

Enhancing Managerial Performance Through Budgeting and Fairness: the Moderating Effect of Cost Consciousness

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A R T I C L E I N F O

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A B S T R A C T

This study aims to examine the effect of budgetary participation, distributive justice, and procedural justice on managerial performance, with cost consciousness as a moderating variable. The research was conducted at Hospital Tk II dr J.A Latumeten Ambon, involving 80 respondents consisting of structural and functional officials who play an active role in budget preparation and implementation. The study used a quantitative method with an explanatory approach and data were analyzed using the Partial Least Squares method. The results show that budgetary participation and distributive justice have no significant effect on managerial performance, while procedural justice has a significant positive effect. In addition, cost consciousness significantly moderates the relationship between distributive justice with procedural justice and managerial performance, but does not moderate the relationship between budgetary participation with managerial performance. These findings suggest that organizations need to focus not only on employee participation in budgeting, but also on ensuring fairness in procedures and building cost awareness to improve managerial performance.

INTRODUCTION

In today's highly competitive business and public sector landscape, organizations are driven to consistently improve operational effectiveness and efficiency. Strengthening managerial performance is essential in this pursuit, given that managers are central to strategic planning, resource management, and the achievement of organizational objectives (Kariithi & Wangari, 2024 ; Hansen & Mowen, 2007) Empirical evidence, however, reveals that many organizations, particularly government owned hospitals continue to face substantial challenges in improving managerial performance. According to a survey conducted by the Indonesian Ministry of Health (2023), involving 87 public hospitals in Indonesia, approximately 64% is reported suboptimal managerial performance, especially in areas related to budget planning and resource allocation. Although structured and detailed budgets were already in place, many managers concerns about their limited involvement in the budgeting process, perceived inequities in resource distribution, and dissatisfaction with the lack of transparency in decision making procedures.

Consequently, managerial motivation and commitment to achieve organizational objectives tend to decline, adversely affecting overall performance. Febriana Kartasari et al. (2020) assert that optimal managerial performance can be achieved when there is a strong alignment between managers' involvement in the budgeting process (budget participation) and their perceptions of organizational justice. Budget participation allows managers to contribute to financial planning, increasing their sense of ownership, responsibility, and motivation (Alhasnawi et al., 2023 ; Riyadh et al., 2023). However, the effectiveness of this participation is significantly influenced by how fair they perceive the organization (Triana et al., 2022). In this context, two key dimensions of organizational justice, distributive justice and procedural justice, play a critical role (Aguilar-Quintana et al., 2020). Distributive justice refers to the perceived fairness in the allocation of resources, such as budgets, rewards, or responsibilities (Buchori et al., 2025). When managers believe that these allocations are equitable and based on merit or effort, they are more likely to be committed to achieving performance targets (Enaldi et al., 2025). Procedural justice, on the other hand, concerns the fairness of the processes and rules used to make decision (Kevin & Leben, 2024). When budgeting procedures are transparent, consistent, and inclusive, managers are more likely to accept the outcomes, even if they are not personally favorable, because they trust the process (Purnomo et al., 2023). The presence of both distributive and procedural justice fosters a work environment where managers feel valued, respected, and fairly treated, which in turn enhances their motivation, decision-making quality, and overall performance (Aditia & Nasution, 2020).

Ideally, organizations can enhance managerial performance by promoting budgetary participation, and ensuring both distributive and procedural justice. Budget participation allows managers to engage directly in financial planning, fostering a sense of ownership and accountability (Ali Al-Zu, 2020 ; Mashhi, 2022 ; Zarish et al., 2022). Distributive justice, which relates to the perceived fairness in the allocation of resources, has been shown to enhance job satisfaction and commitment (Muqtafi et al., 2024 ; Firana & Abbas, 2020 ; Cohen & Spector, 2021). Procedural justice, reflecting fairness in the processes of decision making, is linked to increased

trust and employee loyalty (Pathardikar et al., 2022). These three factors work synergistically to create a healthy and productive work environment.

