



Procedural Fairness in Budgeting and Employee Performance in The Context of Information Sharing

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Abstract

Information sharing and procedural fairness are crucial for achieving business objectives through employee performance. The results of this research will help firm management make decisions about how to improve employee and company performance by upholding procedural fairness and increasing information sharing between superiors and subordinates. This research aims to examine the effect of procedural fairness on information sharing, the effect of information sharing on employee performance, and the mediating role of information sharing on the effect of procedural justice on employee performance. This study uses primary data collected through questionnaires. The sample consisted of 108 sub-manager level employees (services, trade, and manufacturing) selected based on a purposive sampling technique. Data analysis was conducted using the regression method. Data analysis findings indicate that procedural fairness affects employee performance, which is mediated by information sharing. If procedural justice is applied, communication will be better, especially regarding relevant information; this can improve employee. As demonstrated by empirical studies of Indonesian companies, there is currently no research that reveals the relationship between procedural fairness, information sharing, and employee performance. However, cross-sectional studies have flaws because they frequently lack evidence of causal links between the variables they study. According to empirical studies on Indonesian organizations, no research has demonstrated a connection between procedural fairness, information sharing, and employee performance. Based on the results of the data analysis, it can be concluded that procedural fairness and information sharing positively related to employee performance.

Keywords: *Information Sharing; Procedural Fairness; Employee Performance; Budgeting; Regression*

INTRODUCTION

Organization goals are influenced by employee performance. Organizations strive to improve employee performance with the hope that company goals can be achieved (Suwati, 2013). However, employee performance is also determined by procedural fairness. According to Van Prooijen et al. (2004), procedural fairness is applied when employees have the opportunity to express their opinions in decision-making within an organization. When employees are involved in the company's decision-making process, it indirectly increases cooperation and commitment to achieving organizational goals (Melhem, 2019). Employee commitment to a company is caused by procedural fairness (Quratulain & Sabharwal, 2017).

An implication of procedural fairness in companies is the involvement of employees in budget preparation. In making a budget, there is employee involvement in providing information to superiors; this information can improve employee performance and the accuracy of employee preparation, which has an impact on company performance (Parker & Kyj, 2004). The influence of information sharing on employee performance: superiors can help subordinates develop strategies and ensure that subordinates receive adequate budget support (Mesmer-Magnus & De Church, 2009). Subordinates can provide suggestions for business decisions because they know the field conditions. Apart from the proposals submitted to improve business operations in each division, the budgets made by superiors will also be in accordance with the needs of each division in the company.

According to research conducted by Zainuddin and Isa (2019), involving employee

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participation in budget-making can increase perceptions of fairness toward superiors and the company, so that it not only produces correct decision results but also increases employees' good perceptions of the company. A good perception of a company will increase employee motivation to share information about their actions to support business decisions.

Currently, there are not many studies that combine procedural fairness in the budgeting process and information sharing on employee performance, as demonstrated by empirical studies of companies in Indonesia. Based on research conducted by [Ardian et al. \(2023\)](#), procedural justice does not have a significant impact on employee performance. Research conducted by [Jayus et al. \(2021\)](#) showed that information sharing does not have a significant effect on employee performance. Thus, this research attempts to fill the gap in the literature by exploring the research relationship between procedural fairness in budget participation, information sharing, and employee performance, so that it can answer the gaps in the results of previous research. This research examines how procedural fairness influences information sharing, how information sharing influences employee performance, and how the relationship between procedural fairness and employee performance is mediated by information sharing. Managing the implementation of company policies, especially in the budgeting process, can influence employee performance. A good understanding of the relationship between procedural justice in budgeting, information sharing, and employee performance can provide input to the company to design procedures and carry out management practices more effectively so as to increase employee satisfaction, which will automatically increase employee productivity. Through this research, it is hoped that it will provide recommendations to company management to maintain procedural fairness and increase information sharing between superiors and subordinates to improve employee and company performance.

