

Psychological Capital as A Moderating Influence of Budget Participation and Transformational Leadership Style on Managerial Performance of Star Hotels

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ABSTRACT: This research aims to examine and analyze the role of psychological capital (PsyCap) as a moderator in the influence of budget participation and transformational leadership style on managerial performance in star hotels. This research uses a quantitative approach with a population of 18 hotels from 3 to 5 stars in Buleleng Regency. The sampling technique used was a saturated sample, with 134 respondents. Data was collected through questionnaires (google form) and directly (print out). Data analysis was carried out using structural equation modeling (SEM) with SmartPLS 3.2.9 software. The research results show that budget participation and transformational leadership style have a positive effect on managerial performance. Psychological capital has also been proven to strengthen the influence of budget participation and transformational leadership style on managerial performance. It is hoped that the results of this research can help hotels to improve managerial performance through increasing cooperation between leaders and employees, higher budget participation, implementing a transformational leadership style, and positive improvements in the psychological aspects of employees so that they have psychological capital that supports achieving company goals. The study provides several recommendations for future researchers to include macroeconomic factors such as GDP (Gross Domestic Product) growth, inflation, interest rates, and unemployment rates in their research. This inclusion can provide important external context.

Keywords: budget participation, transformational leadership style, managerial performance, psychological capital

INTRODUCTION

Managerial performance has an important role in the management of an organization as a whole. Managerial performance includes a wide range of activities within a company or organization such as planning, investigation, coordination, staff management, and negotiation. Companies need to develop a good planning and control, because it is a management function that involves the formulation of decisions with certain goals, so it requires the right method and is carried out by the manager. Effective managerial performance will play a very important role in achieving the company's goals and objectives. So that the good or bad managerial performance of a company can be observed through the achievement of the work results of the management function itself. In an increasingly competitive business

environment, every company must develop a strategy to create a competitive advantage by improving managerial performance (Yolanda, Azmi, & Suriyanti, 2022).

The hotel symbolizes a business organization that is engaged in supporting the development of tourism, and has a demand to review its performance. In Buleleng Regency, 3, 4 and 5-star hotels have an important role in supporting the tourism sector and the local economy. However, the hotel industry in Buleleng Regency faces challenges, especially after the Covid-19 pandemic. One of the problems faced is fluctuations in room occupancy rates (TPK), which is an important measure in assessing the performance of the hotel industry. The occurrence of these fluctuations will affect the revenue of the hotel. The following is data on the Room Occupancy Rate (TPK) of Star Hotels in Buleleng Regency for the period of January-November in 2022, presented in table 1.

**Table 1. Room Occupancy Rate (TPK) of Star Hotels in Buleleng Regency
Period January – November 2022**

Room Occupancy Rate (TPK) %										
Jan	Feb	Mar	Apr	May	Jun	Jul	Ags	Sep	Oct	Nov
23,73	17,36	25,43	23,79	31,18	33,87	34,75	45,15	39,63	38,67	35,43

Source : BPS Buleleng Regency, 2022

Based on this data, it can be seen that the peak TPK value of the highest star hotel in Buleleng Regency in 2022 occurred in August, which was 45.15 percent. Meanwhile, in September, the TPK of hotels decreased to 39.63 percent. Then there was a consecutive decline until November reaching 35.43 percent. This decrease in the TPK value can indicate a potential decline in managerial performance.

Some factors that can affect managerial performance include budget participation, leadership style, and organizational commitment. Managerial performance will run well if managers can carry out planning skills, organizing skills, leadership skills, and control skills. One of the important things about planning and controlling a company is the budget. The budget serves as a planning and control tool for management that can help in carrying out the company's operational activities (Carolina, 2020; Blay et al., 2018). The budget is a motivation for each department under its management in achieving the company's goals (Erawati & Krisnadewi, 2018).

The quality of the budget in a company is highly dependent on the process of preparing the budget itself (Widanaputra & Mimba, 2014). One of the reasons for good budget preparation requires the participation of all levels of management in the company (Pusporini, Haryadi, & Herwiyanti, 2018). Budget participation involves individuals, both superiors and subordinates, who have influence and authority to determine the amount of the budget target (Sujana, 2010). Good budget participation in hotels should ideally involve all department managers. This is because each department has different budget needs and priorities, and broad participation will help ensure that the budget is prepared to reflect the operational realities and strategic needs of the hotel as a whole. According to (Anthony, Govindarajan, Hartmann, Kraus, & Nilsson, 2007) explained that there are approaches in the budgeting process, namely top-down (top-down approach), bottom-up (bottom-up approach) and participation approach. Through active participation in the budgeting process, managers feel more responsible and committed to the set targets, which ultimately improves the hotel's managerial performance and operational efficiency.