Moreover, cost consciousness has emerged as a significant factor that may moderate the relationships among these variables. Hermundsdottir & Aspelund (2022) found that cost consciousness positively influences managerial performance, particularly by promoting efficiency. Similarly associated cost consciousness with organizational culture and management control systems. Managers with high levels of cost consciousness are typically more prudent in budget planning, resource allocation, and expenditure control. This awareness not only drives cost-saving behaviors but also reflects a broader concern for maintaining organizational effectiveness without compromising service quality. Despite its relevance, empirical investigations exploring the moderating role of cost consciousness in the relationship between budget participation, distributive justice, procedural justice, and managerial performance remain scarce especially within the context of public sector institutions. Previous studies have consistently demonstrated the positive effects of budget participation, distributive justice, and procedural justice on managerial performance (Jatmiko et al., 2020 ; Soleiman & Wahabthalib, 2021 ; Dwi & Indriani, 2020). However, despite the extensive literature on these direct relationships, there remains a notable research gap in the integration of cost consciousness as a moderating variable, particularly in public sector settings such as hospitals.

This study aims to address this gap by examining how cost consciousness moderates the relationship between budgetary participation, distributive justice, procedural justice, and managerial performance. Existing literature predominantly focuses on the direct effects of these variables without adequately considering individual level factors that may strengthen or weaken such relationships. Understanding the moderating role of cost consciousness is essential for designing more targeted interventions, such as cost awareness training or efficiency focused campaigns tailored to managerial responsiveness. Conversely, high cost consciousness enhances the impact of perceived fairness and participatory budgeting by encouraging responsible financial behavior and resource stewardship. Therefore, cost consciousness serves as a critical psychological mechanism that can either amplify or diminish the effects of budgeting practices and organizational justice on managerial effectiveness.

The selection of Hospital Tk II dr J.A Latumeten Ambon as the research site is underpinned by both practical relevance and academic significance. Unlike large urban hospitals with more centralized resources and infrastructure, this hospital faces distinct challenges in terms of budget limitations, human resource management, and administrative decision-making processes. Preliminary observations and internal reports suggest notable gaps between budget planning and execution, along with limited managerial involvement in financial decision-making. These issues are further exacerbated by a hierarchical organizational culture and increasing demands for public accountability in healthcare service delivery. Such dynamics present a compelling context for investigating how participative budgeting, perceptions of justice, and cost consciousness interact to influence managerial performance. Studying this hospital offers valuable insights into the operational realities of public healthcare institutions operating in resource-constrained settings. The findings are expected to

extend the theoretical discourse on budgetary control and performance management in the public sector and provide practical implications for designing more inclusive, fair, and cost-sensitive budgeting practices across similar institutions.

Moreover, the novelty of this research lies in its comprehensive approach, which not only investigates the direct impact of budgeting practices and justice perceptions on managerial performance but also explores how cost consciousness can amplify or attenuate these effects. The study contributes to the theoretical discourse by offering deeper insights into the interplay between budgeting, fairness, and performance, and provides practical implications for organizations seeking to design more effective management strategies and budgeting policies aligned with the psychological profiles of their managers. Ultimately, the findings are expected to inform the development of a more contextually grounded and holistic model for improving managerial performance, particularly within the public sector where challenges in resource efficiency and operational effectiveness are most pronounced.

THEORETICAL FRAMEWORK AND EMPIRICAL STUDIES (12 pt)

Managerial Performance

Managerial performance is grounded in two fundamental motivational theories: Goal Setting Theory by Locke & Latham (1990), and Expectancy Theory by Blau (1964). These theories explain that clear goals and expectations of outcomes can significantly motivate managers to achieve higher levels of performance. Managerial performance refers to the outcomes derived from various managerial activities conducted through the effective use of available resources. Mahoney et al. (1963) developed a comprehensive framework for assessing managerial performance across eight key dimensions: planning, investigating, coordinating, evaluating, supervising, staffing, negotiating, and representing. In alignment with this framework, Alhasnawi et al. (2023) define managerial performance as the effectiveness with which managers carry out their responsibilities, encompassing a range of managerial tasks such as planning, implementation, resource management, accountability reporting, training, and supervision. Buchori et al. (2025) and Azizah et al. (2021) conceptualizes managerial performance as the capacity or success demonstrated by individuals or groups within an organization in fulfilling their functions, duties, and responsibilities in daily operations. Unlike employee performance, which is often directly observable, managerial performance is inherently more complex and indirect. Samosir et al. (2021) highlights that optimal managerial outcomes are more likely when all organizational units are actively involved in the budgeting process, thereby promoting efficient budget utilization. Similarly, Riyadh et al. (2023) emphasizes that perceived fairness in budgeting procedures contributes to improved managerial accountability. Firana & Abbas (2020) and Nandang et al. (2023) further describes managerial performance as the collective effort exerted by employees on behalf of the organization to achieve its intended goals.

