

PARTICIPATORY BUDGETING AND MANAGERIAL PERFORMANCE IN CONDITIONS OF INFORMATION ASYMMETRY

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Abstract: Changes in the business environment marked by the advancement of information and communication technology, transportation technology and pemanufakturan current technology provides sharp impact on business competition, (Porter, 1997). Goals to be achieved in this study are: 1. To find out how much influence the Budget Participation on Managerial Performance. 2. To find out how much influence the Budget Participation on Information Asymmetry. 3. How great to know Information Asymmetry effect on Managerial Performance 4. How to find out the effect of the Budget Participation on Managerial Performance, Live or Not directly through the Information Asymmetry. Objects in this study is the Budget Participation, Information Asymmetry, and Managerial Performance. The study population was the leaders, managers and employees of the hospital in West Java Province and surrounding areas who are directly involved in the preparation of the budget. A total of 35 hospitals that received the questionnaire and return as many as 30 hospitals, with 110 copies of the questionnaire. findings of this study include: 1. Effect of budget participation on managerial performance is significant. 2. There is information asymmetry influence on managerial performance but in small amounts and not significant. 3. Budgetary participation affects the information asymmetry significantly, 4. Information asymmetry can not perform its role as an intervening variable, due to the influence of direct participation and significantly larger budget than it does through the information asymmetry.

Keywords: Budget Participation, Managerial Performance, Information Asymmetry, Hospital.

PRELIMINARY

Many social research, such as business administration, law, finance, and accounting is based on the framework of the agency assuming the existence of two main factors, namely the principal and agent or manager. Principal will hire a manager to perform a task on behalf of the principal. In the context of the organization, then the principal is often described as the executive who delegates responsibility

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or some specific task on the subordinate who serves as an agent or manager. As explained by Baiman (1982), a agency model assumes that a manager has the “private” information about the areas that are the responsibility of the agent or manager. This private information is with the assumption that the principals can receive it only if they are burdened with the cost of supervision is significant. By using the framework of the agency, several papers suggested that participation in the preparation of the budget allows the subordinates to reveal their private information that leads to the creation of a better performance of the individual and the company will receive economic benefits (Baiman & Evans, 1983; Christensen, 1982; Penno, 1984; Nouri and Parker, 1996).

Paradigm agency theory, first formulated in the literature of academic economics in the early 1970s by Ross (1973), Jensen and Meckling (1976) and subsequently diffused at business schools, literature, management, education academy specialist, and loaded the application journal practitioners, business news, in early 1990s, and became a topic of discussion that dominates the institutional logic of good management in coorporasi, Zajac and Westphal; 2004 in Shapiro (2005).

Jensen and Meckling (1976) define an agency relationship as a contract where one or more person (principal) involve another person (the agent) to carry out the work/services on their behalf which involves delegating decision-making authority to the agents. If both parties in the relationship wants to maximize the utility, there are strong reasons to believe that the agent will not always act in the best interests of the principal. Principal may limit the divergence of interest by providing appropriate incentives to agents and monitoring costs borne by principal designed to restrict deviation agent activity. In addition, in some situations it will pay agents to expend resources (cost of debt) to ensure that he would not take certain actions that would jeopardize the principal or to ensure that the principal will be compensated if he does not act like it.

Adams (1994) states that the agency theory also assumes that the principal and the agent to act rationally and that they will use the contract to maximize their wealth. This means that because the agent has the self-seeking motives will take the opportunity to act against the interests of the owner of the company, for example by taking a higher share in the consumption levels of additional income (allowance), this dilemma is referred to as the problem of “moral hazard”. Another type of agency problem that arises is “Adverse Selection”. This occurs when the principal does not have access to all the information available at the time the decision is made by a manager and thus can not determine whether the actions of managers in the best interests of the company, the state of efficiency, or “Pareto-optimal”, there is a contractual relationship between the principal and the agent