The next factor that affects managerial performance is transformational leadership style. Leadership style is defined as a method, method, ability, used by a leader in behavior, communication, and interaction to influence, guide, encourage and control employees or

subordinates so that they can carry out managerial performance according to the company's vision and mission (Riadi, 2019). Two common leadership styles, transactional leadership and transformational leadership, are widely used in various types of businesses including hotels (Patiar & Wang, 2020). Transactional leaders tend to monitor the responsibilities of their subordinates or followers and offer rewards for effort and performance, while transformational leaders inspire their followers to put the welfare of the organization above their own interests. Research by (Erdiansyah, 2023) and (Fakhri, Pradana, Syarifuddin, & Suhendra, 2020) states that transactional leadership styles have no effect on employee performance. According to (Amrulloh & Solovida, 2020), although the same leader can display many different types of leadership styles, they conceptually have a tendency towards one dominant leadership style.

However, researchers examined leadership styles that focus on transformational leadership styles because they provide clear direction for companies towards a better vision, able to handle change and drive improvements in the future. In addition, this leadership style provides motivation and encouragement to every employee to be more creative and innovative, as well as creating commitment and responsibility for the company's managerial performance. (Amrulloh & Solovida, 2020). Transformational leadership can play a crucial role in managing and addressing the challenges faced by hotels. In star hotels, where the quality of service and visitor experience is key, leaders who are able to motivate their subordinates to achieve high standards can contribute significantly to overall managerial performance. The relationship between transformational leadership and organizational performance is becoming more important in today's environment, where companies must be innovative to achieve competitive advantages that allow them to improve results (Aragón-Correa, García-Morales, & Córdón-Pozo, 2007).

Several previous studies have examined the relationship between budget participation and managerial performance conducted by (Amani & Halmawati, 2022; Amir et al., 2021; Ari Pramesti & Asri Dwija Putri, 2021; Hariyanti, Noor, & Dewa, 2021; Ni Kadek Indah Sari & Yogantara, 2020; Zonatto, Nascimento, Lunardi, & Degenhart, 2020) showing that budget participation has an effect on managerial performance. This indicates that the higher the participation in budget preparation, the higher the managerial performance will increase. Research conducted by (Riyadh, Nugraheni, & Ahmed, 2023) found that budget participation has a positive but not significant influence on managerial performance. In contrast to studies conducted by (Christy, Natalia, Setiana, & Anthony, 2021; Khusna, 2020; Prasetya, Suparwati, & Kristanto, 2023; Rahmawati & Adiyatama, 2023; Desak Putu Intan Permata Sari, Sinarwati, Edy Sujana, & Msi, 2014; Seber, Rustam, & Husain, 2020) found the opposite result that budget participation had no effect on managerial performance.

Previous research that examined the relationship between transformational leadership style and performance, namely research by (Aldiansyah & Lukito, 2021; Baig et al., 2021; Dewi, Sastri, & Sanjaya, 2021; Jaaffar, Alzoubi, Alkharabsheh, & Rajadurai, 2023; Karimi, Ahmadi Malek, Yaghoubi Farani, & Liobikienė, 2023; Rohman, Hana, & Utami, 2019; Syukri, Surasni, & Furkan, 2019; Umami, 2020) showed that transformational leadership styles have an effect on performance. Meanwhile, research by (Teoh et al., 2022) shows that the two dimensions of transformational leadership, namely idealization and inspirational motivation, have a significant positive influence on employee performance. In contrast to the results of research conducted by (Eliyana & Ma'arif, 2019; Gcaza, Garande, & Echezona, 2018; Idris, Mardian, & Hamid, 2022; Negoro & IAKR, 2023; Nugroho, 2018; Rahmawati & Adiyatama, 2023; SURYADI, LINDA, & SOFYAN, 2021) show that transformational leadership style has no effect on performance.

Contingency theory was initially introduced by Lawrence and Lorsch (1967) which stated that an organization does not have the best method in obtaining compatibility between internal environmental factors and external environmental factors to be able to achieve the best performance. Contingency theory as an approach to study organizational behavior where explanations are given as contingent factors affect organizational function (Islam & Hu, 2012). The inconsistent results indicate that there are other factors that can influence the relationship between budget participation, transformational leadership style and managerial performance. The use of the contingency approach allows the existence of other variables that can act as moderating variables or intervening variables. The contingency factor used in this study as a moderator is psychological capital.

(Luthans, 2005) stated that it is undeniable that humans have a major role in the budgeting process, where the psychological state of humans has a great influence on performance in the end. Psychological capital refers to the state of positive psychological development of an individual characterized by self-progress, hope, optimism, and defense (Montiel-Campos, 2019). The use of psychological capital moderation variables is more focused on organizational progress and individual strength development. According to (Amirullah & Ansari, 2021), psychological capital or PsyCap is a characteristic in a person that affects behavior, in this case, namely positive psychology that can help individuals to continue to develop so that they can improve their performance.