LITERATURE REVIEW

Procedural Fairness

Procedural fairness describes employee perceptions related to the fairness and appropriateness of a process or procedure used to allocate decisions within an organization ([Pareke & Suryana, 2002](#)). If there is someone in the organization who does not agree with the result of the decision made, they can request a review of the decision. When there has been a refusal of procedural decency, the choice that has been made is invalid, in any case of whether or not the decision itself was a proper or ideal choice ([Dahlstrom, 2013](#)). Procedural fairness can be demonstrated by the organization's participation in making decisions that support company goals ([Lau et al., 2008](#)). If the decision-making process is carried out fairly, the decision will be easier to accept and implement ([Lepri et al., 2017](#)).

Information Sharing

Information sharing is a collaborative and collective concept of sharing information that occurs in social networks ([Talja, 2002](#)). Information sharing comprises two measurements, namely the level and quality of data shared ([Baba et al., 2021](#)). According to the [Department of Defense of the United States \(2007\)](#), information sharing makes information available to participants (people, processes, or systems). Information sharing can be performed proactively and according to requests. Information sharing is the concept of sharing information in two directions between superiors and subordinates with the aim of achieving individual and joint goals.

Employee Performance

The term performance relates to activities performed by employees. Work performance is the realization of the work activities performed by employees ([Sonnentag & Frese, 2002](#)).

According to [Sedarmayanti \(2017\)](#), employee performance is the result of the work of an employee, an organization as a whole, or a management process, in which the proof of this work must be demonstrated in a concrete and measurable manner. Employee performance is the result of carrying out duties and responsibilities, which can be measured in terms of quality and quantity ([Kaelani et al., 2023](#)). Employee performance is related to results, what must be done, and how to achieve it ([Abubakar et al., 2019](#))

Hypotheses Development

Procedural Fairness and Information Sharing

Processes supported by fair procedures in the workplace increase employee loyalty. If there is injustice, employees tend to have low loyalty to achieve company goals. ([Fisher et al., 2002](#); [Cropanzano et al., 2007](#)). A fair procedure can be applied in the budget-making process, which involves employee participation. According to [Kaplanoglou and Bardakas \(2013\)](#), when a budget is considered fair, it encourages the exchange of information between subordinates and superiors to create an appropriate budget in accordance with organizational goals. Employees can provide information about what they are doing. Supervisors can provide information about the company's goals and the responsibilities that employees must perform to achieve those goals. According to [Lin \(2015\)](#), with procedural justice, employees will be given the opportunity to express opinions and control the results of the obtained decisions.

By ensuring that all parties have access to the same pertinent information, information sharing helps promote equity in decision-making processes. If there is no procedural fairness in a company, employees tend to be less willing to discuss personal information with their superiors. If employees feel that there is justice in an organization, their loyalty and motivation to achieve organizational goals will increase, and employees will be willing to share information that can support company goals ([Parker & Kyj, 2004](#)). Improving procedural fairness requires increased information sharing. Fairness impressions are often enhanced when pertinent information is freely and transparently communicated to everyone impacted by a decision-making process. Therefore, based on the results of previous research, a hypothesis was proposed:

H1: Procedural Fairness has a significant effect on Information Sharing

Information Sharing and Employee Performance

If employees are involved in providing information in the budget process, superiors can obtain more complete information regarding the running of the company's operations so that the budget created will be in accordance with the resources employees need to achieve company goals. If the resources needed by employees are met, employees can perform their responsibilities well. ([Mesmer-Magnus & De Church, 2009](#)). The openness of information between superiors and subordinates increases employee motivation at work.