when no party can increase their wealth at the expense of others. To ensure Pareto-optimal in the contracting process, both principal and agent will charge contract. For example, to minimize the risk of omission by the agent, the principal will be charged a monitor, for example the cost of the audit of financial statements for external audit scrutiny. Agents, on the other hand, adds to the cost, for example, the cost of internal audit, to signal to the principal that the job is run by agents conducted responsibly and in the manner agreed in the employment contract. Such actions also help managers to secure their position in the company and to protect their salary levels. Adams (1994) argues that the principal expenditure on measures to monitor agent behavior is reflected in the salaries paid to the agent. Therefore, it is the interests of the agent to demand monitoring services, such as internal audit, which aims to reduce the risk of the principal to make adjustments negatively on executive compensation. Agency theory has grown beyond the original domain positivist and has been used by researchers (principal-agent) in a number of disciplines to study issues arising from the institution-like, superior-subordinate relationship. Widespread use of agency theory (both positivist and principal-agent) can be attributed to the attractiveness of the model because of assumptions about human beings (for example, self-interest, rationality is limited, with risk aversion), the organization (for example, the goal of conflict between members) and information (for example, as a commodity, and monitoring of a draft) Samson Ekanayake, (2004)

PARTICIPATION BUDGET, INFORMATION ASYMMETRY, AND PERFORMANCE MANAGERIAL

Changes in business environment marked by the advancement of information and communication technology, transportation technology and technology pemanufakturan currently providing sharp impact on business competition, (Porter, 1997). In another section of this condition, will urge business organizations to constantly innovate on four business perspectives in order to fit with the changing environment, and furthermore can provide added value for our stakeholders is their (Kaplan and Norton, 1992). Organizations that are not able to innovate in a sustainable manner will be squashed in the competitive environment of business, thus berlahan business organizations are lagging behind, and it will only be a follower, so it will never be the best, and eventually die.

Benefits with advances in the technology used to add strength in a competitive business, for example is the management of PT Express Transindo Utama (Taxi Express) made a major investment in IT through a system of digital dispatch system (DDS) to make the company excel in serving customers in transportation, particularly cab, David Santoso and Hardy Huston (2012), and further innovation

made by PT Kereta Api Indonesia who have had successful business transformation, so that revenue increased from Rp 3 trillion to Rp 7 trillion. Even in 2014 expected to reach Rp 14 trillion, Sulistyo Wimbo Hardjito (2012).

In conditions of sharp competitive business environment, the fundamental business organizations in order to more efficiently and effectively manage their business activities, such as providing space for member organizations to be motivated in contributing to achieving the vision and mission of the organization. Suppose involve them in planning the budget, why? Because participation is a concept used to describe the extent to which subordinates are allowed to choose their own actions (Milani, 1975). The subordinate must be given the opportunity to participate in a variety of decisions made within their organization that affect them directly or indirectly, Argyris, (1952). Given the opportunity for subordinates to give ideas, their input into the budget process will add a sense of responsibility to his subordinates in the implementation of the budget. However, it should also be remembered, that the creation of an effective budget, managers need a reliable estimate (reliable) about the future. When subordinates gave a report on the estimated future bias to his superiors, would create budgetary slack, this condition will reduce budget efektifitas in the planning and organization control (Waller 1988).

Participation budget according to Chong and Johnson (2007) for planning and goal setting, and for the purpose of motivation, Yucel and Gunluk (2007), an important tool for planning and motivating the performance of subordinates, Anthony and Govindarajan (2005), a process in which the maker of the budget (subordinate) involved and have influence in the determination of the budget, Hansen & Mowen, (2000), an important component in organizational planning, Chong (2002), affects the subordinate commitment, Chong and Johnson (2007), provide opportunities for subordinates to set goals budget difficult but achievable, Verbeeten (2008), stimulating subordinates to accept and air-commitments for budgetary purposes.

Marconi and Siegel (1989: 125) says that the budget has the following benefits:

- (a) The budget is the result of the planning process. The budget as a result of negotiations among the members of the dominant in an organization, the budget represents a consensus on the objectives of the activity in the future.
- (b) The budget as blueprint activities of the company, so that the budget may reflect the priority allocation of resources owned by the company.
- (c) The budget is an internal communication tool that connects the department or division of the department (another division) in organisasasi and with top management.

- (d) The budget provides information about the actual results of operations compared to a predetermined standard.
- (e) The budget as a means of controlling who directs the organization's management to determine the strong and the weak. It will be able to direct the management to determine the corrective action to be taken.
- (f) Budget influence and motivate managers and employees to work with a consistent, effective and efficient in conditions of fitness for purpose between corporate objectives with employee goals.

Raclin et.al (1993), says that there are several advantages of using the company's budget, namely: (1) Having an analytical tool that is accurate and timely; (2) Having the ability to predict performance; (3) Management helped to allocate resources; (4) Having the ability to control performance; (5) Got an early warning that comes from the predictions; (6) Being able to see the early warning of the presence of various opportunities and threats; (7) Ability to use past performance as an indication or knowledge; and (8) have an understandable format, which would bring consensus and support for the annual budget (annual budget).