Research by (Schlup, Beck, & Zonatto, 2021) states that in high budget participation, individuals tend to develop their psychological capital better, being more optimistic, hopeful, resilient and effective. Based on research by (Khliefat, Chen, Ayoun, & Eyoun, 2021) shows that psychological capital can moderate employee assessments. Meanwhile, research conducted by (Nguyen & Ngo, 2020) found that psychological capital and work performance have a positive relationship. Other research conducted by (Amirullah & Ansari, 2021) found that psychological capital moderates the influence of budget participation on performance. However, the difference in the results of the study by (Degenhart, Zonatto, & Lavarda, 2022) shows that there is a positive indirect effect of psychological capital and managerial attitudes on the relationship between budget participation and performance. With regard to leadership styles, this relationship between transformational leadership and psychological capital shows that transformational leadership is essential to increase the psychological capacity of resources (Karimi et al., 2023).

Based on the description that has been described above, which is supported by some previous research results, the motivation of this study is to test psychological capital as a moderator of the influence between budget participation and transformational leadership style on the managerial performance of star hotels. The difference between this study and previous studies is the use of psychological capital as a moderation variable that can strengthen or weaken the relationship between budget participation, transformational leadership style and managerial performance. Meanwhile, a different research object was carried out in this study, namely on service companies in the hospitality sector, in contrast to previous research conducted in the government sector. 3, 4 and 5 star hotels tend to have more complex organizational and operational structures compared to 1 and 2 star hotels, as well as villas. 3, 4 and 5-star hotels usually have more departments and staff, so more relevant managerial positions to research. The larger scale of operations allows for more in-depth testing of variables such as budget participation and leadership style.

Previous research is an effort by researchers to find new comparisons and inspiration for future research, in addition to previous studies helping research in positioning research and

showing similarities and differences from research. The previous research that supports this research is:

The research conducted by (Riyadh et al., 2023) aims to determine the influence of budget participation and leadership style on managerial performance mediated by organizational commitment. The population used was 42 people with a saturated sample. The results of the study stated that budget participation had a positive but not significant effect on managerial performance at the Wonogiri Regency Public Works and Public Housing Office, and the Wonogiri Regency Tax Service Office of Indonesia. Meanwhile, leadership style has a positive and significant effect on managerial performance. The insignificance of budget participation in managerial performance is possible because subordinate managers who should be working hard and looking for solutions if there are obstacles in achieving the budget that has been set, do not implement it. This means that the preparation of the budget is not too strict with an emphasis on managerial performance carried out by budget makers. Budgeting is also only considered a routine that must be followed. Therefore, subordinate managers do not follow the success of the targets that have been set. In contrast to private organizations, where in the preparation of private company budgets, it is necessary to emphasize significant performance improvement.

Research conducted by (Syukri et al., 2019) examined the influence of budget participation and leadership style on managerial performance as well as the influence of job relevant information in strengthening the influence of budget participation and leadership style on managerial performance. The sampling technique used in this study is probability sampling with the Taro Yamane formula. The data analysis used is SEM-PLS. The results of the study showed that budget participation and leadership style had an effect on managerial performance. Individual involvement in preparing a budget that includes opportunity, budget suitability and its implementation is able to improve managerial performance. Likewise, the leadership style of the West Lombok Regency government is able to influence and move its subordinates so that subordinates will work harder and be disciplined in their tasks which can ultimately improve managerial performance in the West Lombok Regency government OPD.

The main objective of this research is to analyze the impact of budget participation and transformational leadership style on managerial performance in 3, 4, and 5-star hotels in Buleleng Regency, Indonesia. Additionally, this study aims to examine how psychological capital moderates the relationship between budget participation, transformational leadership style, and managerial performance, providing a deeper understanding of the interaction between these variables in the hospitality sector.

The novelty of this research lies in its focus on psychological capital as a moderating variable in the relationship between budget participation, transformational leadership, and managerial performance. While previous studies have explored the impact of budget participation and leadership styles on managerial performance, few have investigated the role of psychological capital in enhancing or diminishing these effects, particularly in the context of star hotels. Additionally, this study differs by focusing on the hospitality industry, which presents unique challenges and operational complexities compared to other sectors.

This research contributes to both academic literature and practical management strategies. Academically, it expands the theoretical understanding of how psychological capital influences the relationship between budget participation, leadership styles, and managerial performance, particularly in the hospitality sector. Practically, the findings will provide hotel managers and industry leaders with insights into how improving budget participation processes and adopting transformational leadership styles, supported by enhanced

psychological capital, can lead to improved managerial performance. This can help hotels, especially in the competitive post-pandemic era, to improve operational efficiency, increase employee satisfaction, and achieve better business outcomes.

RESEARCH METHODOLOGY

The design of this research explains the research plan and structure that leads to the research process and results so that it becomes valid, objective, efficient and effective. This study aims to test Psychological Capital as a Moderator of the Influence of Budget Participation and Transformational Leadership Style on the Managerial Performance of Star Hotels. The type of research used is quantitative research. The quantitative approach involves analyzing the relationship between variables by applying objective theories. The collected data will be processed by quantitative methods using the help of statistical tools, namely Structural Equation Modeling (SEM) based on Partial Least Square (PLS) with SmartPLS version 3.2.9.

RESULT AND DISCUSSION

Evaluation of Measurement Model (Outer Model)

The evaluation of the measurement model was tested with several indicators, including convergent validity, validity of discrimination, and reliability. The measurement model is calculated using the PLS Algorithm.