Superiors will provide information regarding goals and strategies to achieve them. Employees are more aware of their duties and responsibilities when they are well-informed about the company's objectives, strategies, and expectations. When employees receive this information, it can also trigger them to innovate by supporting the strategy that the company is pursuing ([Saragih & Harisno, 2015](#)). Employees and management can build trust through open communication and information sharing. A trusting culture encourages employees to be more engaged, committed, and willing to go above and beyond in their work. When employees are motivated to work more optimally, organizational goals are achieved. Therefore, based on the results of previous research, a hypothesis was proposed:

H2: Information Sharing has a significant effect on Employee Performance

Procedural Fairness, Information Sharing, and Employee Performance

Procedural fairness can be implemented in an organization by involving employee participation in its business decision-making process. One organizational business decision is influenced by budgeting. Procedural fairness can be applied in the budget-making process. A budget-making process that involves employees will make the budget more accurate and support business decisions because of employee participation in the form of information sharing between subordinates and superiors. Superiors can convey the organization's business goals and expectations to subordinates. Subordinates can convey information about their duties and responsibilities in terms of the challenges and opportunities they face while working.

Established participation and communication will improve the budget-making process more accurate to achieve company goals. With procedural fairness, employees will have a better level of trust in the company, resulting in good communication between superiors and subordinates through information sharing. Therefore, procedural fairness supported by information sharing can improve employee performance. Employees know what is expected from their superiors, and superiors support what employees need (Zainuddin & Isa, 2019). Therefore, based on the results of previous research, a hypothesis was proposed:

H3: The relationship between Procedural Fairness and Employee Performance is mediated by Information Sharing

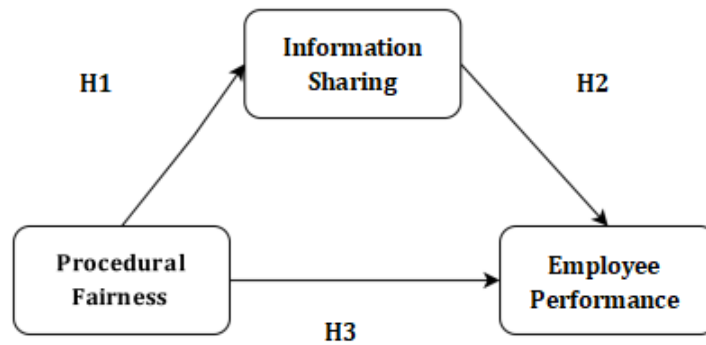


Figure 1. Conceptual Framework

RESEARCH METHOD

Sample and Data

The sample in this research were sub-manager and manager-level employees responsible for the budget-making process in trading, service, and manufacturing companies in West Java. Managers were selected as subjects because they have the power to establish budgets and make decisions that impact team performance. Selecting managers as research subjects can provide more comprehensive information related to the research variables studied. Purposive sampling was used to select the sample for this research. Purposive sampling is a source sampling technique that specifically considers data (Sugiyono, 2016). Data collection was carried out by distributing

questionnaires in the form of a Google Form. The survey was conducted from October 17 to 30, 2023.

Data Analysis

Hypothesis testing uses multiple regression analysis techniques. Multiple regression analysis was performed using the SPSS Statistic Application 25. The multiple regression analysis method was chosen because this research aimed to test the relationship between one variable and two other independent variables so that researchers could find out the correlation of the relative contribution between the variables studied (Yijun, 2024).

Measure

The variables in this research consist of the independent variable, procedural fairness; the mediating variable, information sharing; and the dependent variable, employee performance. Procedural fairness was measured using eight questions previously used in Wentzel (2002) research, which were adapted from Magner and Johnson (1995) and Leventhal (1980). These eight questions measure managers’ and sub-managers’ involvement in budgeting, including discussing budget activities with superiors and revising budgets. These two questions measure the extent to which subordinates share information with superiors regarding the work conditions they encounter and the opportunities and challenges they face in the organization. Information sharing was measured using two questions previously developed by Parker and Kyj (2004). Employee performance is measured using nine questions developed by Mahoney et al. (1965). These nine questions consist of eight performance dimensions: (1) plan, (2) investigate, (3) coordinate, (4) evaluate, (5) supervise, (6) staffing, (7) negotiating, (8) representing, and also (9) one overall performance rating.

