis of the willingness/willingness to work. The amount or high willingness of individuals to work will affect the level of seriousness of the individual in working. Arifin [20] explains that "performance is seen as the product of multiplication between ability and motivation. Ability refers to a person's ability to perform certain tasks, while motivation refers to an individual's desire to show behavior and willingness to try. People will do the best work if they have the will and desire to carry out the task well".

A similar view is also expressed by Rivai [21] as follows "performance is a function of ability. To complete a task or job, a person should have a certain degree of willingness and level of ability". Willingness refers to an individual's psychological state who is ready to do a job. Willingness is an individual's main capital to be able to work seriously. In this context, the ability is needed to ensure a genuine effort by mobilizing all the capabilities possessed to achieve organizational goals. In addition to the psychological state of the individual, competence is also very important in measuring individual performance. To achieve high performance, a person must be supported by adequate competence. Without competence, difficult to produce high performance. From this description it can be emphasized that performance is the actualization of competence and conditions of behavior and the environment in which it is located. In other words, performance equals competence plus the individual's psychological state of behavior and environment.

At the implementation level, performance measures how much tasks have been carried out or completed. Mangkunegara [22] explains as follows "performance is the same as performance whose essence is how much and how far the tasks that have been described can be realized or carried out related to duties and responsibilities that

describe behavior patterns as the actualization of competencies possessed". Performance is basically the result of the implementation of the duties and responsibilities assigned by the institution or organization. This shows that to be able to measure the performance of organizational personnel, it must refer to the description of the main duties and functions of the individual in accordance with their position or status in the organization.

From the various descriptions above, it can be understood that performance is an achievement or work result achieved by individuals in a certain period both quantitatively and qualitatively. Performance measures the extent to which the implementation of tasks and authority of individuals within the organization. Good or bad individual performance is highly dependent on the level of competence and individual psychological state of the individual in carrying out the task.

2.5. Understanding Islamic Economics

According to Manan [4] Islamic economics is a social science which studies the economics problems of a people imbued with the values of Islam. So, according to Manan Islamic economics is a social science that studies the economic problems of society inspired by Islamic values. Meanwhile, M. Umer Chapra as quoted by Nasution et al [23], Islamic economics was defined as that branch of knowledge which helps realize human well-being through an allocation and distribution of scarce resources that is in conformity with Islamic teaching without unduly curbing Individual freedom or creating continued macroeconomic and ecological imbalances. So,

According to Naqvi [24], "Islamic economics, in short, is a study of the economic behavior of representative Muslims in modern Muslim societies". The definition of Islamic economics above that is relatively able to completely explain and include the criteria of a comprehensive definition is the one formulated by Hasanuzzaman quoted by Yuliadi [25], namely "A knowledge and application of commands and regulations in sharia, namely to avoid injustice in the acquisition and distribution of material resources. in order to provide human satisfaction, thus enabling humans to carry out their responsibilities towards God and society (Islamic economics is the knowledge and application of injunctions and rules of the shari'a).

The important thing from this definition is the terms "earnings" and "sharing" where these economic activities must be carried out by avoiding injustice in the acquisition and distribution of economic resources. The basic principles used to avoid injustice are sharia, which contains injunctions and rules about whether or not an activity is

permissible. The notion of "providing human satisfaction" is an economic goal to be achieved. While the notion of "enabling humans to carry out their responsibilities towards God and society" This means that responsibility is not only limited to socio-economic aspects but also concerns the role of the government in regulating and managing all economic activities including zakat and taxes. However, it is necessary to emphasize here the difference in understanding between Islamic economics and the Islamic economic system. Islamic economics is a study that always pays attention to the signs of scientific methodology. So that in its development process it always accommodates various aspects and variables in economic analysis.

Islamic economic thinkers have different opinions in providing categorization of the principles of Islamic economics. As quoted by Kara [26] that "Khurshid Ahmad categorizes the principles of Islamic economics on: The principle of monotheism, rubbiyyah, khilafah, and tazkiyah". Babilily [27] stipulates that "five principles related to economic activity in Islam, namely: al-ukhuwwa (brotherhood), al-ihsan (doing good), al-nasihah (giving advice), al-istiqamah (steadfast stance), and al-taqwa (being pious)". Meanwhile, according to M. Raihan Sharif in the Islamic Social Framework as quoted by Kara [26] that "the structure of the Islamic economic system is based on four structural principles, namely: (1) trusteeship of man (human guardianship); (2) co-operation (cooperation); (3) limited private property (limited private property);

The principle of Islamic economics is also stated by Masudul Alam Choudhury, in his book, Contributions to Islamic Economic Theory as quoted by Kara [26] that "Islamic economics according to him is based on three principles, namely: (1) the principle of tawheed and brotherhood (the principle of monotheism and brotherhood). , (2) the principle of work and productivity, and (3) the principle of distributional equity".