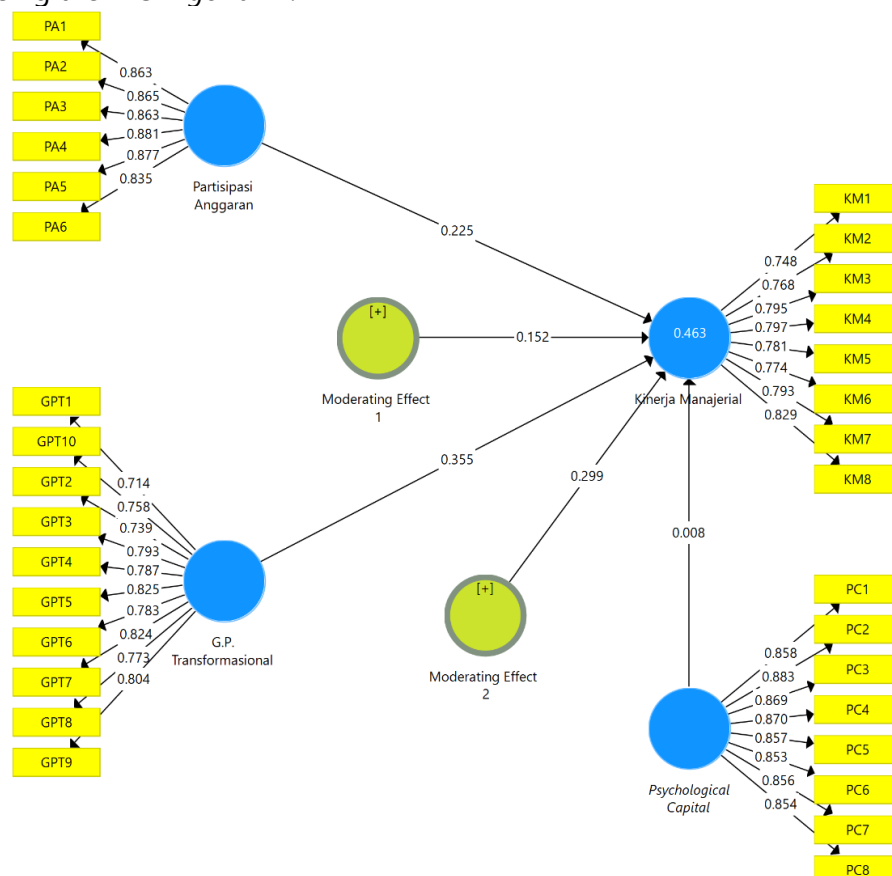


Figure 1 Evaluation of the *Outer Model*

Convergent Validity

An indicator is said to be valid if the *loading factor* of an indicator has a positive value and is greater than > 0.7 . The *loading factor* value shows the weight of each indicator or item as a measure of each variable. Indicators with a large *loading factor* show that the indicator is

the strongest (dominant) variable measure. The following can be seen the *loading factor* value in table 5.3:

Table 2 Convergent Validity Test

Variable	Indicators	Loading Factor	AVE	Information
Budget Participation	X1.1	0,863	0,746	Valid
	X1.2	0,865		Valid
	X1.3	0,863		Valid
	X1.4	0,881		Valid
	X1.5	0,877		Valid
	X1.6	0,835		Valid
Transformational Leadership Style	X2.1	0,714	0,610	Valid
	X2.2	0,739		Valid
	X2.3	0,793		Valid
	X2.4	0,787		Valid
	X2.5	0,825		Valid
	X2.6	0,783		Valid
	X2.7	0,824		Valid
	X2.8	0,773		Valid
	X2.9	0,804		Valid
	X2.10	0,758		Valid
Psychological Capital	Z1.1	0,858	0,744	Valid
	Z1.2	0,883		Valid
	Z1.3	0,869		Valid
	Z1.4	0,870		Valid
	Z1.5	0,857		Valid
	Z1.6	0,853		Valid
	Z1.7	0,856		Valid
	Z1.8	0,854		Valid
Managerial Performance	Y1.1	0,748	0,618	Valid
	Y1.2	0,768		Valid
	Y1.3	0,795		Valid
	Y1.4	0,797		Valid
	Y1.5	0,781		Valid
	Y1.6	0,774		Valid
	Y1.7	0,793		Valid
	Y1.8	0,829		Valid

Source : Primary Data Processed, 2024 (Appendix 8)

Based on table 2 (Appendix 8), it is known that the value of the loading factor produced by each indicator is more than 0.7 and AVE is more than 0.5. Thus these indicators are declared valid as a measure of their latent variables.

Validity of Discrimination

Discriminant validity is used to test the validity of a model. *Discriminant validity* is seen through the *cross loading value* which shows the magnitude of the correlation between the

construct and its indicators and indicators of other constructs. The standard value used for *cross loading* must be greater than 0.7.