Furthermore, Halim, A and Abdullah, S (2009) states that the executive has the advantage in terms of possession compared to legislative information (information asymmetry). This advantage comes from the factual condition that the executive is implementing all the functions of local government and deal directly with the public in a very long time. Executives have a good understanding of the bureaucracy and administration as well as legislation that underlies all aspects of government. Therefore, the budget for the implementation of public services is proposed to be allocated based on assumptions making it easier for executives to provide services properly. The Executive will have a tendency to propose budgets that are larger than actual happening today (maximum principle). In contrast to the budget revenue, executives tend to propose a lower target (minimum principle) so that when the realization implemented, these targets easier to achieve. Proposed budget containing slack as this is a picture asymmetry of information between the executive and the legislature. Furthermore, Shields and Shields (1998) argues that one of the most important reasons for the participation of the budget is the sharing of information between subordinates and superiors including sharing of personal information held by the subordinates. While Young (1985) empirically examine the influence of personal information on the productive capability, risk preference and budget participation on budgetary slack. The results show that, because of the desire to avoid risk, subordinates involved in budgeting tend to perform budgetary slack. The higher the risk, the subordinates who participated in the preparation of the budget will make budgetary slack in order to minimize the risks. These findings suggest that participation will increase the budget budgetary slack.

Information asymmetry occurs because of differences in interests between management and owners of capital. Eisenhard (1989) suggested that one of the basic assumptions of human nature is self-interest, that is selfish and not willing to sacrifice for others. Owners of capital, as a party that authorizes management to manage wealth have an interest in improving well-being through the distribution of dividends or an increase in the company's stock performance. On the other hand, management of a party that was given the responsibility to manage the company has an interest to increase the interest itself through increased compensation. The condition causes management tends not to provide information that negatively affect those interests.

Anthony and Govindarajan (2001) states that the condition of information asymmetry arises in the theory of agency (agency theory), the principal (owner / boss) gives authority to the agent (manager / subordinate) to regulate the company owned. Information asymmetry is a condition where the owner / boss does not have enough information about the performance of agents / subordinates so that the boss can not determine the contribution subordinate to the actual results of the company. Environmental uncertainties could cause subordinate to the field of technical information exceeds the information held his superiors. Tops / proxy budget may have more knowledge than the subordinates / implementing the budget on the responsibility of a subordinate unit / implementing the budget, or vice versa. When the possibility first occurred, there will be greater demands from superiors / holder budgetary authority to subordinates / implementing the budget on the achievement of budgetary targets which, according subordinates / executing the budget is too high. However, when the possibility of a second case, a subordinate / implementing the budget will be lower than the target stated that it is possible to achieve. Circumstances where one party has more knowledge than others about something called asymmetric information.

Performance is a multidimensional construct, the measurement also varies depending on the complexity of the factors that make up the performance (Mahmudi, 2010). Performance is defined as the work itself (outcomes of work), because the work gives a strong link to the strategic objectives of the organization, customer satisfaction, and contribution to the economy (Rogers, 1994). According to Otley (1980), the performance refers to something that is related to the activities of doing the work, in this case include the results of the work accomplished. Based on the above understanding can be said that the managerial performance is an achievement accomplished managers in managing the organization in carrying out its function as a manager.

Performance measurement is an important part of the planning and supervision of the organization, it is indicated if the organization achieve its goals at the strategic level (units) and operational level (Hoque, 2003). Performance

may be focused on products, processes and people (employees and customers). There are two (2) measurement of performance: (1) Measurement of financial performance (Financial performance measure). According to the National Association of Accountants (NAA), 1986 financial performance measures provide a good opportunity for managers to improve the evaluation of the entity and operation. Measures such as the direct management's attention to the operating entities and in the long term, may reflect better profit generated financial entity rather than historical financial steps short term. (2) measurement of non-financial performance (non-financial performance measure). Non-financial performance measures should reflect the drivers of future financial performance (Kaplan and Norton, 1996). The bottom line is that traditional performance measures should be replaced with a more flexible dynamic size.