2.6. Hypothesis

According to Cresswell in Research Design: Qualitative, Quantitative, and Mixed Methods Approaches, the research hypothesis is the researcher's prediction about the desired relationship between variables. Then, it is useful as a temporary answer to a research question.

Based on the formulation of the problem of this research hypothesis are:

1. First Hypothesis

H₀ : There is no positive and significant influence of organizational climate on employee performance at IAIN Kendari

Ha : There is a positive and significant influence of organizational climate on employee performance at IAIN Kendari

2. Second Hypothesis

H0 : There is no positive and significant effect of budgeting participation on employee performance at IAIN Kendari

Ha : There is a positive and significant effect of budgeting participation on employee performance at IAIN Kendari

3. Third Hypothesis

H0 : There is no positive and significant effect of organizational climate and budgetary participation on employee performance at IAIN Kendari

Ha : There is a positive and significant influence of organizational climate and budgetary participation on employee performance at IAIN Kendari.

3. Research Methods

This research is an explanatory research (explanatory research) with a quantitative and qualitative approach. The research was carried out at IAIN Kendari, which is located on Jl. Sultan Qaimuddin No. 17 Baruga Kendari City, Southeast Sulawesi. The population in this research are IAIN Kendari employees, totaling 221 people. It can be sampled as many as 55 respondents and analyzed using line analysis.

4. Results and Discussion

Based on the table above, it is known that the contribution of organizational climate (X1) and budgetary participation (X2) together on employee performance (Y) is indicated by the coefficient of determination (R-Square) of 0.637. This means that the contribution of joint budgeting participation to employee performance is 63.7% and the remaining 36.3% is the contribution of other variables that are not included in the analysis equation.

5. Discussions

TABLE 1: Analysis of the Effects of Organizational Climate (X1) on Employee Performance (Y). source: processed data, 2021.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	31,410	8,628		3,641	,001
	X1	,791	,084	,791	9,419	,000

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,791 ^a	,626	,619	3,59309

a. Predictors: (Constant), X₁

TABLE 2: Analysis Results of Budgeting Participation (X2) on Employee Performance (Y). source: processed data, 2021.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	15,685	16,297		,962	,340
	X ₂	,945	,159	,633	5,948	,000

a. Dependent Variable: Y

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,633 ^a	,400	,389	4,55004

5.1. Organizational Climate (X1)

The results showed that the average value of the Organizational Climate variable was 102.54 median 103.00, mode 100.00 standard deviation of 5,820, variance 33,882, range 26.00, minimum value 88.00, maximum value 114.00 and total 5640.00.

Of the 55 respondents, each 11 employees or 20.00% who have a very good category, 17 employees or 30.91% who have good category, 18 employees or 32.73% who have good enough category, 7 employees or 12.73% who have a poor category, and 2 employees or 3.64 % who are categorized as very poor in responding to the organizational

TABLE 3: Analysis of the Effects of Organizational Climate (X1) and Participation in Budgeting (X2) on Employee Performance (Y). source: processed data, 2021.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19,687	12,826		1,535	,131
	X ₁	,688	,118	,688	5,815	,000
	X ₂	,218	,177	,146	1,230	,024

a. Dependent Variable: Y

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,798 ^a	,637	,623	3,57580

a. Predictors: (Constant), X₂, X₁

climate. This shows that the organizational climate based on respondents' responses generally has a fairly good category.

Data based on indicators show that in general the average score of organizational climate on the trust indicator is 27.85, the indicator of togetherness in making decisions is 20.45, the indicator of honesty, openness in communication and flexibility is 26.44, the indicator of courage and responsibility for the risk of work of 27.80. From these data, it can be concluded that the highest organizational climate indicator is the trust indicator with an average score of 27.85.

5.2. Participation in Budgeting (X2)

The results of this study can be seen that the average value of the budgetary participation variable is 102.47, the median is 102.00, the mode is 102.00, the standard deviation is 3.896, the variance is 15.180, the range is 15.00, the minimum value is 95.00, the maximum value is 110, 00 and the number 5636.00.