Table 3 Cross loading values

	X1	X2	Z	Y
X1.1	0,863	0,143	-0,032	0,312
X1.2	0,865	0,114	-0,043	0,251
X1.3	0,863	0,115	-0,057	0,232
X1.4	0,881	0,068	-0,074	0,328
X1.5	0,877	0,099	-0,024	0,295
X1.6	0,835	0,097	0,027	0,242
X2.1	0,117	0,714	0,056	0,134
X2.2	0,032	0,739	0,037	0,205
X2.3	0,075	0,793	0,124	0,168
X2.4	0,083	0,787	0,158	0,184
X2.5	0,150	0,825	0,108	0,318
X2.6	0,108	0,783	0,084	0,199
X2.7	0,045	0,824	0,109	0,314
X2.8	0,206	0,773	0,093	0,251
X2.9	0,123	0,804	0,198	0,176
X2.10	0,027	0,758	0,083	0,299
Z1.1	-0,060	0,076	0,858	-0,145
Z1.2	-0,045	0,160	0,883	-0,140
Z1.3	-0,049	0,094	0,869	-0,115
Z1.4	-0,018	0,091	0,870	-0,129
Z1.5	0,038	0,141	0,857	-0,084
Z1.6	-0,032	0,165	0,853	-0,083
Z1.7	0,047	0,146	0,856	-0,004
Z1.8	-0,072	0,086	0,854	-0,069
Y1.1	0,181	0,192	-0,017	0,748
Y1.2	0,268	0,267	-0,118	0,768
Y1.3	0,208	0,199	-0,146	0,795
Y1.4	0,264	0,253	-0,119	0,797
Y1.5	0,287	0,292	-0,077	0,781
Y1.6	0,313	0,213	-0,078	0,774
Y1.7	0,236	0,277	-0,143	0,793
Y1.8	0,257	0,219	-0,123	0,829

Source : Primary Data Processed, 2024 (Appendix 8)

Based on table 3 (Appendix 8), the cross loading value on each item has a > value of 0.70, and also on each item has the greatest value when associated with its latent variable compared to when it is associated with other latent variables. This shows that each manifest variable in this study has correctly explained its latent variable and proves that the discriminant validity of all items is valid.

Reliability

Reliability in PLS uses *cronbach alpha* and *composite reliability values*. It is declared reliable if the composite reliability value is above 0.7 and *Cronbach's alpha* value is

recommended above 0.6. The following are the values of cronbach alpha and composite reliability in table 4.

Table 4 Reliability Test

Variable	Cronbach's Alpha	Composite Reliability
Budget Participation	0,932	0,946
Transformational Leadership Style	0,930	0,940
Psychological Capital	0,953	0,959
Managerial Performance	0,912	0,928

Source : Primary Data Processed , 2024 (Appendix 8)

Based on table 4 (Appendix 8), it is known that the composite reliability value of all research variables > 0.7 and cronbach alpha > 0.6. These results show that each variable has met composite reality and cronbach alpha so that it can be concluded that the whole variable has a high level of reliability. So that further analysis can be carried out by checking the goodness of fit model by evaluating the inner model.

Structural Model (Inner Model)

After conducting an outer model test, the next step is to conduct an inner model test. Testing the inner model or structural model is carried out to see the relationship between the structure, significance value and R-square of the research model.

