

BUDGETING PARTICIPATION SYSTEM (BPs) ON MANAGERIAL PERFORMANCE IN THE DEVELOPMENT OF A THOUSAND HOUSES IN GRESIK CITY

Nindya Kartika Kusmayati

Moh. Wahib

Hendra Dwi Prasetyo

Institute of Economic Science Mahardhika, Surabaya, Indonesia

Email : nindya.kusmayati@stiemahardhika.ac.id, mwronajaya@yahoo.co.id,

hendra_prasetya@ymail.com

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ABSTRACT

BPs can build an environment that may receive timely scope and information by subordinates, and in this environment, decision making can be easy and effective. Thus, subordinates can obtain accuracy of information and scope about overall organization and take the right position to reach the target organization by considering tasks more clearly. this research uses data a questionnaire with this research population is managers and core employees of the 1,000 house construction project in Gresik City. Secondary data for this research base on literature, interviews, and other sources such as books, the internet, and others. SPSS output results show generated regression of the influence of BPs on Managerial Performance. With the meaning increasing BPs, the higher value of Managerial Performance. The results in this study support the research conducted by Saidu et al. (2017), Tanase (2013), and Eker (2009), which stated that BPs had effect on Managerial Performance despite different research objects.

Keywords: Budgeting Participation System, Managerial Performance

INTRODUCTION

In the literature, it was stated that BPs have an effect on improving managerial performance. In particular, BPs are seen as a technique for getting managers to achieve organizational goals in budget planning and increasing effectiveness (Aranya, 1990). It is known that motivation and cognitive play an essential role in BPs (Murray, 1990). One side of BPs, increasing the acceptance and commitment of subordinates to budget decisions and targets, on the other hand, to share information about the internal and external conditions of the organization with subordinates for top management. The process of discussion, exchange and dissemination of information between top managers and subordinates, provides a scope of work information that is more relevant than managers and increases

quality in decision making (Libby, 1999).

BPs build an environment that allows them to obtain timely scope and information by subordinates, and in this environment, the decision making process can be easy and effective. Thus, subordinates can get the scope and timely information about the organization and the right position to reach the target organization with consideration of clarity of duty. In addition, it uses accuracy of information and scope together with participation for the budgeting process to improve managerial performance (Eker, 2009). This view is supported by western behavior in management accounting which shows that employees are faced with high competition in finding extensive information and timeliness through BPs. When employees can

obtain information about the broad scope and timeliness of all organizations, then they get a clear understanding of their work and environment, and this understanding reduces risky organizations in the market. This research is based on Management Accounting. Therefore, the main hypothesis of this study is that the broad scope and timeliness with BPs have a positive effect on improving managerial performance. In the BPs process, broad scope, and timely information provide participatory decision making facilities, increase the quality and reality of decision making in evaluating important activities, and positively influence managerial performance. This is also the basic argument learned in Indonesia. In this case, the analyzing by evaluating data from a survey of companies that were carrying out 1,000 home construction projects in Gresik City. This research arranged as follows. First, the relevance of the literature and the hypothesis is developed, research methods, results, and conclusions presented in the next section of this study.

LITERATURE REVIEW

Budget Participation System

Budget participation (BPs) is the participation of managers or subordinates in budgeting. BPs are measured using instruments from Milani (1975). BPs in budget management can inspire manager enthusiasm. Then they intend to put more energy and time into work to meet budget targets. Another theory of the budgetary participation system is explained in the research of Halim et al. (2013), Ermawati et al. (2018), Yanida et al. (2013), Negara et al. (2017), Mustoffa et al. (2017). According to Siegel et al. (1989), participation in the budget has weaknesses and advantages. The advantage of this participation is a condition that enhances organizational performance. The weakness of this participation also gives attention, which can lead to dysfunction behavior, such

as individuals creating budget gaps (Syahputra, 2014), (Haryanti et al., 2012), (Sukandani et al., 2016).