Budgetary Participation

Budgetary participation represents a critical element in an organization's financial planning process, allowing managers to provide input, engage in deliberation, and contribute to the formulation of financial targets. Rooted in agency theory Adams (1965), budgetary participation posits that involving agents in the

budgeting process reduces information asymmetry and enhances managerial commitment. Such involvement fosters a sense of ownership over organizational decisions and strengthens the drive to achieve performance goals (Jatmiko et al., 2020). Empirical evidence from Alhasnawi et al. (2023) suggests that budgetary participation significantly improves managerial performance by enhancing managers' sense of responsibility and understanding of resource allocation. Similarly, Hansen & Mowen (2007) argue that active participation in budgeting encourages innovation and strengthens accountability. According to Riyadh et al. (2023) when managers are involved and influential in the budgeting process, they develop positive attitudes and behaviors, as they feel valued and, consequently, become more committed to organizational objectives. This commitment is driven by a sense of responsibility and a desire to achieve collectively agreed goals. Siswo et al. (2021) further emphasizes the importance of clearly articulated, detailed, and comprehensible budgetary goals for employees responsible for budget planning and execution. Clear objectives improve employee understanding, thereby enhancing the likelihood of achieving desired performance outcomes. Further studies by Lameira Silva et al. (2020) show budgetary participation directly and positively influences managerial attitudes toward budgeting, job satisfaction, and controllers' performance in budget activities.

H1: Budgetary participation has a positive effect on managerial performance.

Distributive Justice

Distributive justice in organizations refers to the extent to which individuals perceive the allocation of resources, incentives, and workloads as fair. This concept is grounded in equity theory Adams (1965), which posits that individuals evaluate fairness by comparing the ratio of their inputs (e.g., efforts, skills, time) to outcomes (e.g., rewards, recognition) with those of others. A perceived imbalance in these comparisons often leads to feelings of inequity. Distributive justice is achieved when there is a perceived equilibrium between individual contributions and the rewards received. It reflects the fairness perceived in how organizational resources and benefits are distributed among members (Alterman et al., 2021). Muqtafi et al. (2024) describe distributive justice as a measure of appropriateness, implying that employees feel the allocated budget sufficiently meets their operational needs. In this regard, justice in budget distribution indicates a level of responsiveness to the practical and diverse needs of various organizational units. Samosir et al. (2021) highlights that when budgeting decisions are centralized among a limited group, discrepancies can arise because the unique issues faced by individual departments are often overlooked due to a lack of comprehensive information. Aguiar-Aguiar-Quintana et al. (2020) further notes that perceived unfairness in budget allocations can undermine employee performance and diminish their sense of responsibility. Conversely, in public sector contexts, Firana & Abbas (2020) emphasize the importance of distributive justice in fostering managerial performance and sustaining commitment to public service delivery. Further studies by Lameira Silva et al. (2020) show budgetary participation and distributive justice directly and positively influences managerial attitudes toward budgeting, job satisfaction, and controllers' performance in budget activities.

H2: Distributive justice has a positive effect on managerial performance.