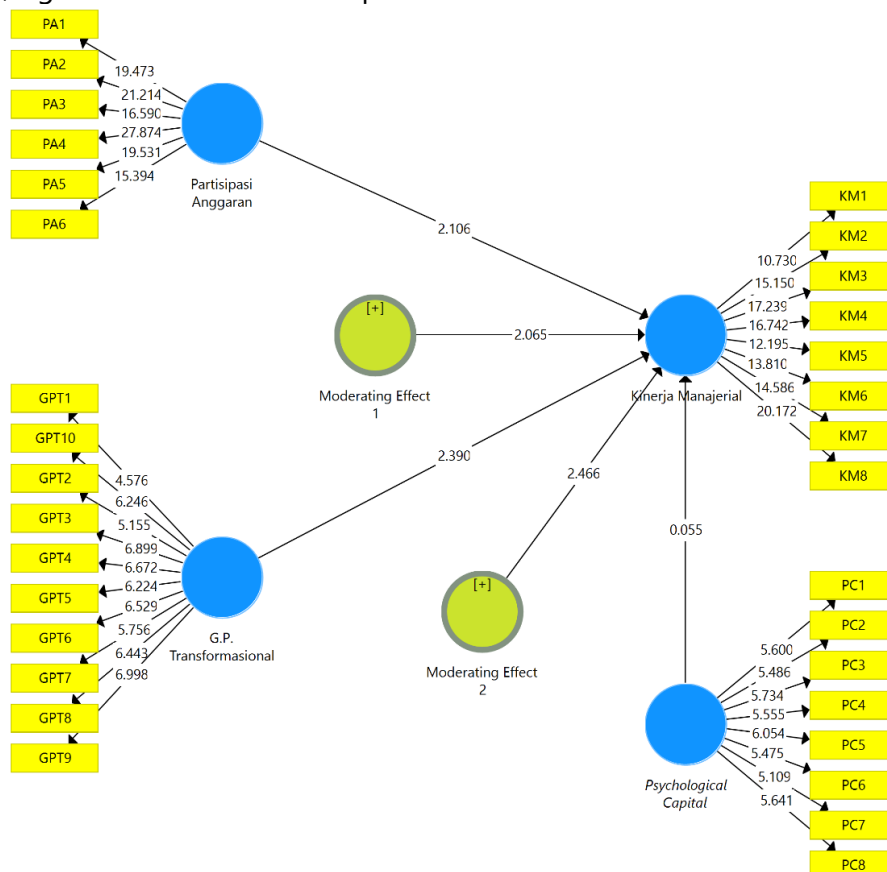


Figure 2 Evaluation of the Inner Model

Source : Primary Data Processed , 2024 (Appendix 9)

The evaluation of the PLS structural model begins by looking at the R-square of each dependent latent variable. Table 5.6 is the result of the R-square estimate using PLS.

1) R-Square

In evaluating the model using the PLS method, the first step is to consider the *R-Square value* for each dependent latent variable. Changes in the R-Square value can be used to evaluate the influence of certain independent latent variables on dependent latent variables and determine whether the influence is significant. An R-Square value of 0.075 ; 0.50 ; 0.25 can be used as a reference to infer the strength of the model, with the value indicating a high, medium, or low accuracy of the model.

Table 5 R Square Test Results

Variable	R Square	R Square Adjusted
Managerial Performance	0,463	0,442

Source : Primary Data Processed, 2024 (Appendix 9)

Based on table 5 (Appendix 9), showing the R-square value of the managerial performance variable of 0.463, this value means that the managerial performance variable has a low prediction value.

2) Predictive Relevance (Q-Square)

Predictive relevance is a test that is carried out to show how good the observation value is produced using the blindfolding procedure by looking at the Q-square value. If the value of Q-square > 0, it can be said to have a good observation value, while if the value of Q square < 0, it can be stated that the observation value is not good. Q-Square predictive relevance for structural models, measures how well conservation values are generated by the model as well as the estimation of its parameters.

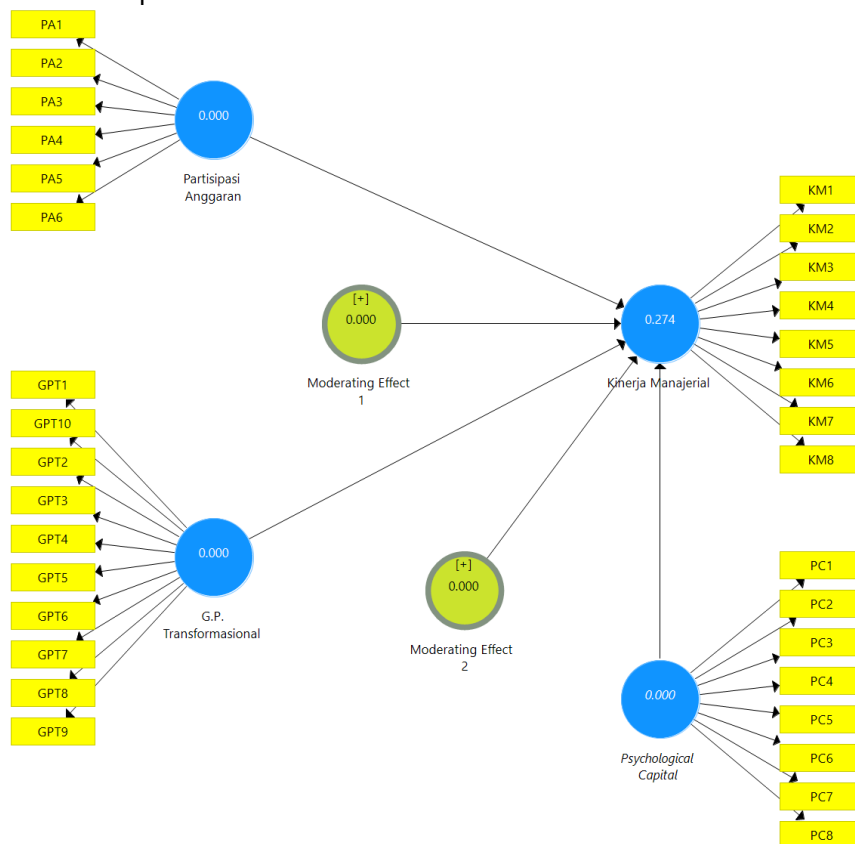


Figure 3 Predictive Relevance Evaluation

Source : Primary Data Processed, 2024 (Appendix 9)

Based on the figure above, it can be concluded in the table below:

Table 6 Predictive Relevance

Variable	Q2(=1-SSE/SSO)	Information
Managerial Performance	0,274	Has predictive <i>relevance value</i>

Source : Primary Data Processed, 2024 (Appendix 9)

Based on the data presented in table 6 (Appendix 9), it is known that the value of Q square in the dependent variable > 0. By looking at these values, it can be concluded that this study has a good or good observation value because the Q-square value > 0 (zero).