Of the 55 respondents, each 9 employees or 16.36% who have a very good category, 13 employees or 23.64% who have a good category, 15 employees or 27.27% who have a fairly good category, 12 employees or 21, 82% are categorized as unfavorable, and 6 employees or 10.91% who are categorized as very poor in responding to budgeting

participation. This shows that participation in budgeting at IAIN Kendari based on respondents' responses is generally in a fairly good category.

Data based on indicators can be seen that in general the average score participation in the preparation of the budget on indicators of revenue or benefits of 27.49, indicators of implementation of 18.49, influence of programs or control of 36.18, indicators of access to decision making of 27.02. From these data, it can be concluded that the highest budgetary participation indicator is the program or control influence indicator with an average score of 36.18.

5.3. Employee Performance (Y)

The results of this study indicate that the average value of the employee performance variable is 112.545, the median is 113.00, the mode is 110.00, the standard deviation is 5,820, the variance is 33,882, the range is 26.00, the minimum value is 98.00, the maximum value is 124.00 and the total is 5940. ,00.

Of the 55 respondents, each of 10 employees or 18.18% who had a very good category, 19 employees or 34.55% who had a good category, 17 employees or 30.91% who had a fairly good category, 8 employees or 14, 55% are categorized as unfavorable, and 1 employee or 1.82% categorized as very poor in responding to budgeting participation. This shows that participation in budgeting at IAIN Kendari based on respondents' responses is generally in a fairly good category.

Data based on indicators can be seen that in general the average score of employee performance scores on indicators for preparing work plans is 46.96, indicators for organizing program implementation are 36.18, and indicators evaluating work achievement are 32.91. From these data, it can be concluded that the highest employee performance indicator is the indicator of preparing a work plan with an average score of 46.96.

6. Discussion of Path Analysis

6.1. The Influence of Organizational Climate (X1) on Employee Performance (Y)

Based on the results of the first hypothesis test that has been presented, it was found that organizational climate (X1) has a positive effect on employee performance (Y) IAIN Kendari by 0.626 or 62.6%. This clearly indicates that the organizational climate has a

significant effect on the performance of IAIN Kendari employees, which means that the better the organizational climate, the better the performance of IAIN Kendari employees.

The results of this study are in line with research conducted by Kiki Cahaya Setiawan who also found that organizational climate affects performance by 45.4%. Likewise with research conducted by Ridwan Tantowi and Hesti Widi Astuti which found the influence of organizational climate on performance by 54.8%. The same thing was also found by Intan Mayasari and Bambang Swasto Sunuharyo who found the influence of organizational climate by 54.5% on employee performance. Meanwhile, Agustina Hanafi in her research entitled "The Influence of Individual Characteristics and Organizational Climate on Job Satisfaction and Its Impact on Employee Performance" also managed to find that organizational climate has a positive effect on employee performance by 20%. The various research findings above are in line with the opinion of Davis and Newstrom [8] which state firmly that organizational climate concerns all the environments or views of employees within the organization that are able to influence them in carrying out their duties. As stated by Mondy and Noe [28] that organizational culture has an impact on job satisfaction and the level and quality of employee performance. According to him, organizational climate is a system of shared values, beliefs and customs in an organization that interacts with the formal structure to obtain behavioral norms. Moorhead and Griffin [29] argue that the level of performance will depend on and determine several aspects in carrying out the work, including role clarity, competence,

The results of this study are also in line with the statement of Groehler & Caruso [30] who reported that an organization with an organizational climate that is able to motivate and a positive work culture will produce employees who are actively bound to the organization. This active employee engagement will affect the employee's personal performance, and in turn will have an impact on customer satisfaction and organizational performance.

According to Litwin & Stringer [31] employees' subjective perceptions and responses to organizational climate are described through dimensions that involve individual expectations and feelings, which then lead to what consequences will follow actions in the situation. Furthermore, Litwin & Stringer [31] describes the organizational climate into 9 (nine) dimensions, namely structure, responsibility, risk, reward, warmth, support, standards, conflict, and identity.

It is also worth noting that in the formation of the organizational climate, the leadership factor is very important because the effectiveness of the organizational bureaucratic

structure is something that greatly affects the organizational climate [32]. This substantially shows that the responsibility side of a leader has broad implications because it is the pinnacle of decision making, including in improving the organizational climate.