Mahoney et. al (1963) look at the manager's performance based on the ability of managers to carry out his managerial duties. Performance Manager includes the ability of managers in:

1. Planning (Planning) Setting goals, policies and actions, scheduling of work, establish procedures, create a program and others in the organization.
2. Investigation (Investigating) Collecting and preparing the information, records, reports and calculations, measuring output, menlai supplies, equipment and analyze the work piece or unit.
3. Coordinating (Coordinating) Exchange information with the other section or unit in an attempt adjustment program, requesting input from the other parts and bekerjasama with other work units.
4. Evaluation (Evaluating) Assess and evaluate proposals or reports or observing performance: assessing employees, consider the financial statements and other reports and assess employee productivity.
5. Supervision (Supervising) Directing, leading and developing subordinates, providing consulting, training and explain the rules work to subordinates about jobs and address complaints.
6. Selection of staff (Staffing) Keeping the working atmosphere within the organizational unit; participate merekrutmen, interviewing and selecting a new employee; placing, promote-right and rotate employees.
7. Negotiation (Negotiating) Doing konrak for goods and services with suppliers, decided to cooperate with the best seller or supplier.
8. Representative (representating) Attending seminars, consolidated with other units, gathered with community positions, making a speech organizations to improve the organization's image.
9. And the overall performance.

FRAMEWORK

1. Effect of Budget Participation on Managerial Performance.

Budgeting is essential to achieve the targeted performance in the company's strategic orientation as well as for direct and indirect relationships with the strategy (Yucel and Gunluk, 2007). Budget participation is defined as the process by which subordinates are given the opportunity to engage in and influence the budget setting process (Brownell, 1982), hereinafter Yucel and Gunluk (2007) state budget participation is an essential tool for planning and motivating the performance of subordinates.

Studies that examine the effect of budget participation on managerial performance has been widely applied, Yucel and Gunluk (2007) tested the Effects of budgetary control and justice perceptions on the relationship between budgetary participation and performance, the results of this study indicate that participation in the preparation of the budget a positive influence and directly on managerial performance. Furthermore Yahya ddk (2008) examined the effect of budget participation on managerial performance in Malaysia, showing the results of a direct link between budget participation and managerial performance.

Brownell and McInnes (1986), Leung and Chan (2001) Chong and Chong (2002), Chong and Wing (2003), Maiga (2005), Frucot and Stephen (2006), Leach-Lopez (2007), Leach-Lopez (2009), examines the relationship of participation in budgeting and managerial performance, and the results showed a direct relationship between budget participation and managerial performance.

Hypothesis 1. Participation Budget Impact of Information Asymmetry.

2. Effect of Budget Participation of the Information Asymmetry

Information asymmetry is a condition where the owner / boss does not have enough information about the performance of agents / subordinates so that the boss can not determine the contribution subordinate to the actual results of the company. Environmental uncertainties could cause subordinate to the field of technical information exceeds the information held his superiors. Then Welsch et al in Fitr (2004) suggests the presence of budget participation of middle-level managers and lower level in the budgeting process, have a beneficial impact in at least two respects. First, the process of reducing the information asymmetry participation in the organization, thereby allowing the top-level management informed about environmental issues and technology, from the lower-level managers who have special knowledge. Second, the process of participation can generate greater commitment from the management level down to implement the budget plan and meet budget.

Hypothesis 2. Participation Budget Impact of Managerial Performance.

3. Effect of Information Asymmetry on Managerial Performance.

Wing, Guo and Lui (2010) observed that the internal and external motivation to participate in the preparation of the budget was positively related to performance. These findings highlight the importance of distinguishing between the various forms of participatory budgeting and motivation research indicates that the mechanism of the information derived from the benefits of participation in the budgeting obtained may be more complex than expected. In this study, there were seven (7) questions when it concluded a statement regarding the perception of the subordinate motivation in participating in the preparation of the budget, that if we selusuri with information asymmetry is actually a condition in which subordinates feel more understood existence. That is if they are not empowered to maximum then it will become an obstacle to the organization. Furthermore, Merchan (1981), and Onsi (1973) provide evidence that participation may lead to a reduction in budgetary slack, which can be associated with positive communication between the manager so that subordinates feel little pressure to create slack. In both these conditions indicate that the information asymmetry effect on managerial performance.

Information Asymmetry Hypothesis 3. Impact of Managerial Performance.