3) Path Coefficient Testing

The testing of the structural relationship model is to explain the relationship between the variables in the study. Testing of the structural model is carried out through tests using PLS software. The basis used in testing the hypothesis is the output of the image as well as the value contained in the output path coefficients. The basis used to test the hypothesis is that if the p-values < 0.05 (significance level = 5%) and the t-statistical value > 1.96, then it is stated that there is a significant influence of exogenous variables on endogenous variables. The following is a complete explanation of hypothesis testing, which is in table 6.

Table 6 Hypothesis Testing

Variable	Original Sample (O)	T Statistics (O/STDEV)	P Values
Budget Participation -> Managerial Performance	0,225	2,106	0,036
Transformational Leadership Style -> Managerial Performance	0,355	2,390	0,017
Moderating Effect 1 -> Managerial Performance	0,152	2,065	0,039
Moderating Effect 2 -> Managerial Performance	0,299	2,466	0,014

Source : Primary Data Processed, 2024 (Appendix 9)

In PLS testing statistically, each hypothesized relationship is carried out using simulation. In this case, it is done by the bootstrapping method on the sample. The following are the results of the PLS bootstrapping analysis as follows:

The Effect of Budget Participation on the Managerial Performance of Star Hotels

The results of hypothesis testing, namely the influence of budget participation on managerial performance, showed a p-value of 0.036 < 0.05 and a t-statistical value of 2.106 > t-table of 1.960. The results show that budget participation has an effect on managerial performance, so the hypothesis that budget participation has a positive effect on managerial performance is accepted.

The Influence of Transformational Leadership Style on the Managerial Performance of Star Hotels

The results of hypothesis testing, namely the influence of transformational leadership style on managerial performance, showed p-values of 0.017 < 0.05 and t-statistical values of 2.390 > t-table of 1.960. The results show that transformational leadership style has an effect on managerial performance, so the hypothesis that transformative leadership style has a positive effect on managerial performance is accepted.

The Role of Psychological Capital Moderation in the Relationship between Budget Participation and Managerial Performance of Star Hotels

The results of hypothesis testing, namely the role of psychological capital moderation in the relationship between budget participation and managerial performance, showed p-values of $0.039 < 0.05$ and t-statistical values of $2.065 > t\text{-table } 1.960$. The results show that psychological capital can moderate and strengthen the influence of budget participation on managerial performance, so the hypothesis that psychological capital strengthens the relationship between budget participation and managerial performance is accepted.

The Role of Psychological Capital Moderation in the Relationship between Budget Participation and Managerial Performance of Star Hotels

The results of hypothesis testing, namely the role of psychological capital moderation in the relationship between transformational leadership style and managerial performance, showed p-values of $0.014 < 0.05$ and t-statistical values of $2.466 > t\text{-table } 1.960$. These results show that psychological capital can moderate and strengthen the influence of transformational leadership style on managerial performance, so the hypothesis that psychological capital strengthens the relationship between transformational leadership style and managerial performance is accepted.

Discussion of Research Results

The Effect of Budget Participation on the Managerial Performance of Star Hotels

The results of hypothesis testing, namely the influence of budget participation on managerial performance, were accepted. These results show that budget participation has a positive and significant effect on managerial performance. This means that the higher the level of participation in budget preparation, the better the managerial performance produced. The essence of the process of participation in budgeting requires cooperation between all levels of the hierarchy in the organization, including top, middle, and lower managers. The participation of lower and middle managers in budgeting ensures more realistic decisions, creating alignment with the company's budget goals. The highest respondent's results were in the indicator of the level of logic of the superiors' reasons for revising the budget proposal, showing that the reasons for the budget revision given by the superiors were considered quite logical by the managers. Logic and clarity in this budget revision is very important because it helps to increase managers' confidence in the budgeting process.

The results of this study are in accordance with goal setting theory, which states that active involvement in goal setting can increase individual motivation and performance. By increasing budget participation, managers will feel more valued and have a meaningful contribution to the budgeting process. This will lead to improved managerial performance, as they will be more responsible and committed to achieving the targets that have been set. These results are in accordance with research conducted by (Amani & Halmawati, 2022; Hariyanti et al., 2021; SURYADI et al., 2021; Umami, 2020; Zonatto et al., 2020), namely budget participation has a positive effect on managerial performance.

The Influence of Transformational Leadership Style on the Managerial Performance of Star Hotels

The results of the hypothesis test, namely the influence of transformational leadership style on managerial performance, were accepted. The results show that transformational leadership style has a positive and significant effect on managerial performance. This means that when the transformational leadership style is well applied by the leader, managerial performance will increase. The effective application of transformational leadership styles can create a positive and productive work environment, which will ultimately improve managerial

performance. The highest respondent's result was in the indicator of trust, which is a key element in transformational leadership. When managers feel trusted and have confidence in their leaders, they tend to be more motivated and strive to achieve better performance. Transformational leadership involves drafting a clear vision and motivating managers to work hard to achieve those goals. Leaders who provide trust and solve problems effectively can increase managers' commitment to organizational goals.

