
**Effect of Budget Participation, Individual Capacity, To
Managerial Performance At Baitul Mal wa Tanwil (BMT)**

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Abstract

A budget is a financial plan that covers a short-term period and is used as a control in an organization. In the preparation of an effective budget requires the ability to predict the future, therefore managers need to prepare a budget properly because the budget is a financial plan that describes all operational activities in a company. This study aims to analyze the effect of budget participation, individual capacity, on managerial performance. The author conducted a survey of managers and administrators involved in budgeting. The total respondents were 64 consisting of managers and administrators (BMT) Baitul Mal wa Tanwil. Hypothesis testing in this study using multiple linear regression. The results showed that Budget Participation, effect on Managerial Performance at Baitul Mal wa Tanwil (BMT). While Individual Capacity, has no effect on Managerial Performance at Baitul Mal wa Tanwil (BMT)

Keywords: Budget Participation, Individual Capacity, and Managerial Performance

INTRODUCTION

In the preparation of an effective budget requires the ability to predict the future, therefore managers need to prepare a budget properly because the budget is a financial plan that describes all operational activities in a company. Thus, when a plan is expressed in quantitative terms, it is then translated into a budget which serves as a guide in allocating resources for the company, and helps in making better decisions.

Participation in budgeting provides subordinate managers and employees with the opportunity to influence decisions regarding their superiors' expectations. Participation allows individual managers to view decisions that affect their

operations as shared decisions between them and their superiors and can be used to increase acceptance of organizational goals by individual managers. Individuals involved in setting their own standards/targets tend to work harder to achieve them and this can reduce information asymmetry and provide non-monetary incentives that lead to higher levels of performance (Hansen & Mowen, 2006).

Human resources are an important factor. One of the roles of managers in managing the organization can be seen from the achievement of targets in the planning that was originally set. The results of managerial performance appraisal can be used as a benchmark for the success of managers in carrying out their duties. According to Novita Dewi M, 2014, that *Baitul Maal wat Tamwilis* a financial institution with a sharia concept that was born as an option that combines the concepts of mal and tamwil in one institutional activity.

The presence of BMT is to absorb the aspirations of the Muslim community in the midst of anxiety about economic activities with the principle of usury, as well as supporting funding to develop small and medium business empowerment activities. According to Dunk (1993), performance appraisal is a periodic determination of the operational effectiveness of an organization, part of the organization, and its employees based on predetermined goals, standards, and performance (Siegel and Marconi, 1989). Researcher (Brownell, 1983) that participation in budgeting, process automation, product standardization has a direct effect on managerial performance, that participation in budgeting has a direct effect on managerial performance, that budgeting participation has a direct positive and significant effect on managerial performance. The higher the participation in budgeting, the higher the managerial performance. The conceptual framework in this study is as follows:

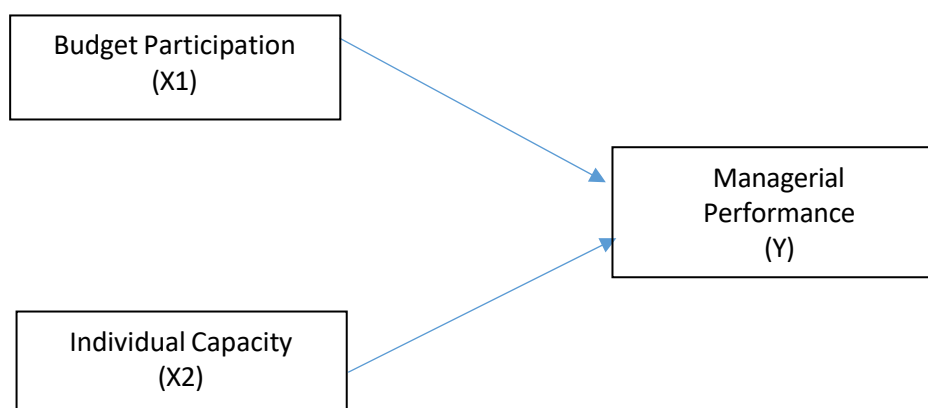


Figure 1. Conceptual Framework for Thinking

From the description above, it can be seen that the dependent variable is Managerial Performance, while the independent variable is Budget Participation, Individual Capacity.

From the picture of the conceptual framework, a hypothesis can be drawn as follows: (1) Budget Participation Affects Managerial Performance at Baitul Mal wan Tanwil (BMT) (2) Individual Capacity Affects Managerial Performance at Baitul Mal wan Tanwil (BMT)

METHOD

The population in this study were managers and administrators of BMT in the Klaten area with a total of 64 respondents. The researchers collected data in several ways, the first to meet directly with the head and manager of the BMT concerned and the second the questionnaires were entrusted to the admin of each BMT department and from the number of questionnaires. which was distributed to 16 BMTs in Klaten d, where each BMT submitted 4 questionnaires, so that the predictions of the questionnaires that would be sent were 64 questionnaires, from the data that can be used all 64 questionnaires.