Managerial Performance

Performance is one element that can increase company effectiveness. Suwatno and Priansa (2011) also stated the definition of performance as work performance achieved by someone according to the size, within a specified period, regarding work and behavior and actions. Someone's based performance measurement the level of achievement of someone on the work given to. Another theory of managerial performance is explained in the research of Waney et al. (2017), Lestari et al. (2017), Yudista et al. (2016), Moheri et al. (2015). Managerial performance includes the level of competence in the implementation of management activities, which includes plan, coordinate, investigate, regulate, negotiate, represent, supervise and evaluate. Measurement of managerial performance as stated by Milani (1975) includes several indicators; planning, investigation, coordination, evaluation, supervision, staffing, negotiation, and representation (Hasan et al., 2018), (Otalor et al., 2017), (Malinda et al., 2019).

Research

Saidu et al. (2017), the results in his research show that budgetary participation and goal commitment on various performance parameters are still relevant where these variables are located in various data, namely industry and economy. This study further confirms the relevance of theoretical constructs, especially the possible relevance of modified expectations and goal-setting theory. Policymakers strategic areas in establishing participatory budgeting system practices due to the fact that these practices minimize employee resistance to management policies and promote the welfare of the company are represented by profitability. Tanase (2013) his

research shows that participatory budgeting requires comprehensive two-way communication, mutual trust, commitment, time, effort, and cost to the entity. Subordinates must be competent, must have relevant information, and must assume more responsibility. Bosses must give up total control and allow employees to be involved and influence the decision making process. Although BPs are not easy to implement, we believe the benefits of using them outweigh the costs. The BPs process can improve the performance of subordinates and organizational performance. Eker's (2009) result is the effect of interaction between BPs on MP. The analysis supports the hypothesis that a more significant interaction between BPs related to higher MP. The high interaction between scope and timeliness information and BPs causes an increase in MP. In other words, high interactions between BPs and MP provide the right conditions for high managerial performance.

RESEARCH METHODS

Data Collection and Sample Determination

The primary questionnaire data used with the population being managers and core employees on a 1,000 house construction project in Gresik City. Secondary data for this research based on literature, interviews, and other sources such as books, the internet, and others.

Data analysis method

Analyze data using tables, straightforward percentages, tabulations, Pearson's Product Correlation. Data containing variables are measured using a Likert scale (Naresh, 2010). In order to effectively carry out the analysis, items coded for descriptive analysis were transformed into statistical calculations and carried out with the help of SPSS.

RESULTS

Validity and reliability test results, a test showed all questions are valid because of $r\text{-count} > r\text{-table}$ on the sig value. 5% and reliable because the value > 0.60 on Cronbach's alpha. The normality test results show the spread of points following the direction of the line with a graph giving a normal distribution pattern.

Table 1. SPSS Output Results Show

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.733 ^a	.538	.522	7.82809

a. Predictors: (Constant), BPS
b. Dependent Variable: MP

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2139.630	1	2139.630	32.716	.000 ^a
	Residual	1838.370	30	61.279		
	Total	3978.000	31			

a. Predictors: (Constant), BPS
b. Dependent Variable: MP

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.292	3.263		5.913	.000
	BPS	.890	.134	.733	5.909	.000

a. Dependent Variable: MP

Source : data processed

Showing results regression of the influence of BPs on Managerial Performance. With the meaning that higher the BPs, the higher the value of Managerial Performance. The results in this study support the research conducted by Saidu et al. (2017), Tanase (2013), and Eker (2009), who stated that BPs influenced Managerial Performance despite different research objects.

CONCLUSION

In this study looked at the role of the Budgeting Participation System in Managerial Performance in the Construction of a thousand Houses in the City of Gresik. The analysis shows that BPs influential on Managerial Performance. This means increasing participation of subordinates in the BPs process can reduce budget gaps and improve Managerial Performance.

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