The results of this study are in accordance with the goal setting theory which states that trust and support from leaders can increase employee motivation to achieve the set goals. By providing trust, leaders encourage their motivation and commitment to the organization's goals. An effective transformational leadership style can help set clear goals and provide the necessary support to achieve them, thereby improving managerial performance. These results are in accordance with research conducted by (Bastari, Eliyana, & Wijayanti, 2020; Ferozi & Chang, 2021; Kalsoom, Khan, & Zubair, 2018; Karimi et al., 2023; Tahar & Abdillah, 2021), namely transformational leadership style has a positive effect on managerial performance.

The Role of Psychological Capital Moderation in the Relationship between Budget Participation and Managerial Performance of Star Hotels

The results of the hypothesis test, namely the role of psychological capital moderation in the relationship between budget participation and managerial performance of star hotels, were accepted. The results show that psychological capital strengthens the relationship between budget participation and managerial performance of star hotels. This means that individuals with high psychological capital tend to be more able to utilize budget participation effectively, which ultimately improves managerial performance. Psychological capital, which includes aspects such as optimism, hope, resilience, and confidence, allows managers to deal with tasks more effectively and responsively to organizational goals. The highest respondents' results, namely the self-efficacy indicator, showed that managers' confidence in their own abilities played an important role in moderating the relationship between budget participation and performance. Confident managers are more likely to use budget participation as a tool to improve their performance.

Contingency theory in this context supports that the effectiveness of budget participation can vary depending on situational factors and individual characteristics such as psychological capital. Contingency theory shows that adjusting strategies based on the manager's level of psychological capital is the key to maximizing the positive effect of budget participation on performance. When managers have high levels of psychological capital, they tend to have a more positive mental attitude and are better able to overcome challenges. Thus, the existence of high psychological capital strengthens the positive impact of budget participation on managerial performance, showing the importance of psychological aspects in supporting managerial effectiveness in a star-rated hotel environment. These results are in accordance with research conducted by (Hasanuddin, Haliah, & Said, 2023) that psychological capital moderates the influence of budget participation on performance.

The Role of Psychological Capital Moderation in the Relationship between Transformational Leadership Style and Managerial Performance of Star Hotels

The results of hypothesis testing, namely the role of psychological capital moderation in the relationship between transformational leadership style and managerial performance of star hotels, were accepted. The results show that psychological capital strengthens the relationship between transformational leadership style and managerial performance of star hotels. This confirms that leaders with high psychological capital are able to make transformational leadership styles more effective in inspiring subordinates to achieve better

performance. When a leader has a high level of psychological capital, they are better able to provide inspiration, motivation, and clear direction to their subordinates. Managers with high psychological capital tend to be better able to translate the leader's vision and goals into concrete actions that are productive and effective.

Based on contingency theory, psychological capital is considered a situational factor that affects how transformational leadership styles are accepted and implemented. The success of this leadership style depends on the compatibility between the leadership style and the psychological and situational characteristics of the individual being led. When managers have high psychological capital, they are better able to receive inspiration, overcome challenges, and achieve superior performance. This is in accordance with the principles of contingency theory which emphasizes the importance of compatibility between leadership style and situational conditions faced. This result is reinforced by research (Aldiansyah & Lukito, 2021) which concludes that leadership style affects performance by being moderated by psychological capital and (Rohmah & Yuniawan, 2022) which states that transformational leadership style has a positive and significant effect on psychological capital, and psychological capital has a positive and significant influence on performance.

Implications of Research Results

Theoretical Implications

This study strengthens the goal setting theory by showing that structured budget participation and clear goals can improve managerial performance. These findings confirm that when individuals engage in goal setting, they tend to be more motivated and focused on achieving them. Through a transformational leadership style, leaders encourage the development of subordinates' potential, strengthen their commitment to organizational goals, and improve the overall quality of performance. Research also shows that psychological capital plays an important role as a moderator in the relationship between budget participation, transformational leadership style, and managerial performance. This developed the contingency theory by adding a psychological dimension that affects how these factors interact with each other.

Practical Implications

The results of this study can provide considerations for companies related to improving their managerial performance, namely by encouraging more structured budget participation and motivating managers to contribute to the budget process. The application of transformational leadership style can be one of the leadership styles that has proven to be effective in increasing better work motivation for employees, where employees will be more motivated to improve their performance. The importance of developing psychological capital in strengthening the relationship between budget participation, transformational leadership style, and managerial performance, shows the need for investment in human resource development through training, coaching, and self-development programs. So that employees have good psychological capital to help the company achieve its goals.

CONCLUSION

The study concludes that budget participation and transformational leadership positively impact the managerial performance of star hotels. Increased involvement in budgeting enhances managers' understanding of organizational goals, leading to better performance, while transformational leadership motivates and inspires managers, boosting their commitment and effectiveness. Additionally, psychological capital strengthens these relationships, with managers and leaders who possess high psychological capital more

effectively utilizing budget participation and transformational leadership to improve performance, as they are more optimistic, confident, and resilient in facing challenges.

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