1. Validity test

Validity test is used to test the questionnaire as an instrument (tool) in the study whether it is valid/appropriate to collect data. Validity test using Pearson correlation product moment/Pearson correlation. The questionnaire criteria are said to be valid if the -value (probability value/significance) < 0.05 .

TABLE I
BUDGET PARTICIPATION VALIDITY TEST (X1)

Questionnaire Items	-value (significance)	Criteria	Information
X1.1	0.000	= 0.05	Valid
X1.2	0.000	= 0.05	Valid
X1.3	0.000	= 0.05	Valid
X1.4	0.000	= 0.05	Valid
X1.5	0.000	= 0.05	Valid
X1.6	0.000	= 0.05	Valid
X1.7	0.000	= 0.05	Valid
X1.8	0.000	= 0.05	Valid
X1.9	0.000	= 0.05	Valid
X1.10	0.000	= 0.05	Valid

Source: Primary data processed, 2022

From the information above, it can be said that all statement items for the 10 statements on the budget participation variable are valid.

TABLE II

INDIVIDUAL CAPACITY VALIDITY TEST (X2)

Questionnaire Items	-value (significance)	Criteria	Information
X1.1	0.000	= 0.05	Valid
X1.2	0.000	= 0.05	Valid
X1.3	0.000	= 0.05	Valid
X1.4	0.000	= 0.05	Valid
X1.5	0.000	= 0.05	Valid

Source: Primary data processed, 2022

Table 2 above shows that all of the questionnaire items on the Individual capacity (IC) variable, from the five indicators, are declared valid, because each question item that is an indicator of each variable (in the Estimate column) has been extracted perfectly and has a factor value. loading 0.50.

**TABLE III
MANAGERIAL PERFORMANCE VALIDITY TEST (Y)**

Questionnaire Items	-value (significance)	Criteria	Information
X1.1	0.000	= 0.05	Valid
X1.2	0.000	= 0.05	Valid
X1.3	0.000	= 0.05	Valid
X1.4	0.000	= 0.05	Valid
X1.5	0.000	= 0.05	Valid
X1.6	0.000	= 0.05	Valid
X1.7	0.000	= 0.05	Valid
X1.8	0.000	= 0.05	Valid

Source: Primary data processed, 2022

Table 3 above shows that all the questions on the Management Performance (MP) variable questionnaire, of the five indicators are declared valid.

Reliability Test

To measure the reliability of this research instrument, it is carried out using the Cronbach Alpha . coefficient(Ghozali, 2017). From the table it can be seen that the value of Cronbach's alpha > 0.600 and the value of composite reliability > 0.700. That is, the reliability conditions are met(Ghozali, 2017).

TABLE XIV
VARIABLE RELIABILITY TEST

Variable	<i>Cronbach's Alpha</i>	> 0.60	Conclusion
Budget Participation (X1)	0.875	0.60	Reliable
Individual Capacity (X2)	0.849	0.60	Reliable
Managerial Performance (Y)	0.779	0.60	Reliable

Source: Primary data processed, 2022

Classic assumption test :

Multicollinearity Test

According to Ghozali (2018) that the multicollinearity test aims to test whether a regression model has a correlation between independent (independent) variables. A good regression model should not have a correlation between independent variables. The multicollinearity test can be seen from the amount of VIF (Variance InflationFactor) and tolerance. So a low tolerance value is the same as a high VIF value (because $VIF = 1/tolerance$). The cutoff value commonly used to indicate the presence of multicollinearity is the tolerance value 0.01 or equal to the VIF value 10. (Ghozali, 2018)

TABLE IV
MULTICOLLINEARITY TEST

Variable	Tolerance value	VIF	Criteria
Budget Participation (X1)	0.689	1,452	There is no multicollinearity
Individual Capacity (X2)	0.689	1,452	There is no multicollinearity

Source: Primary data processed, 2022

According to Ghozali (2018), the autocorrelation test aims to test whether a regression model has a confounding error correlation in period t with a

confounding error in period t-1 (previously, a good regression model should not have a correlation between independent variables.

TABLE V
AUTOCORRELATION TEST

<i>Runs Test</i>	
	<i>Unstandardized Residual</i>
<i>Test Value</i>	11876
<i>Cases < Test Value</i>	32
<i>Cases >= Test Value</i>	32
<i>Total Cases</i>	64
<i>Number of Runs</i>	26
<i>Z</i>	-1.764
<i>asyp. Sig. (2-tailed)</i>	.078
a. median	

Source: Primary data processed, 2022

TABLE VI
HETEROSCEDASTICITY TEST

Variable	Sig	Criteria
Budget Participation (X1)	0.211	Heteroscedasticity does not occur
Individual Capacity (X2)	0.533	Heteroscedasticity does not occur

Source: Primary data processed, 2022

According to Ghozali (2018) the heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. If the variance of the residual from one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity. To test the heteroscedasticity model using the glejser test method. The data above shows that there is no heteroscedasticity problem.