Based on the various things above, both conceptually and empirically, organizational climate has a positive and significant direct effect on the performance of IAIN Kendari employees. Therefore, if the leadership of IAIN Kendari wants to improve the performance of its employees, one of the efforts that can be done is to improve employee perceptions and responses to the nine dimensions of organizational climate as described by Litwin & Stringer above.

6.2. The Influence of Participation in Budgeting (X2) on Employee Performance (Y)

In accordance with the results of the second hypothesis test that has been presented in the section above, it is found that budgetary participation (X2) has a positive effect on employee performance (Y) IAIN Kendari by 0.40 or 40%. This clearly indicates that budgetary participation has a significant effect on the performance of IAIN Kendari employees, which means that the higher the level of employee participation in budgeting, the better the performance of IAIN Kendari employees.

The above results are in line with research conducted by Ratna Mustika W., Patricia Dhiana P., and Agus Suprijanto which found that budgetary participation has a positive effect on performance. Galih Wicaksono in his research also found a similar thing that budgetary participation has a positive effect on performance. The results of this study are in accordance with the arguments presented by Nouri, H., & Parker, RJ which states that the relationship between participation in budgeting activities and job performance are complex. The direct relationship between budgetary participation and performance has a significant path coefficient that can reflect a direct relationship.

Participation in budgeting can be assessed as a managerial approach that can improve the performance of each member of the organization as an individual because with participation in budgeting it is hoped that each individual will be able to improve his performance in accordance with the targets that have been previously set. The higher the level of participation in budgeting, the higher the performance of employees. Participation is built on the basis of several principles, namely; "(1) togetherness, that participation grows through consensus and shared vision, ideals, hopes, goals, and mutual need, (2) grows from that, participation grows based on awareness and needs felt by members, (3) trust and openness, that the key to successful participation is

to grow and build relationships on the basis of mutual trust and openness” [16]. In helping to identify the level of participation, a measuring tool or indicator is needed as a key statement about the results and expectations of the goals set together. The indicators are divided into four categories that show the level of participation, namely; “(a) beneficiaries or beneficiaries, (b) program implementation, (c) program influence or participant control, and (d) access to decision making” [16]. The indicators in measuring budget participation are how big the level of involvement of the Head of Subsection and Head of Section in preparing the Budget in the field that is their responsibility,

Based on the various things above, both conceptually and empirically, budgetary participation has a direct positive effect on the performance of IAIN Kendari employees. Therefore, if the leadership of IAIN Kendari wants to improve the performance of its employees, one of the efforts that can be done is to increase employee participation in institutional budgeting activities based on indicators without ignoring the principles of Islamic economics as described above.

6.3. The Influence of Organizational Climate and Budgeting Participation (X2) on Employee Performance (Y)

In accordance with the results of the third hypothesis test that has been presented in the section above, it is found that the organizational climate (X1) and budgetary participation (X2) on employee performance on employee performance (Y) IAIN Kendari is 0.637 or 63.7%. This clearly indicates that the organizational climate and participation in budgeting together have a significant effect on the performance of IAIN Kendari employees, which means that the better the organizational climate and the level of employee participation in budgeting, the better the performance of IAIN Kendari employees.

The results of this study support the hypothesis that has been proposed previously that the organizational climate and participation in budgeting together have a significant effect on the performance of IAIN Kendari employees. This clearly indicates that either partially or jointly the variables of organizational climate and participation in budgeting have a positive and significant effect on employee performance. In addition, organizational climate variables can also be used as moderating variables or in other words, budgeting variables can affect employee performance through organizational climate variables. This is based on research conducted by Fitrianti [33] who succeeded in finding that organizational climate can be used as a moderating variable in improving performance.

Based on the various things above, it can be clearly seen that both conceptually and empirically, the organizational climate and participation in budgeting together have a positive and significant effect on the performance of IAIN Kendari employees. Therefore, if the leadership of IAIN Kendari wants to improve the performance of its employees, one of the efforts that can be done is to improve the organizational climate and employee participation in institutional budgeting activities based on the indicators of these two influential variables.

6.4. Islamic Economic View between Organizational Climate, Participation in Budgeting and Employee Performance at IAIN Kendari.

6.4.1. Organizational climate in the perspective of Islamic economics at IAIN Kendari.

A good organization is an organization that is able to accommodate all the interests that exist in the organization whose goal is how to build a good organization.

Islam instills respect for values, togetherness, honesty, trust and a sense of responsibility. togetherness to progress requires trust because humans in their creation are social beings who cannot live by themselves to develop a much higher life, this is because humans must help and cooperate with each other.