FINDINGS AND DISCUSSION

Profile of the Respondent

The total research sample is 108 respondents, as explained in Table 1. The proportion of male and female respondents was nearly equal. The respondents were female (52%) and male (48%). This almost equal gender distribution indicates a balance in the representation of fifth genders in the research. 50% of respondents were under 30 years old, while 25% were between the ages of 30 and 40. The majority of respondents were under the age of 30, indicating that this research was dominated by young employees. The majority of respondents, 74% had a bachelor’s degree, and 62% had worked for more than two years. More than half of respondents have a bachelor’s degree and more than two years of work experience, indicating that the majority of respondents have sufficient knowledge and experience to provide insightful views on the research topic. On average, respondents had fewer than 25 subordinates, and the majority of respondents are in the middle or low-level managerial positions.

Table 1. Respondent Profile

Respondent's Profile			
Demography	Category	Frequency	Percentage
Gender	Male	52	48%
	Female	56	52%
Total		108	
Age	< 30 years	54	50%
	> 60 years	5	5%
	30-40 years	27	25%

Respondent's Profile			
Demography	Category	Frequency	Percentage
	41-50 years	16	15%
	51-60 years	6	6%
Total		108	
Education	Bachelor (S1)	80	74%
	Diploma (S3)	5	5%
	Master or Above (S2/S3)	23	21%
Total		108	
Work Experience	< 2 years	28	26%
	> 11 years	12	11%
	3-5 years	39	36%
	6-8 years	16	15%
	9-11 years	13	12%
Total		108	
Divison	Audit	8	7%
	Finance and Accounting	28	26%
	Human Resource and General Affair	14	13%
	Information and Technology	9	8%
	Logistics	10	9%
	Production	10	9%
	Quality Assurance	7	6%
	Selling/ Marketing	17	16%
	Other	5	5%
Total		108	
Industries	Service	29	27%
	Trade	43	40%
	Manufacture	30	28%
	Other	6	6%
Total		108	
Number of Subordinates	< 25 employees	67	62%
	25-50 employees	16	15%
	50-100 employees	12	11%
	100-200 employees	8	7%
	200-500 employees	3	3%
	> 500 employees	2	2%
Total		108	
Number of Employees	< 100 employee	18	17%
	100-500 employees	32	30%
	500-1000 employees	15	14%
	1000-2000 employees	13	12%
	2000-5000 employees	10	9%
	5000 - 10.000 employee	10	9%
	> 10.000 employee	10	9%
Total		108	

While the respondents have diverse professional backgrounds, the majority are employed in the Finance and Accounting, Sales and Marketing, Human Resources, and General Affairs sector. 40% of them worked in trading companies. This trend was followed by the manufacturing and service sectors, which accounted for 80% of companies with more than 100 employees.

Descriptive Statistic

Descriptive statistics are the process of creating tabulated research data. Tabulation is the process of placing data into tabular form so that information is available and conveyed more clearly. Descriptive statistical analysis is used to provide information in tabular form that explains the largest value, smallest value, average, and standard deviation for the variables studied, namely: Procedural fairness, information sharing, and employee performance.

Table 2. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PF	108	12	40	28.78	6.038
IS	108	3	10	7.38	1.843
EP	108	18	45	29.28	5.926
Valid N (listwise)	108				

Based on the descriptive statistical analysis of the 108 research sample data, the research variables can be explained as follows: The value of procedural fairness variable has a minimum value of 12, a maximum value of 40, a mean value of 28.78, and a standard deviation value of 6.038. The minimum value of 12 indicates that among the respondents, there is the lowest perception of procedural fairness is quite low. This could indicate that some respondents feel that the decision-making process in an organization is unfair or less transparent. The maximum value of 40 indicates respondents who have the most positive perceptions of procedural fairness. This indicates that some individuals in this research feel that the procedures in their organizations are fair. The mean value of 28,78 indicates that overall respondents’ perceptions of procedural fairness are moderate. This value indicates that perceptions of procedural fairness were not the lowest; however, there is room for improvement. The standard deviation value is 6,038 shows how much variation of respondent’s perceptions of procedural fairness. Since the standard deviation is relatively large compared to the mean, it shows that respondents’ perceptions are quite varied: some are very satisfied with procedural fairness, while others are less satisfied.