4. Effect on the budget Participation Managerial Performance, directly or indirectly through Information Asymmetry.

Chow, Cooper and Waller (1988) in this study they found empirical evidence that the payment scheme according to the suppression-confidence and emphasis-slack after the analysis of the incentive benefits for them experimentally. Preparation of the budget based on participation in the payment scheme-suppression and suppression of truth-slack and also the condition of the existence of information asymmetry between the superior-subordinate and their impact on the performance capabilities of subordinates. Results show that when there is no information asymmetry between superiors and subordinates, budgetary slack there is no difference between the two schemes of payments, as well as also when there is asymmetry of information between the superior-subordinate, budgetary slack is significantly lower in the second payment scheme. Thus, payment schemes and symmetry of information interact in affecting performance.

Dunk (1993) states that the relationship between participation and budget slack dependent on the emphasis and asymmetry of information, but in a direction contrary to expectations. The study provides evidence for the utility of participatory budgeting, and little support for the view that the participation rate may result in

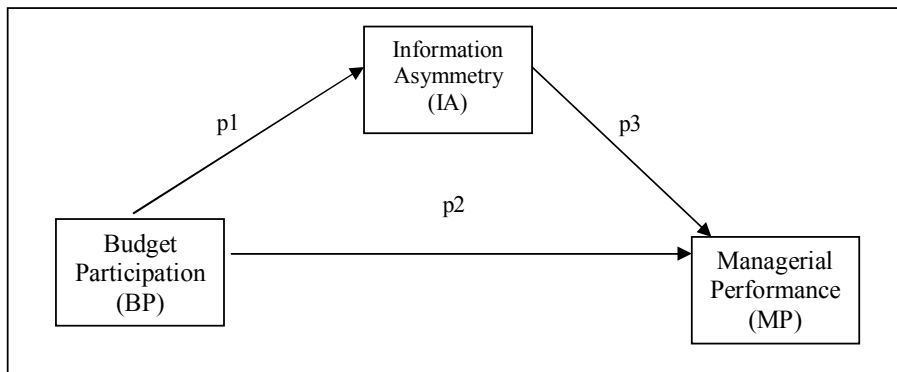
increased budgetary slack practices as the two other predictors are high. Although participation can cause subordinates to include slack in the budget, the results indicate that participation alone may not be enough. The findings suggest that results in a reduction of the slack participation, unless emphasis low budget.

Fisher, et. All (2002) suggested that the use of the budget for the second allocation of resources and the evaluation of the performance of not only eliminating budgetary slack, but also increases the subordinate effort and performance tasks. In addition, we found that the internal reporting system that provides information about the budget and the performance of subordinates to their colleagues alleviate the slack budget when the employer does not use the budget as a basis for resource allocation this result highlights the synergy between planning (resource allocation) and control (evaluations performance) function managerial accounting practices such as budgeting. Our results also show that by designing internal information systems to reduce the asymmetry of information between the subordinate, the company can increase the incentive subordinates to provide more accurate budget.

Hypothesis 4. Participation Budget Impact of Managerial Performance, directly or indirectly through Information Asymmetry.

Based on the description above framework, the framework can be described as the following chart:

Figure 1: Framework



RESEARCH METHODOLOGY

1. Object Research

According Arikunto (2002: 15), the object of research is variable, or what is the focal point of a study. So it is with that said I Made Wartha (2006: 220) The object of

research is the variable that will be observational study. The object in this research is the participation of the Budget, Information Asymmetry and Managerial Performance.

2. Research Methods

The method used is descriptive method using explanatory survey, which describes causal relationships and correlations between variables by testing the hypothesis (Masri Singarimbun and Sofian Effendi, 1995: 5). Survey methods used to obtain data from a particular place is natural (not artificial), but the study did treatment in data collection, for example by circulating questionnaires, tests, structured interviews, and so on (Sugiyono, 2011: 6). The survey was conducted to gather facts through questions to the people who are targeted as a source of information about the Budget Participation, Information Asymmetry and Managerial Performance. The type of data in this study are primary data. Primary data according sekaran (2009: 77) is the data collected for the study of the actual place of the incident. Reasons for the selection of primary data in this study because, in the opinion have now (2009: 77) the type of information related to employee perceptions and attitudes are best obtained through interviews, by observing the events and objects or by distributing questionnaires is a type of primary data.

3. Research Instruments

Definition of research instruments according Sugiyono (2011: 148) is a research tool used to measure the natural and social phenomena being observed. Based on the research title Participation Influence the Budget, on Managerial Performance and through the Information Asymmetry, the instrument used in this study is in the form of a questionnaire. Items instrument which is based on the indicators defined variables. Sugiyono (2011: 149), in the preparation of instruments item using clear language so that all interested parties understand what is meant in this study, thus this instrument items described in the form of questions that will be answered by the parties in question.