TABLE VII
NORMALITY TEST

<i>One-Sample Kolmogorov-Smirnov Test</i>	
	<i>Unstandardized Residual</i>
<i>N</i>	64
<i>NormalParameters, b mean</i>	000000000

	<i>Std. Deviation</i>	3.53066532
<i>Most Extreme Differences</i>	<i>Absolute Positive</i>	.055
	<i>negative</i>	-.055
<i>Kolmogorov-Smirnov Z</i>		.437
<i>asymp. Sig. (2-tailed)</i>		.991

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data processed, 2022

The testing technique used in this research is the One-Sample Kolmogorov Smirnov Test (1-Sample KS). The provisions of a regression model are normally distributed if the probability value of Kolomogorov Smirnov > 0.05. (Ghozali, 2018). The data shows that the significance value is above 0.05, then it is said that the data is normally distributed.

RESULTS AND DISCUSSION

TABLE XX
TEST RESULTS t

Model	<i>Coefficientsa</i>			<i>t</i>	<i>Sig.</i>
	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>		
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
<i>(Constant)</i>	3.102	4020		3.878	.000
B Participation (X1)	.309	.109	.393	2.658	.000
Individual Capacity (X2)	.150	.199	.104	.757	.452

a. Dependent Variable: Managerial Performance

Source: Primary data processed, 2022

The Effect of Budget Participation on Managerial Performance

Based on the results of the research that budget participation has an effect on managerial performance, it shows a significant value of 0.000, which means that budget participation has an effect on managerial performance, this is in accordance with the results of the study (Milani, 1975). That participation in budgeting is expected to improve managerial performance, ie when goals have been planned and agreed upon in a participatory manner, employees will internalize these goals and they will have personal responsibility for achieving them through involvement in the budget process. According to Brownell (1982) participation is generally assessed as a managerial approach that can improve the

performance of organizational members. Brownell and McInnes (1986) found that high participation in budgeting increases managerial performance.

This effect shows the better the level of participation, the better the success rate of managerial performance. This is because the running of an organization in addition to being supported by human resources must also be supported by good budgeting. According to Supriyono (2000) budget is a planning and control tool, so that managers can carry out organizational activities more effectively and efficiently. With the budget, there is indirectly supervision that can be controlled (Nafarin, 2007). Thus, a company must make careful planning before starting its operational activities. Where the company is expected to involve the participation of managers in carrying out the planning and control process (Shields & Shields, 1998).

Influence of Individual Capacity on Managerial Performance

The results of the individual capacity research with managerial performance show an effect with a significance value of 0.452. This result is not in accordance with the findings Sari (2006) that individual capacity is essentially formed from the process of education, both through formal and non-formal education. Managers who have higher individual capacities and are accompanied by opportunities participating in the budget will have a positive effect on performance managerial. These findings indicate that the opportunity to participate in budgeting is not sufficient to improve individual performance managers who have knowledge in determining company decisions, knowledge in utilizing company resources effective and efficient, as well as experience in budget planning. Managers with high capacity will have more opportunities to participate in other planning and control activities within the company, so this will encourage their managerial performance.

The results of this study differ from research by Agbejule and Saarikoski (2006) which found that the influence of the existence of the capacity dimension is represented by individual capacity variables. High formal education, the large number of trainings that have been attended, and sufficient work experience will strengthen the positive influence. budget participation on managerial performance. According to Blumberg and Pringle (1982), individual performance is influenced by three dimensions, namely capacity, willingness and opportunity. Capacity is a cognitive and psychological ability that allows individuals to work effectively. This dimension reflects the influence of individual abilities, knowledge, skills, intelligence, age, health condition, education level, stamina endurance, motor skills and others similar.

According to the statement of Syakhroza (2003), *gap* What happens in budget implementation is because employees do not have enough knowledge, the training needed in the budgeting process requires employee involvement and

participation. The effectiveness of budgeting itself is related to the capacity of the individuals involved in it. Individual capacity is essentially formed from the general education process, either through formal, non-formal or informal education. Qualified individuals are individuals who have sufficient knowledge. Related to the budgeting process, individuals who have sufficient knowledge will be able to allocate resources optimally, thereby minimizing deviant things in the budgeting process. Budgeting participation in managers who have individual capacity does not contribute to improving managerial performance Apriyandi (2012). However, the results of this study are inconsistent and support the results of research conducted by Yuhertiana (2004).

Although individuals have the ability and willingness to engage in things that are expected to improve performance, this will not be achieved if the individual does not have the opportunity to make it happen. Opportunity refers to technical system elements, such as equipment, supplies, materials, leadership behavior, organizational policies, and rules and procedures. Participation in budgeting shows the opportunity dimension that provides an opportunity for individual managers to be involved in determining the budget in order to improve performance.

CONCLUSION

This research was conducted with the aim of individual capacity, performance-based budgeting, and managerial performance. Based on the results of the research, hypothesis testing and discussions that have been carried out, it is concluded as follows: a. Budget Participation has an effect on Managerial Performance in BMT. b. Individual Capacity does not affect Managerial Performance on BMT. The contribution given by the variables of budget participation and individual capacity is 18.5%, while the rest is from variables not examined in this study.

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Capacity as Moderating Variables Journal of Economics and Business
Udayana University Vol 4.0 No 5 (2015):