The value of the information sharing variable has a minimum value of 3, a maximum value of 10, a mean value of 7.38, and a standard deviation value of 1.843. The minimum value of 3 indicates that there are respondents who felt that information sharing practices in their organization are very unfair or not transparent. The maximum value of 10 indicates that some respondents feel that information is important for decision- making or work processes is shared equally without any discrimination or access restrictions. The mean value (7.38) indicates that the majority of respondents feel that information sharing in their organizations is fair. The standard deviation of 1,843 indicates that there is moderate variation in respondents’ perceptions of this variable. The relatively small standard deviation compared to the mean value indicates that most respondents have similar views about fairness of information sharing, with only a few having very positive or very negative views.

The employee performance variable has a minimum value of 18, a maximum value of 45, a mean value of 29.28, and a standard deviation value of 5.926. The minimum value of 18 indicates respondents who have the lowest performance according to the measurement scale used. This could indicate an imbalance in employee performance, with some employees performing significantly lower than others. The maximum value of 45 indicates that employees who achieve the highest level of performance. This indicates that some respondents work very well, achieving maximum performance in accordance with organizational expectations. The mean value of 29.28 indicates that most respondents have adequate performance but have not yet achieved optimal performance. The standard deviation of 5,926 indicates that there is considerable variation in

employee performance. This could mean that there are significant gaps in individual performance within the organization, which may be influenced by various factors, such as motivation, skills and workload.

Validity Test

The validity test was used to test the extent to which the data produced in the questionnaire can reveal the variables studied (Sugiharto & Sitinjak, 2006). In this study, the validity test used the SPSS application with Bivariate Pearson correlation. This analysis was performed by correlating each item's score with the total score. The total score is the sum of all items.

Table 3. Validity Test Results

Indicator	Indicator Statement	Pearson Correlation	Sig.	R Table	Conclusion
PF 1	Budgeting procedures are applied consistently across all areas of responsibility.	0.821	0.000	0.246	Valid
PF 2	Budgeting procedures are applied consistently across time	0.782	0,000	0.246	Valid
PF 3	Budgetary decisions for my area of responsibility are based on accurate information and well-informed opinions.	0.807	0,000	0.246	Valid
PF 4	The current budgeting procedures contain provisions that allow me to appeal/ negotiate the budget set for my area of responsibility.	0.814	0,000	0.246	Valid
PF 5	The current budgeting procedures conform to my own standards of ethics and morality.	0.805	0,000	0.246	Valid
PF 6	Budgetary decision makers try hard not to favor one area of responsibility over another.	0.806	0,000	0.246	Valid
PF 7	The current budgeting procedures adequately represent the concerns of the areas of responsibility.	0.721	0,000	0.246	Valid
PF 8	Budgetary decision-makers adequately explain how budget allocation for my area of responsibility is determined	0.773	0,000	0.246	Valid
IS 1	Through the budgeting process, I share my insights with my superior about the situation in my area of responsibility.	0.938	0,000	0.246	Valid
IS 2	During the budgeting process, I communicate information to my superiors about opportunities and problems facing the organization.	0.931	0,000	0.246	Valid
EP 1	Planning: work scheduling, budgeting, setting procedures, setting goals or standars	0.795	0,000	0.246	Valid

Indicator	Indicator Statement	Pearson Correlation	Sig.	R Table	Conclusion
EP 2	Investigating: preparing financial report, record, conduting research, analyzing work	0.760	0,000	0.246	Valid
EP 3	Coordinating: collaborating with other teams and departments	0.781	0,000	0.246	Valid
EP 4	Evaluating: Analyze financial statements, product, proposal, performance	0.824	0,000	0.246	Valid
EP 5	Supervising: directing, leading, and developing subordinates	0.816	0,000	0.246	Valid
EP 6	Staffing: recruitment, job interviews, employee performance, and employee placement	0.755	0,000	0.246	Valid
EP 7	Negotiating: negotiating with vendors, customers, company partners	0.813	0,000	0.246	Valid
EP 8	Representing: representing the company to deliver speeches, attend business events, liaise with external parties	0.759	0,000	0.246	Valid
EP 9	Your overall performance	0.833	0,000	0.246	Valid

Based on the results of the validity test, the data generated from the questionnaire used can reveal the variables studied because the Pearson correlation value is > 0.246 . The value of 0.246 was taken from the r-table with a two-way significance level of 0.01 and a df value of 106 ($df = n - 2$) (Ghozali, 2021).