4. Operationalization Variable

The main purpose of defining the operations or operationally is a variable that can be measured so that researchers can collect data and then perform statistical analysis against him. Operationalization of variables is to define the concept of an operation, to explain the characteristics of the object into elements that can diobeservasi causing concepts can be measured and operationalized into research (Sugiyono, 2010).

5. Hypothesis Testing

In the hypothesis testing is done by using path analysis (path analysis). Path analysis is a diagram that connects the network of relationships several variables are placed in a sequence that will be studied in the research (Jonathan Sarwono, 2012: 9), where the purpose of the path analysis to identify pathways cause of a particular variable to another variable that is affected and calculate the effect of the or more independent variables on the dependent variable, both direct effect and the indirect effect.

The structural similarities can be seen as follows: There are several series of regression equations that will be used in estimating path coefficients, as follows:

Sub structural equation 1: $AI = p_{AI.PA} + e$

Structural sub Equation 2: $KM = p_{KM.PA} + p_{KM.AI} + e$

In this study used path analysis there are two (2), namely:

1. The effect of budget participation on information asymmetry. Equations used for pathway analysis are:

For direct effect: $AI = p_{AI.PA} + e$

2. The effect of budget participation on managerial performance through the asymmetry of information.

Equations used for pathway analysis are:

For direct effect: $KM = p_{KM.PA}$

$KM = p_{KM.AI} + e$

To the indirect effect: $p_{KM.PA} \times p_{KM.AI}$

Description: $p_{AI.PA} = p_1$

$p_{KM.PA} = p_2$

$p_{KM.PI} = p_3$

Path analysis is part of a statistical parametric requires minimal interval scale, so that the results of the questionnaire ordinal data needs to be raised to an interval scale through successive interval method (Method of Successive intervals). Raising the ordinal scale of this interval to be done for each item per sub variables / variable based on the ordinal score respondent.

The following working steps to raise the level of measurement of ordinal measurement scale to the level of scale of measurement intervals through the Method of Successive Interval:

1. For each question, calculate the frequency response of each category (answer choices).

2. Based on the frequency of each category is calculated proportions.
3. From the proportions obtained, calculate the cumulative proportion for each category.
4. Determine the value of the Z limit for each category.
5. Calculate the value scale (the average interval) for each category by the following equation:

$$\text{Scale} = \frac{\text{Density lower limit} - \text{Density upper limit}}{\text{The area under upper limit} - \text{The area under lower limit}}$$

6. Calculate the score (the results of the transformation) for each category by the equation: $\text{score} = \text{scale Value} + |\text{scale Value}_{\min}| + 1$

RESULTS AND DISCUSSION

1. Test of Validity

Test the validity of the data were calculated using Pearson correlation. Validity test is done for all variables used in this study, which consisted of transformational leadership, participation budgeting, strategic management and financial performance.

Table 2
Validity of Test Results Item

Budget Participation question.

<i>Question</i>	<i>Value Total Correlation</i>	<i>r- table</i>	<i>Description</i>
PA1	0.855	0.1576	Valid
PA2	0.782	0.1576	Valid
PA3	0.876	0.1576	Valid
PA4	0.854	0.1576	Valid

Source: Data processed SPSS, 2015.

From table 2 above can be seen all items of budget participation variable question is valid, where a variable budget participation with a number of samples (n) = 110 and the amount df = 108 (110-2) at 0:05 in the alpha can r table = 0.1576. of the value of correlated item-total correlation compared with r table value = 0.1576, showing all the questions above r participation in the budget tables, this means that all the questions of budget participation is valid.

Table 3
Validity of Test Results Item

Information Asymmetry question.

<i>Question</i>	<i>Value Total Correlation</i>	<i>r- table</i>	<i>Description</i>
AI1	0.821	0.1576	Valid
AI2	0.786	0.1576	Valid
AI3	0.710	0.1576	Valid
AI4	0.676	0.1576	Valid
AI5	0.679	0.1576	Valid
AI6	0.839	0.1576	Valid

Source: Data processed SPSS, 2015.

From Table 3 above can be seen all items of information asymmetry variable question is valid, where the information asymmetry variable with the number of samples ($n = 110$) and the amount $df = 108$ ($110-2$) at 0:05 in the alpha can r table = 0.1576. of the value of correlated item-total correlation compared with r table value = 0.1576, showing all the questions above r participation in the budget tables, this means that all the questions of budget participation is valid.