The findings in this study that there is a positive and significant influence of organizational climate on employee performance with the indicator of leverage is the level of confidence of 27.85%. it can be interpreted that the higher the level of trust, the better the organizational climate which has an impact on improving employee performance.

Allah SWT says in the Qur'an Surah Al-Anfal verse 27:

لَمُونَ أَلرَّسُولَ لَللَّهِ أَلَا أَمَنُوا الَّذِين

Translation: "O you who believe, do not betray Allah and the Messenger (Muhammad) and (also) do not betray the mandates entrusted to you, while you know." (Al-Anfal: 27)

This verse mentions in priority the level of trust (trust) that must be fulfilled by every believer; the trust of Allah, the trust of His Messenger and the trust of fellow believers. What is interesting about the editorial of this verse is that the command to maintain trust (trust) directly mentions the opposite of trust, namely treason. So that the keyword of this verse is more focused on the prohibition of betraying Allah, His Messenger and those who believe. That is, if you betray the mandate of Allah and His Messenger then you mean you have betrayed the trust (trust) among yourselves. In other words, maintaining

the trust of Allah and His Messenger is the strongest fortress so that a person is able to maintain the trust of others.

Allah SWT also says in surah al-a'raf verse 96:

أَنُؤَا ا أَخَذْنُهُم ا لَكِنِ الْأَرْضِ السَّمَاءِ لِيَهُم لَفَتَّخْنَا اَقَقُوا اَمُنُوا الْقُرَى اَهْلَ اَنَّ لُو

Translation: And if the inhabitants of the land had believed and were pious, We would surely have bestowed upon them *blessing from the heavens and the earth, but it turned out that they denied (Our signs), so We punished them according to what they had done.*

Then in the letter Ash-Shura verse 38:

ا لَصَّلَاةِ اَمُوا لِرَبِّهِم اَبُوا لَلَّذِينَ

Translation: And (for) those who accept (obey) the call of their Lord and establish prayer, while their affairs are (decided) by deliberation between them; And they spend part of the sustenance We have given them

The verse above is meaningfully related to the organizational climate in an organization in which employees live in groups to live together and always have deliberation which of course finds various problems that require resolution. The creation of a good organizational climate cannot be separated from the role of each individual, the need for mutual trust, and mutual support to achieve the desired goals.

Based on the description above, it can be concluded that the organizational climate in the perspective of sharia economics is the values for sharing, socializing, organizing by upholding trust (trust), honesty, sincerity and a sense of responsibility in the hope that every leader and employee in the organization can respect each other and maintain the trust so that creating a harmonious relationship between superiors and subordinates or fellow employees which has implications for increasing employee and organizational performance. This is in line with the results of this study which states that there is an influence of organizational climate on employee performance with indicators of leverage level of trust.

6.4.2. Participation in Budgeting in the perspective of Islamic economics at IAIN Kendari.

The important thing for employees to pay attention to when participating in budgeting activities is sharia economic principles. As stated by Masudul Alam Choudhury, in his book, Contributions to Islamic Economic Theory as quoted by Kara [26] that "Islamic economics according to him is based on three principles, namely: (1) the principle of tawheed and brotherhood (the principle of monotheism and brotherhood). , (2) the

principle of work and productivity, and (3) the principle of distributional equity". In addition, according to Karim that "Islamic economic building is based on five universal values, namely monotheism, justice, prophethood, caliphate, and ma'ad (results)".

The principles mentioned above relate to the process of planning, allocation or distribution and budget accountability. as the results of testing the hypothesis in this study which states that there is a positive and significant effect of budgeting participation on employee performance at IAIN Kendari with an indicator of leveraging the influence of the program or control of 36.18%.

If it is associated with sharia economic principles, control or supervision must be carried out through budget transparency and the involvement of subordinates in making budget decisions itself so as to create a budgeting system that is trustworthy, fair and results/output-oriented. Therefore, in the perspective of sharia economics, the enforcement of budget transparency that can be accounted for is a noble Islamic religious obligation. In the Qur'an Surah An-Nahl verse 93:

لُونِ اَلْتُسْطُرُّ

Translation: "And verily you will be asked about what you have done" (Surah An-Nahl: 93).

The paragraph above means that every employee who participates in the preparation of the budget must work with a full sense of responsibility. In this context, the integration of sharia economic principles in the form of supervisory or control regulations has a very strong urgency because it is not only for personal interests but also for the interests of the organization.