Reliability Test

A reliability test is carried out to test whether the results of a measuring instrument used in research can be trusted (Suryabrata & Sumandi, 2004). In this study, the validity test used SPSS with Crobach Alpha. Reliability testing is used to determine the consistency of the measuring instrument. If the measurements are repeated, they will be consistent. A measuring instrument is considered reliable if it produces the same results repeatedly.

If the Cronbach's alpha value is greater than 0.6, the respondent's answers to the research questionnaire can be declared reliable (Ghozali, 2021).

Table 4. Reliability Test Results

Variable	Cronbach's Alpha	N of Items
Procedural Fairness	0.914	8
Information Sharing	0.854	2
Employee Performance	0.926	9

Based on the results of the reliability test, Cronbach's alpha for procedural fairness was 0.914 > 0.6 . The Cronbach's alpha value of information sharing was 0.854 > 0.6 . The Cronbach's alpha value for employee performance is 0.926 > 0.6 . Therefore, the data collected from the questionnaire in the research are reliable and trustworthy.

Normality Test

A normality test is carried out to determine whether in the regression model there are residual variables with a normal distribution. According to Ghozali (2021), a good regression model is one that has a normal or near-normal distribution. The normality test is using the Kolmogorov-Smirnov test. In the Kolmogorov-Smirnov test, if the significance value or probability value is <5%, the data are distributed randomly normally. If the significance value or probability value is >5%, the data are not distributed normally.

Table 5. Normality Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		108
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.53792516
Extreme Differences	Absolute	.092
	Positive	.092
	Negative	-.064
Kolmogorov-Smirnov Z		.957
Asymp. Sig. (2-tailed)		.319

Based on the Kolmogorov- Smirnov value of 0.092 and the asymp.sig value (2-tailed) of 0.319 or 32%, thus fulfilling the criteria for a normally distributed regression model because 0.319 > 0.050.

Regression Analysis

The value of R was 0.775, indicating a strong relationship between Procedural Fairness (PF) and Information Sharing (IS). This suggests that as Procedural Fairness (PF) increases, Information Sharing (IF) also increases significantly. The R-squared value is 0.601, which indicates that 60,1% of the variance in Information Sharing (IS) is explained by Procedural Fairness (PF).

Table 6. Regression Between Procedural Fairness and Information Sharing

Model Summary				
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.775	.601	.597	1.169

The value of R is 0,790, indicating a strong relationship between Information Sharing (IS) and Employee Performance (EP). This suggests that as Information Sharing (IS) increases, Employee Performance (EP) also increases significantly. The R-squared value is 0,625 which indicates that 62,5% of the variance in Employee Performance (EP) is explained by Information Sharing (IS)

Table 7. Regression Between Information Sharing and Employee Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.790	.625	.621	3.648

a. Predictors: (Constant) and IS

The value of R is 0,802, indicating a strong relationship between Procedural Fairness (PF) and Employee Performance (EP) mediated by Information Sharing (IS). The R Square value is 0.637, which indicates that 63.7% of the variance in Employee Performance (EP) is explained by Procedural Fairness (PF) and Information Sharing (IS)

Table 8. Regression Between Procedural Fairness and Employee Performance mediated by Information Sharing