Procedural Justice

Procedural justice represents a key dimension of organizational justice, rooted in Equity Theory by Adams (1965) and Social Exchange Theory by John B (1964). These theoretical frameworks suggest that individuals within organizations evaluate not only the outcomes of decisions but also the fairness of the processes by which those decisions are made. Expanding upon this, Tyler (1989) emphasized the role of process control in shaping individuals' perceptions of fairness. Procedural justice is thus defined as the perceived fairness of the methods, rules, and procedures used in organizational decision making. Leventhal (1980) proposed six essential criteria to assess the fairness of procedures: consistency, bias suppression, accuracy of information, correctability, representativeness, and adherence to ethical standards. Consistent with this framework, Kevin & Leben (2024) argued that perceptions of procedural fairness are reinforced through reliable processes in salary determination, compliance with organizational norms, avoidance of conflicts of interest in resource allocation, timeliness, regulatory adaptability, stakeholder representation, and ethical conduct. Firana & Abbas (2020) further highlighted that procedural justice pertains to the fairness of the methods and processes used to determine the distribution of outcomes within public sector organizations. Empirical studies have demonstrated the importance of procedural justice in enhancing employee performance. Pathardikar et al. (2022) found that fair and transparent procedures significantly influence individual work performance. Similarly, Langevin & Mendoza (2021) revealed that perceived fairness in the budget formulation process contributes to improved managerial performance, both directly through enhanced perceptions of procedural fairness and indirectly through strengthened perceptions of distributive justice. In addition, Muqtafi et al. (2024) observed that improved procedural justice within organizations positively affects employee engagement in the budgeting process, reinforcing participatory decision making and shared accountability.

H3: Procedural justice has a positive effect on managerial performance.

Cost Consciousness

Cost consciousness is rooted in Institutional Economics Theory by North (1990) and Agency Theory by Meckling & Jensen (1976), which explain how cost awareness shapes managerial behavior and influences resource allocation decisions within organizations. Numerous studies have examined the relationship between cost consciousness and managerial performance across various organizational contexts. Hermundsdottir & Aspelund (2022) found that cost consciousness significantly impacts managerial performance, supporting the Stewardship Theory, which posits that cost aware managers act as responsible stewards of organizational resources. Dwi & Indriani (2020) developed a valid and reliable scale of cost consciousness and demonstrated its influence on managerial behavior. This study also aligns with the Theory of Planned Behavior by Ajzen (1991) which emphasizes that attitudes and perceptions shape behavioral intentions and actions. From a management accounting perspective, cost consciousness acts as a moderating variable that influences the relationship between managerial control systems and cost efficiency (Rosyidah et al., 2022). Aditia & Nasution (2020) conceptualize it as a cultural and behavioral phenomenon, where its presence strengthens or weakens the impact of planning mechanisms and compensation structures on cost-saving behaviors. Hapsoro & Elly

(2020) further demonstrate that cost consciousness moderates the effect of organizational factors such as power structures, accounting information clarity, and motivation on financial discipline, with managerial behavior serving as a mediator. In environmental and innovation contexts, Komarudin et al. (2024) and Judijanto & Sumantri (2024) highlight its moderating role by showing that cost consciousness determines the extent to which sustainable practices (e.g., circular economy) or technological adoption lead to measurable cost reductions. Specifically, high cost consciousness enhances the positive effects of these initiatives, while its absence may result in suboptimal outcomes. This moderating mechanism underscores its critical role in linking strategic policies with operational execution.

H4: Cost consciousness moderates the effect of budget participation on managerial performance.

H5: Cost consciousness moderates the effect of distributive justice on managerial performance.

H6: Cost consciousness moderates the effect of procedural justice on managerial performance.

RESEARCH METHODS

This study adopts a quantitative approach with an explanatory research design to examine the relationships between budget participation, distributive justice, procedural justice, cost consciousness, and managerial performance. Data were analyzed using the Partial Least Squares (PLS) method via SmartPLS 3.0 software. This method was chosen due to its suitability for handling models involving latent variables, including moderation effects, as well as its robustness in situations involving small sample sizes and data that do not fully meet normality assumptions.

The research was conducted at Hospital Tk II dr J.A Latumeten Ambon, which implements a performance based budgeting system and possesses a relatively complex managerial structure. The study population comprised all structural and functional officials involved in the planning and implementation of the hospital's budget. The sample was selected using purposive sampling with the following criteria: (1) serving as a unit coordinator or a designated specialist staff member, (2) having a minimum of one year of work experience, and (3) directly involved in budget preparation and execution. Based on these criteria, a total of 80 respondents were selected.