This correlation also means that the parties who are entrusted with the responsibility for preparing the budget should be legally linked, so that they have consequences that can be held accountable for their work. as stated in the Qur'an Surah An-Nisa verse 58:

اِنَّ لِّلّٰهِ اَلْعَدْلُ لِنَّاسِ اِلٰهَا لَيَ لَأْمُنْتِ اَللّٰهُ

Translation: "Indeed, Allah commands you to convey the message to those who are entitled to receive it, and (orders you) when determining the law between humans so that you judge with justice. Verily Allah gives the best teaching to you. Verily Allah is All-Hearing, All-Seeing." .

In addition, employees who participate in budgeting need to pay attention to the principle of working in Islam that everything must be done neatly, correctly, and regularly. Every process must be followed properly as the words of the Prophet Muhammad narrated by Imam Tabrani that "Indeed Allah loves people who do a job done itqan (on

time, directed, clear, and complete). This indicates that a clear direction of work, a solid foundation, and transparency are deeds that are loved by Allah SWT.

6.4.3. Employee performance in the perspective of Islamic economics at IAIN Kendari.

Performance in the view of Islam is an achievement obtained by someone in work that follows religious principles or sharia economic principles. This is because Islam has regulated that everyone is able to perform well but good performance is not only enough to run well but must be in accordance with the rules and principles of Islamic economics where in work one must always expect pleasure so that the reward for sustenance obtained gets blessings from Allah SWT. . as contained in the letter At-Taubah verse 105:

لُونِ الشَّهَادَةِ لَعْنِبِ لِمَ لِي لِمُؤْمِنُونَ لَهُ لَكُمْ لِلَّهِ لُونَ ل

Translation: "Work you, then Allah and His Messenger and the believers will see your work, and you will be returned to (Allah) Who knows the unseen and the real, then He will inform you of what you have done.

There are several dimensions of performance in Islamic economics according to Mahsun [34] including:

1. Trust in work which consists of professionalism, honesty, worship and charity;
2. Studying religion and profession consists of: understanding religious values and being diligent/serious in work.

The dimensions mentioned above are in line with this study where organizational climate and budgetary participation have a positive and significant impact on employee performance at IAIN Kendari where organizational climate is determined by indicators of the level of trust/trust in work and perseverance in work based on religious values will determine the results/ good performance, transparency and accountability, especially in preparing the budget at IAIN Kendari.

7. Conclusion and Recommendation

7.1. Conclusion

Based on the results of data analysis and research discussion as described in the previous chapter, the findings of this study can be concluded as follows:

1. There is a positive and significant influence of organizational climate on employee performance at IAIN Kendari is 62.6%. That is, the better the perception and response of employees to the organizational climate, the better the performance of employees at IAIN Kendari.
2. There is a positive and significant effect of budgeting participation on employee performance at IAIN Kendari by 40%. That is, increase employee participation in budgeting activities can improve employee performance at IAIN Kendari.
3. There is a positive and significant effect of organizational climate and participation in budgeting together on the performance of IAIN Kendari employees by 63.7%. That is, to improve employee performance at IAIN Kendari, it must begin with improving the organizational climate and increasing employee participation in budgeting activities.
4. There are several dimensions of performance in Islamic economics according to Mahsun [34] including: 1). Trust in work which consists of professionalism, honesty, worship and charity; 2) Studying religion and professions consists of: understanding religious values and being diligent/serious in working. The dimensions mentioned above are in line with this study where organizational climate and budgetary participation affect the performance of employees at IAIN Kendari because the organizational climate is determined by indicators of the level of trust/trust at work and perseverance in work based on religious values will determine good results/performance. , transparent and accountable, especially in preparing the budget at IAIN Kendari.

8. Recommendation

Some suggestions related to this research include the following:

1. The leadership of IAIN Kendari as the highest policy maker at the Kendari State Islamic Institute to further improve the quality organizational climate and improve employee participation in decision making and budgeting activities.
2. In an effort to improve employee performance, the leadership of IAIN Kendari should pay attention to several indicators which in this study were found that still need to be considered and improved, namely the indicators of togetherness in making decisions, implementing activities and evaluating employee performance.

3. In the implementation of budgeting, it must always be based on Islamic economic values and principles so as to produce a good, transparent and accountable work plan.
4. Further research is needed regarding other variables that can affect employee performance at IAIN Kendari.

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