Model Summary					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.802	.644	.637		3.571

a. Predictors: (Constant), PF, and IS

Hypothesis Test

If the significance test value of $t > 0,05$, there is no influence between the independent variable and dependent variable. If the significance value of the t test $< 0,05$, there is an influence between the independent variable and dependent variable (Ghozali, 2021). Procedural fairness influences information sharing because the significance level is $0.000 < 0.05$. Thus, hypothesis 1, which states that procedural fairness has a significant effect on information sharing g, is accepted. Information sharing affects employee performance because the significance level is $0.000 < 0.05$. Thus, Hypothesis 2, which states that information sharing has a significant effect on employee performance, is accepted. Procedural fairness influences employee performance because the significance level is $0.000 < 0.05$. Thus, Hypothesis 3, which states that the relationship between procedural fairness and employee performance is mediated by information sharing, is accepted.

Table 9. Hypothesis Test

Hypothesis	Path	Path Coefficient	t- value	Sig
H1	PF – IS	0.775	12.638	0.000
H2	IS – EP	0.790	13.282	0.000
H3	PF- EP	0.218	2.632	0.000

The direct influence of procedural fairness and information sharing is 0.775. It can be concluded that procedural fairness has a positive effect on information sharing; thus, H1 is accepted. In this study, procedural fairness is focused on the conditions for establishing a company's budget. The budget-making process that involves procedural fairness will involve employees. Procedural fairness fosters organizational trust in a company. When the budgeting process is fair, employees will be more open to sharing relevant information (Melhem & Qudah, 2019). Employee involvement in the budget-making process can be demonstrated by the exchange of information between employees and superiors. The information conveyed can be in the form of information regarding employee responsibilities and employee views on the opportunities and problems facing the company. The results of this research are supported by research conducted by Zainuddin and Isa (2019). This novelty of this research lies in its focus on the budget-making process as a context for examining the relationship between procedural fairness and information sharing. While previous studies have explored procedural fairness in various organizational settings, few have specifically examined how procedural fairness in budgeting affects information sharing between employees and management.

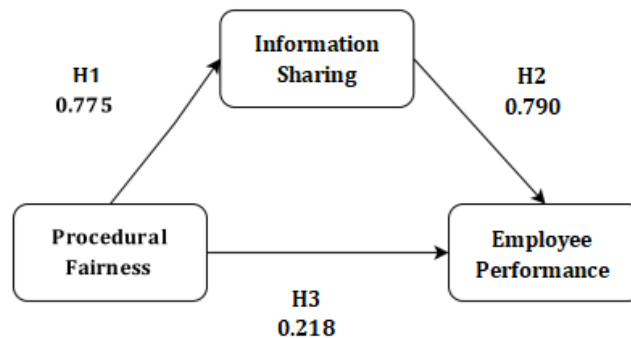


Figure 2. Model with Path Coefficient

The influence of information sharing on employee performance is 0.779. It can be concluded that information sharing has a positive effect on employee performance; thus, H2 is accepted. Information sharing makes it possible for everyone involved in the process to comprehend the reasoning behind choices. People who feel that their opinions are respected are more likely to actively participate in the process and make meaningful contributions when they are well informed. With the exchange of information, the budget-making process will become more accurate and in accordance with employee needs, so that with support in the form of resources in the budget, employees will be more motivated to work better in fulfilling their duties and responsibilities to meet company goals. This is in line with research conducted by [Sri et al. \(2024\)](#), when information sharing can boost great communication in an organization, employees can express what is their difficulty and discuss solutions that need to be done, triggers employee to think creatively, directly affecting employee performance

The direct effect of procedural fairness on employee performance is 0.21. The indirect effect of procedural fairness through information sharing on employee performance is $0.775 \times 0.621 = 0.478$. Total direct and indirect effects = $0.218 + 0.481 = 0.699$. If the indirect value > the direct value, then indirectly x through y has a significant effect on z. It can be concluded that procedural fairness mediated by information sharing affects employee performance; thus, h3 is accepted. Fairness in the workplace will make employees feel more valued, thereby increasing their openness to sharing information. and increase employee loyalty when performing their duties and responsibilities. Therefore, employees can work optimally in accordance with company targets. The results of this research are in line with the theory proposed by [Fisher et al. \(2002\)](#) and [Cropanzano et al. \(2007\)](#).