RESULTS

This study aims to investigate the effects of budget participation, distributive justice, and procedural justice on managerial performance, with cost consciousness as a moderating variable. To achieve this objective, the research was conducted through several analytical stages, including an analysis of respondent demographics, instrument validity and reliability testing, and hypothesis testing.

The analysis of demographic characteristics was conducted to understand the profile of the respondents who participated in the study. Validity and reliability tests were performed to assess the appropriateness and consistency of the measurement instruments used. Subsequently, hypothesis testing was carried out to determine whether the proposed hypotheses in this study were accepted or rejected.

Descriptive Analysis

The initial analysis conducted was a descriptive analysis, aimed at outlining the characteristics of the respondents. The total number of respondents in this study was 80 individuals. All 80 distributed questionnaires were returned and subsequently analyzed, as they provided complete responses and passed the data evaluation process. The demographic characteristics of the respondents are presented in Table 1 below:

Table 1. Demographic Characteristics of Respondents

Profile of Respondents		Frequency	Percentage
Gender	Male	46	57.5%
	Female	34	42.5%
Age	Less than 25	6	7.5%
	25-35	26	32.5%
	36-45	20	25%
Working Time	Above 45	28	35%
	1-3 year	28	35%
	4-6 year	10	12.5%
	Above 6 year	42	52.5%
Department	Coordinator	24	30%
	Specialist Staff Member	56	70%

Source: Research Data

This study involved 80 respondents from Hospital Tk II dr J.A Latumeten Ambon, consisting of both structural and functional officials who actively participated in the budget preparation and implementation processes. In terms of gender distribution, 57.5% of the respondents were male and 42.5% were female. Regarding age, 7.5% of the respondents were under 25 years old, 32.5% were between 25 and 35 years old, 25% were aged 36–45 years, and 35% were over 45 years old. In terms of tenure, 35% of respondents had 1–3 years of service, 12.5% had 4–6 years, and the majority, 52.5%, had more than 6 years of work experience. This demographic composition reflects a diversity of experience and perspectives among the respondents, providing a valuable context for analyzing the relationships among the research variables.

Validity and Reliability Test

The second analytical step involved assessing the validity and reliability of the measurement instruments. The outcomes of this analysis are presented in the following tables.

Table 2. Validity Test

Variable	Indicators	Outer Loading	Validity
Budgetary participation	BP1	0.70	Valid
	BP2	0.75	Valid
	BP3	0.80	Valid
	BP4	0.81	Valid
	BP5	0.70	Valid
	BP6	0.77	Valid
	BP7	0.70	Valid
Distributive Justice	DJ2	0.72	Valid
	DJ3	0.76	Valid
	DJ4	0.83	Valid
	DJ5	0.73	Valid
	DJ6	0.84	Valid
	DJ7	0.84	Valid
	DJ8	0.84	Valid
	Procedural Justice	PJ4	0.89
PJ5		0.90	Valid
PJ6		0.80	Valid
PJ8		0.80	Valid
Managerial Performance	MP1	0.79	Valid
	MP3	0.79	Valid
	MP4	0.80	Valid
	MP5	0.87	Valid
	MP6	0.82	Valid
	MP7	0.83	Valid
	MP8	0.73	Valid
	Cost Consiousness	CC1	0.79
CC2		0.84	Valid
CC3		0.83	Valid
CC4		0.90	Valid
CC5		0.77	Valid
CC6		0.74	Valid
CC7		0.75	Valid
CC8		0.77	Valid

Source: Research Data

As shown in Table 2, all measurement items demonstrate strong construct validity, with factor loadings exceeding the recommended threshold of 0.70 (Sugiyono, 2017). This indicates that each indicator adequately reflects its corresponding latent construct.

