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

| Received  | : February 17th 2020 |
| Revised   | : April 11th 2020 |
| Accepted  | : May 30th 2020 |

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

Budgeting................. (Nindya-Wahib-Hendra) hal. 303 - 307
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), Mustofa 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-count> r-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

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.

REFERENCES
Book
Naresh K, Malhotra, 2010, Marketing Research: An Applied Orientation Sixth Edition Pearson Education.
Siegel, G., and H.R. Marconi, 1989, Behavioral Accounting. South Western Publishing, Co. Cincinnati, OH.
Suwatno and Donni Juni Priansa, 2011, HR Management in Public Organizations and Business. Bandung: Alfabeta.

Journal Entry
Aranya, N., 1990, Budget Instrument, Participation and Organizational Effectiveness, JMAR, 2, 67-77.
Eker, Melek, 2009, The Impact Of Budget Participation (BP) And Management Accounting Systems (MAS) On Performance Of Turkish Midle Level Managers, Akdeniz İ.İ.B.F. Dergisi (17) 2009, 105-126.
Ermawati, Nanik, Diah USA, and Zamrud MD, 2018, The Impact of Budget Participation towards Managerial Performance: Job Satisfaction and Perception of Innovation as the Intervening Variables (A Case Study for the Regional District Organization (OPD), Districts of Kudus), Journal of Applied Accounting and Finance (JAAF), Vol. 2, No.2, pp. 138-152.
Halim, Ria N. and Devie, 2013, The Effect of Budgeting Participation on Managerial Performance in the Service Sector in Surabaya, Business Accounting Review, Vol.1, No.2, pp.82-94.
Hasan, Hushaini, Fazli Syam BZ, Mirna Indriani, 2018, The Role of Budgetary Control on Managerial Performance in Fertilizer Companies in Indonesia, Journal of Accounting Research, Organization and Economics, Vol. 1 (2), pp: 138-148.

Lestari, Annisa D., Rini L., and Yuni R., 2017, The Effect of Budgetary Participation on Managerial Performance with Organizational Commitment as an Intervening Variable (Study at 15 Offices in Cimahi City), Accounting Proceedings, Vol.3, No.2 , Pp.301-311.
Libby, T., 1999, The Influence of Voice and Explanation on Performance in Participating Budgeting Settings, Accounting, Organizations and Society, 24, 125-137.
Malinda, Okta, Fajar G.D., Rindu R.G., 2019, The Effect Of Incentives And Non-Financial Performance On Managerial Performance, International Research journal Of Business Studies, Vol.12, No.1, Pp.41-54.
Milani, K., 1975, The Relation of Participating in Budgeting Settings to Industrial Supervisor Performance and Attitudes: A Field Study, The Accounting Review. April, p. 274-284.
Moheri, Yoyon and Dista A.A., 2015, The Effect of Budget Participation on Managerial Performance, ECOBIS, Vol.16, No.1, January, pp. 90-97.
Murray, D., 1990, The Performance Effects Of Participating Budget: An Integration Of Intervening and Moderating Variables, Behvioral Research in Accounting, 2 (2), 104-123.
Mustoffa, A.F and Ika F.U., 2017, The Effect of Budgetary Participation on Managerial Performance in Dr. Harjono S. Ponorogo, Journal of Accounting and Information Systems (SCAI), Vol. 2, No.1, September, pp. 20-42.
Negara, I Gede J., 2017, Effect of Budget Participation, Self Efficacy, Performance Measurement Systems and Reward Systems on Managerial Performance, E-Journal of
Udayana University Accounting, Vol. 20, No.3, September, Pp.2479-2508.
Haryanti, Ida and Radiah O., 2012, Budgetary Participation: How It Affects Performance And Comitment, Accountary Business and The Public Interest, Pp. 53-73
Otalor, J.I., and P.A.Oti, 2017, Budget Participation, Managerial Performance And Budgetary Slack: The Intervening Role Of Budget Pressure And Monitoring, Accounting & Taxation Review, Vol.No.1, December, Pp.9-37.
Saidu, Sani Kabiru, Buhari Musa, 2017, Budgeting Participation, Goal Commitment and Accounting Performance of Nigerian Listed Banks, Saudi Journal of Business and Management Studies Scholarships Middle East Publishers Dubai, United Arab Emirates, Vol-2, Iss-1 (Jan): 19-23.
Sukandani, Yuni and Siti I., 2016, Participatory Budgeting Role in Improving The Performance Of Managerial Head Of Department East Java, Review Of European Studies, Vol.8, No.4, Pp.148-157.
Syahputra, Zubir, 2014, Budget Participation on Managerial Performance: Related Factors in that influenced to Government's Employee (Study of Indonesian Local Government), Journal of Economics and Sustainable Development Vol.5, No.21, pp.95-99.
Tanase, Gabriela Lidia, 2013, An Overall Analysis of Participation Budgeting Advantages and Essential Factors for an Effective Implementation in Economic Entities, Journal of Eastern Europe Research in Business and Economics, Vol. 2013 (2013), Article ID 201920, pp.1-12.
Waney, Mekson, and Winston P., 2017, Effect of Participation of Budget Preparation on Performance of SKPD Apparatus (Case Study in Local Government of Manado City), Journal of Accountability, Vol.6, No.2, pp.1-8.
Yanida, Maria, Made S., and Aulia Fuad R., 2013, The Effect of Budget Participation on Government Apparatus Performance, Journal of Multiparadigm Accounting (JAMAL), Vol.4, No.3, December, Pp.389-401.
Yudista, Ofan M., Amilin and Surtikanti, 2016, Budget Participation and Accounting Information System Implementation on Managerial Performance (Survey on Garment Companies in Bogor District), Management Journal, Vol.7, No.2, December, pp.122-137.