

Role of Budget Preparation and Improving Managerial Performance

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Abstract. Both profit and nonprofit entity Could gain the benefit from planning and Control that is provided by the budget. In preparing the budget, it is good to difference the needs with the availability of budget, therefore, it will be executed properly with participative budgeting system. Many accounting mangement studies pay attention on the issue of participation budgeting in relation to managerial performance and produce opposition empirical results. s. The difference in the results of empirical studies occurs because the relationship of budgetpudget participation and managerial performance depend on situational factors or better known as a contingency variable.

Keywords: managerial performance and budget preparation .

I. Introduction

To achieve the goals of the Company, There is the need for a strong and Competent management in their field .

Management is the party entrusted by the owner of Company in managing the Company's investment in both outward and inward. According to Terry (1972) in the management principles, management is atypical process that Consists of actions of planning, Organizing, and Controlling that are performed to determine and achieve the goals that have been determined through the use of resources.

Management is expected to perform it's functions in accordance with the objectives and targets to be set by the Company. Therefore we need a toul for management in Some forms of formal planning of all activities of the Companyin a given period of time that is expressed qualitatively. The form of so-called budget planning which is not only a financial Plan for a Company, but also as ameans of Control, Coordination, evaluation, motivation. A Coording to Hansen and Mowen (2004), both profit and nonprofit entity could gain the benefit From Planning and Cond and Control that is by the budget. Before the budget and the strategic plan helps management to ensure that all the attention is not focused on short-term operational. is provided .

This is important because of the budget , as the plan period, has properties for short-time. (Hansen and Mowen, 2004).



In a top-down budgeting system where, plans and budget amounts have been set by the supervisor/subordinate power holders in order that the budget executors only do what has been set by the budget. The implementation of these systems results in performance of subordinates/executors of the budget to be ineffective because the target is too demanding, but the resoures given insufficient (overLoaded).

Higher budget Less know the potential and the barriers that are owned by Subordinate / implementing the budget. a entity began to implement that can address the budgeting system that problem at the top of the system of participatory budgeting (Participative budgeting). Through this system that subordinate/ executors of the budget involved in the prep preparation of the budget Concerning sub section in order to reach agreement between the supervisor Subordinate power power holders and the an areas budget/budget execution of the budget (Ompesunggu and Bawono, 2007).

Many areas of accounting management research have Looked at the problem of budget participation (Brownell, 1981). Many Companies believe that the budget Can improve performance.

One if the tools to assess the performance is superior activity level budget participation of managers or employees .



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