Table 3. Construct Validity and Reliability Testing

Variable	Composite Reliability	Cronbach Alpha	AVE
Budgetary participation	0.87	0.90	0.55
Distributive Justice	0.90	0.92	0.63
Procedural Justice	0.87	0.91	0.72
Managerial Performance	0.91	0.93	0.65
Cost Consciousness	0.92	0.93	0.64

Source: Research Data

Table 3 presents the results of reliability testing using Cronbach’s Alpha and Composite Reliability. The values obtained surpass the minimum acceptable threshold of 0.50, confirming that all constructs exhibit satisfactory internal consistency and reliability (Hair et al., 2014).

Table 4. R Square Results

Variable	R-Square
Managerial Performance	0.53

Source: Research Data

The R-squared (R^2) value for the dependent variable, Managerial Performance, is 0.53. This suggests that 53% of the variance in managerial performance can be explained by the independent variables budget participation, distributive justice, procedural justice, and cost consciousness. The remaining 47% is attributable to factors not included in the model. This level of explanatory power indicates a moderate predictive capability, consistent with the classification provided by Hair et al. (2010). Moreover, this finding opens avenues for future research by incorporating additional explanatory variables, such as leadership style or organizational culture.

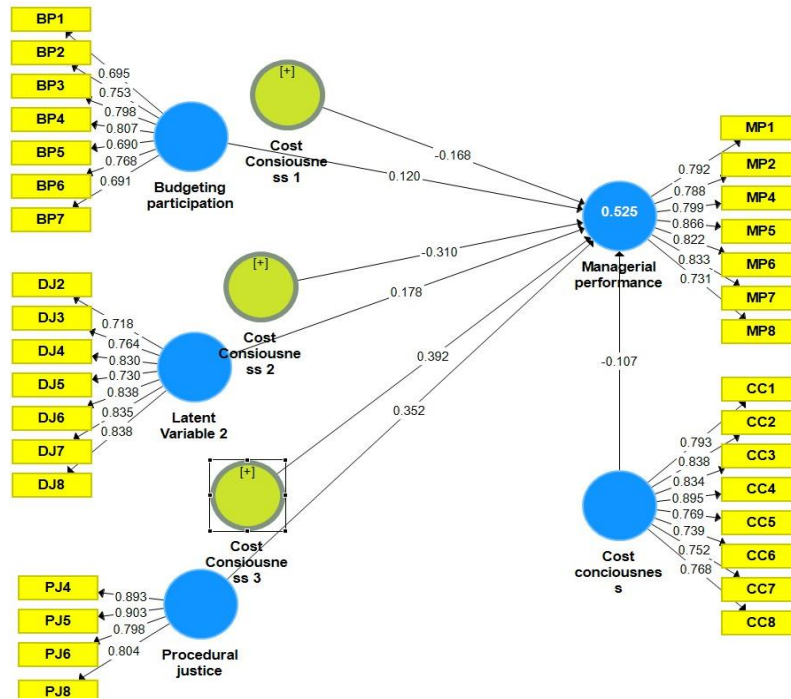
Hypothesis Testing

Subsequent analyses focused on hypothesis testing, with the results summarized in Table 6.

Table 6. Hypothesis Test Results

	Hypothesis	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Signification	Result
H1	X1 -> Y	0.139	0.864	0.388	Not Significant	Rejected
H2	X2 -> Y	0.158	1.127	0.26	Not Significant	Rejected
H3	X3 -> Y	0.163	2.162	0.031	Significant	Accepted
H4	X1*Z -> Y	0.142	1.186	0.235	Not Significant	Rejected
H5	X2*Z -> Y	0.135	2.304	0.021	Significant	Accepted
H6	X3*Z -> Y	0.162	2.413	0.016	Significant	Accepted

Source: Research Data



Source: Research Data

The findings indicate that budget participation does not have a statistically significant effect on managerial performance ($p = 0.388$). Similarly, distributive justice does not exhibit a significant influence on managerial performance ($p = 0.260$). However, procedural justice was found to have a significant positive effect on managerial performance ($p = 0.031$).