Table 4
Validity of Test Results Item

Question Managerial Performance.

<i>Question</i>	<i>ValueNilai Total Correlation</i>	<i>r- table</i>	<i>Description</i>
KM1	0.773	0.1576	Valid
KM2	0.793	0.1576	Valid
KM3	0.749	0.1576	Valid
KM4	0.767	0.1576	Valid
KM5	0.609	0.1576	Valid

Source: Data processed SPSS, 2015.

From Table 4 above can be seen all items managerial performance variable question is valid, where variable managerial performance by the number of samples ($n = 110$) and the amount $df = 108$ ($110-2$) at 0:05 in the alpha can r table = 0.1576. of the value of correlated item-total correlation compared with r table value

= 0.1576, showing all the questions above r participation in the budget tables, this means that all the questions of budget participation is valid.

2. Test of Reliability

The results of reliability test data that has been done by using SPSS (Statistical Package for Social Science), obtained the following results:

Table 5
Item Reliability Test Results Variable Participation Budget Questions, Information Asymmetry and Managerial Performance

<i>Variable</i>	<i>Value of Alpha Cronbach</i>	<i>Standards</i>	<i>Description</i>
Budget Participation	0.932	0.70	Reliabel
Information Asymmetry	0.910	0.70	Reliabel
Managerial Performance.	0.892	0.70	Reliabel

Source: Data processed SPSS, 2015

Based on the above table 5, it is known that Cronbach alpha values for each variable budget participation, asymmetry of information management, and managerial performance value ≥ 0.70 , it indicates all the questions relating to budgetary participation variables, asymmetry of information management, and managerial performance can be expressed reliably.

3. Hypothesis Testing Results

Results of testing the hypothesis of a structural equation model 1 are:

$$AI = pAI.PA + e$$

Table 6
T-statistics test model 1

<i>Model</i>	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	15,073	1,189		12,673	,000
PA	,664	,111	,498	5,962	,000

a. Dependent Variable: AI

Results of testing the coefficient of determination (R²) in structural equation model 1, to see how far the ability of the model to explain variations in the dependent variable, can be seen in table 14 below:

Table 7
Coefficient Determination Test Model 1

<i>Model Summary</i>				
<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	,498 ^a	,248	,241	3,99085

a. Predictors: (Constant), PA

From table 7 above, it can be seen that the adjusted R² in the structural equation model 1 is .248 this means that 24.8% of the variation asymmetry of information (AI) can be explained by variations in budget participation (PA). While the remaining 75.2% is explained by other causes outside the model.

Results of testing the hypothesis of a structural equation model 2 is

KM = pKM.PA + pKM.AI + e can be seen in Table 8 below

Table 8
T-statistics Model 2

	<i>Coefficients</i>				
	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
(Constant)	12,827	1,720		7,456	,000
1 PA	,431	,118	,377	3,660	,000
AI	,007	,088	,009	,084	,934

a. Dependent Variable: KM

Results of testing the coefficient of determination (R²) in structural equation model 2, to see how far the ability of the model to explain variations in the dependent variable, can be seen in Table 9 below:

Table 9
Coefficient Determination Test Model 2

Model Summary

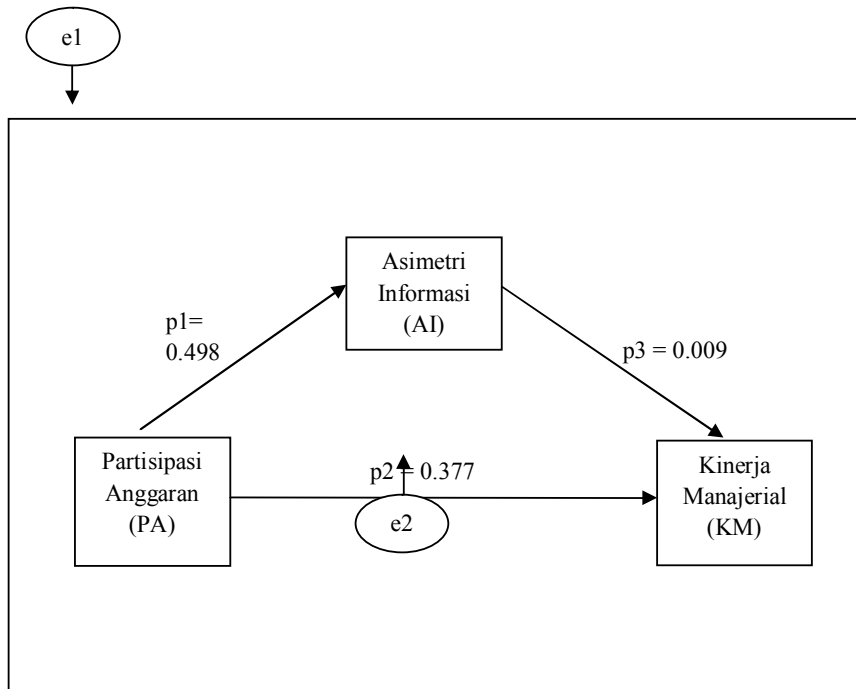
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,381 ^a	,145	,129	3,66015