CONCLUSIONS

In this study, we conclude that procedural fairness has a significant effect on information sharing. Higher procedural fairness implemented by a company, especially in the budgeting process, will increase employee trust in the company, so that employees do not hesitate to convey information that can support the budgeting process ([Parker et al., 2014](#)). Information sharing has a significant effect on employee performance. Information sharing shows that there is a process of exchanging information between superiors and subordinates, where superiors can convey what the company's goals are and what support subordinates need to achieve these goals. Not only can superiors convey what they expect their subordinates' duties and responsibilities are, but subordinates can also convey what support they need to fulfill their duties and responsibilities.

Apart from that, through information sharing, subordinates will feel trusted by their superiors and will be motivated to work better. Information sharing between superiors and subordinates can also create creative business ideas for the company, as well as input from superiors for subordinates to help them work better (Alyoubi et al., 2018).

Based on the research results, procedural fairness has an effect on employee performance, which is mediated by information sharing. Fairness in budgeting participation will make the employees feel safe in providing the information they must the organization. This information will be used in the budgeting process so that the budget created can be more accurate in meeting organizational goals. Employee involvement in the budgeting process will trigger employees to participate in supporting the organization by being supported by superiors through the resources that have been budgeted.

Regarding the theoretical contribution of the research, this research contributes to the management literature by combining the concepts of procedural fairness in budget participation, information sharing, and employee performance. This research can contribute to companies implementing procedural fairness, which appears simple but can improve the quality of human resources, leading to the achievement of organizational goals. Companies can improve procedural fairness by implementing a budgeting process that is open to employees. Companies can encourage employees to give feedback in the decision-making process, especially in the budgeting process. If employees feel that the budgeting process in a company is conducted fairly, it will be easier for employees to convey information and contribute to the budget-making process. Procedural fairness should be supported by good communication between subordinates and superiors. Good communication between superiors and subordinates can lead to innovation in work (Yang, 2009). Companies can train leaders on the importance of transparent communication and procedural fairness. Fairness and good relationships between subordinates and superiors can increase employee loyalty. Employees who work with loyalty tend to work better to fulfill their duties and responsibilities (Fisher et al., 2002; Cropanzano et al., 2007). When employees are regarded, valued, and motivated to contribute positively to the success of organizations.

LIMITATION & FURTHER RESEARCH

This research is cross-sectional research, so the ability to describe the relationship between variables is limited. To produce more comprehensive data, data collection methods can be combined with interviews. Sample selection can be focused on specific industrial forms or compared with companies in different countries. It is recommended that further research add research variables such as innovative work behavior, psychological empowerment, managerial trust, and budget goal commitment.

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Appendix

SURVEY INSTRUMENTS

Procedural Fairness (1 = strongly disagree, 5 = strongly agree)

1. Budgeting procedures are applied consistently across all areas of responsibility.
2. Budgeting procedures are applied consistently across time
3. Budgetary decisions for my area of responsibility are based on accurate information and well-informed opinions.
4. The current budgeting procedures contain provisions that allow me to appeal/negotiate the budget set for my area of responsibility.
5. The current budgeting procedures conform to my own standards of ethics and morality.
6. Budgetary decision makers try hard not to favour one area of responsibility over another.
7. The current budgeting procedures adequately represent the concerns of all the areas of responsibility.
8. Budgetary decision makers adequately explain how budget allocations for my area of responsibility are determined.
- 9.

Information Sharing (1 = strongly disagree, 5 = strongly agree)

1. Through the budgeting process, I share my insights with my superior about the situation in my area of responsibility.
2. In the budgeting process, I communicate information to my superiors about opportunities and problems facing the organization.
- 3.

Employee Performance (1 = below average, 5 = above average)

1. Planning; 2. Investigating; 3. Coordinating; 4. Evaluating; 5. Supervising; 6. Staffing; 7. Negotiating; 8. Representing; 9. Your overall performance