Moderation analysis further revealed that cost consciousness does not significantly moderate the relationship between budget participation and managerial performance ($p = 0.235$). Conversely, cost consciousness significantly moderates the relationship between distributive justice and managerial performance ($p = 0.021$), as well as the relationship between procedural justice and managerial performance ($p = 0.016$). The significance of these path coefficients was established through a bootstrapping procedure using SmartPLS, with p -values below the 0.05 threshold indicating statistically significant effects (Hair et al., 2014).

In summary, while budget participation and distributive justice do not exert a direct effect on managerial performance, the moderating role of cost consciousness enhances the influence of distributive and procedural justice. This highlights the critical function of cost consciousness as a contextual factor that strengthens the impact of budget justice dimensions on managerial outcomes. These findings offer valuable insights for organizations aiming to improve managerial performance through more nuanced budgetary practices.

Effect of Budgetary Participation on Managerial Performance

Based on the statistical findings indicating that budget participation does not have a significant effect on managerial performance (p -value = 0.388), the corresponding hypothesis is rejected. Empirical evidence from this study suggests that although managers provide subordinates with opportunities to engage in the budgeting process according to their areas of responsibility, and although employee

contributions and suggestions are considered throughout budget formulation, such participatory practices do not necessarily enhance managerial competencies in planning, coordination, and staff supervision. This implies that the extent of employee involvement in budgeting regardless of its frequency or inclusivity may not directly translate into improved managerial performance. This result is consistent with Triana et al. (2022), who found that budget participation does not exert a positive influence on managerial performance in Raden Mattaher Jambi Regional General Hospital, this is because the level of employee involvement in the budgeting process is low. Employees are indeed involved in the budgeting process but the involvement of these employees is only limited to participating in planning because it is an obligation to participate but that involvement is not balanced by using creative ideas owned by employees. In real practice, budget participation often becomes a procedural formality rather than a meaningful process. Employees attend budget meetings and submit proposals primarily to comply with institutional requirements, not because they believe their input will significantly impact decisions. The budgeting process remains highly centralized, with final decisions made by top management regardless of staff suggestions. For instance, nurses and department heads may spend hours preparing budget requests, only to receive pre-determined allocations that disregard their operational needs and expertise.

This study is not in line with research conducted by Alhasnawi et al. (2023) which shows that budgetary participation has a positive and significant relationship with managerial performance in higher education institutions (HEIs). This shows that the higher the level of employee participation in budgeting, the performance generated by the employee will also experience a significant increase. Good performance can produce output that matches the input. So that the budget as a control tool controls the use of available resources to achieve optimal results.

Effect of Distributive Justice on Managerial Performance

The study also reveals that distributive justice does not significantly influence managerial performance (p -value = 0.260), leading to the rejection of the second hypothesis. Despite managers perceiving the allocation of budgets as fair and proportional to workload and unit contributions, such perceptions alone appear insufficient to enhance managerial functions related to planning, organizing, implementing, and controlling organizational activities. In hospital settings, this phenomenon is exacerbated by uneven budget allocations across departments. For instance, critical units like emergency or intensive care often receive disproportionate funding, while support departments (e.g., administration or maintenance) face chronic underfunding. This inequity creates operational bottlenecks, demotivates staff in under resourced units, and ultimately hinders overall hospital performance. This finding highlights that perceived fairness in resource distribution may not effectively drive performance improvements without the support of other critical factors such as motivation, organizational culture, or institutional support. This conclusion is in line with Yuliansyah & Ashfaq (2021), who observed that distributive justice in Indonesia Stock Exchange-listed financial institutions, even when not achieved, does not necessarily impair employee performance or reduce work quality, as employees may choose to remain committed despite perceived injustices. This study is not in line with Alterman et al. (2021) which show that fairness information derived from a

combination of pay secrecy perceptions and distributive justice can meaningfully predict turnover intentions via organizational trust is important for two reasons, its mean distributive justice successfully affected managerial performance. In hospitals, persistent budget inequities erode trust in leadership, exacerbating turnover risks particularly among nurses and technicians in underfunded units. Thus, while distributive justice may fail to universally predict managerial performance, its absence in resource-dependent sectors like healthcare can have outsized consequences.

Effect of Procedural Justice on Managerial Performance

Procedural justice is found to have a statistically significant positive effect on managerial performance (p -value = 0.031), supporting the acceptance of the corresponding hypothesis. Empirically, this finding underscores the importance of fair budgeting procedures such as inclusive participation, transparency in decision making, consistency in rule application, and the opportunity for feedback and approval in enhancing managerial capabilities. Such procedures foster a sense of recognition and confidence among managers, enabling them to fulfill their roles more effectively. These results are supported by the findings of Muqtafi et al. (2024), which demonstrate that procedural justice significantly and positively affects employee performance in honorer teacher of islamic high school in Pacitan. Moreover, Lameira Silva et al. (2020) found that procedural justice had a significant effect on managerial performance in employee of banking sector in Brazil. The underlying mechanism can be explained through employees' perceptions of being valued when organizational decision making processes are conducted in a fair, transparent, and consistent manner. Fair treatment fosters higher motivation, organizational commitment, and a stronger sense of responsibility, which ultimately enhances overall performance.

Effect of Cost Consciousness as Moderator

The moderation analysis demonstrates that cost consciousness significantly moderates the relationship between distributive justice and managerial performance (p -value = 0.021), as well as between procedural justice and managerial performance (p -value = 0.016). However, it does not significantly moderate the relationship between budget participation and managerial performance (p -value = 0.235), these result is similar with Hapsoro & Elly (2020) found that cost consciousness negatively affect managerial performance because people who have power over critical factors in the company tend not to be controlled by management. These results indicate that a high level of cost consciousness among managers can amplify the positive effects of fair distribution and procedural justice on performance outcomes. However, in the context of budget participation, cost awareness alone is insufficient to enhance managerial performance if participatory mechanisms do not exert a tangible influence on decision making or resource utilization. This suggests that without effective integration of participation into strategic and operational processes, cost awareness may remain an isolated cognitive orientation rather than a performance enhancing factor. This result is supporting by Dwi & Indriani (2020) found that distributive justice and managerial performance significantly increases cost consciousness in manufacturing companies in Indonesia, it can be concluded that the cost consiousness is able to moderate the relationship between budget participation and managerial performance.

CONCLUSION, SUGGESTION, AND LIMITATION

Based on the findings of this study, it can be concluded that budget participation does not have a significant effect on managerial performance. This suggests that although employees are involved in the budgeting process, such participation alone is insufficient to enhance managers' abilities in planning, coordinating, and supervising organizational tasks. Similarly, distributive justice was found to have no significant impact on managerial performance, indicating that perceptions of fair budget allocation, while important, are not adequate to drive performance improvements without the support of complementary factors such as employee motivation or organizational culture. In contrast, procedural justice demonstrated a significant positive effect on managerial performance, emphasizing the critical role of transparent, consistent, and participatory procedures in the budgeting process. These elements are instrumental in improving managerial effectiveness. Additionally, cost consciousness was found to significantly moderate the relationship between both distributive, procedural justice and managerial performance, but not the relationship between budget participation and managerial performance. These results highlight the importance of cost consciousness as a reinforcing factor that strengthens the influence of organizational justice on performance outcomes. Based on the findings of this study, it can be concluded that budget participation and distributive justice do not significantly influence managerial performance, while procedural justice does. These results align with North (1990). Economics Theory, which underscores the importance of institutional procedures in shaping behavior and performance, and Agency Theory by Meckling & Jensen (1976) which emphasizes the need for formal mechanisms such as fair procedures to align managerial actions with organizational goals. The significant effect of procedural justice supports the Goal Setting Theory by Locke & Latham (1990), as clear and consistent procedures help managers internalize performance targets.

In light of these findings, it is recommended that organizations do not limit their focus to employee involvement in the budgeting process, but also ensure that budgeting procedures are implemented in a fair, transparent, and consistent manner. Furthermore, organizations should consider providing training or awareness programs to emphasize the importance of cost consciousness among managers, enabling them to manage budgets more efficiently and effectively. Future research is encouraged to incorporate additional variables such as leadership style, organizational culture, or reward systems, to further deepen the understanding of factors influencing managerial performance and to generate more comprehensive recommendations for organizational development.

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