a. Predictors: (Constant), AI, PA

From Table 9 above, it can be seen that the adjusted R² in the structural equation model 1 is 0,145 this means that 14.5% of the variation of managerial performance (KM) can be explained by variations in budget participation (PA) and a variety of information asymmetry. While the remaining 85.5% is explained by other causes outside the model.

Results of path analysis can be illustrated in the figure below:

Figure 2: Value Data Research



Source: Data Processed, 2015

1. Testing Hypothesis 1 (one)

Budgetary participation influence on managerial performance. There is a statistically significant value of the variable effect of budget participation on the information asymmetry is smaller than 0.05 alpha value signifikansi 0,000. This means that the budgetary participation influence the asymmetry of information with a beta value of 0.498.

2. Testing Hypothesis 2 (two)

Influential budget participation on managerial performance. There is a statistically significant value of the variable effect of budget participation on managerial performance is smaller than alpha signifikansi 0:05 namely a value of 0.000. This means that the budgetary participation influence the asymmetry of information with a beta value of 0.377.

Information Asymmetry effect on managerial performance. Statistically significant values are variable influence on managerial performance information asymmetry is greater than 0:05, namely alpha value of 0.934 signifikansi. This means that the information asymmetry effect on managerial performance with a beta value of 0.009. but not significant.

4. Testing Hypothesis 4 (four)

In the hypothesis of 4 (four), whether there is influence of budget participation on managerial performance, through the Information Asymmetry. To answer, we will calculate the path PA -----> AI -----> KM. By multiplying the beta value $p_1 \times p_2 = (0.498 \times 0.009 = 0.004482)$ with a significance that is the multiplication of the significant value $p_1 \times p_2 = (0.00 \times 0.934 = 0.000)$, which means significant but with low influence. Or in other words that the variable asymmetry of information can not be used as an intervening variable, since the value of the direct effect of budget participation on managerial performance at the beta of 0.004482, with a significance value of 0.000 is greater than the value of the variable effect of budget participation on managerial performance, through the Information Asymmetry.

DISCUSSION OF RESULTS

1. Effect of Budget Participation of the Information Asymmetry.

Based on the results of hypothesis testing concluded that budgetary participation significantly influence the asymmetry of information for the middle managers in lingkungan Hospital Bandung. This shows if the superintendent / chief field involved in the budgeting process will lead to a sense of empathy and have a budget that is structured, so that it will eliminate the asymmetry of information

that occurs between superiors and subordinates. Results of testing the hypothesis of the support of research that has been done by Baiman (1990), Gapenski (2008), Vataliya (2009), Dunk (1993) Chong and Wing (2003), Maiga (2005), Shields and Young (1993) and Chong and Johnson (2007).

On the occasion of the interview with the respondent on the ground, it was revealed that the majority of district general hospitals have been encouraged to become Public Service Agency (BLU) that gradually change the character of the hospital who began the era of competition in the business environment industry health services, oriented service to society. So far, there are still some hospitals are still lagging behind in terms of service, but most have started to improve itself, because as BLU are rules that must be followed, which in turn impacts in a comprehensive change. The consistency of these findings are evident in every aspect of hospital operations, most of which use the budget as a basis in assessing the performance, for example in hospitals, realization Deposit PAD to be the size of their performance and also give a sense of appreciation for all employees. For employees, there is a payment scheme for the provision of performance services for families that give a sense have become larger, than that through direct maximum performance efficiency and effectiveness of the use of critical assets hospital.

Increasingly smaller asymmetry of information ultimately enhances the benefits of budget participation widely in every aspect of accounting management of the hospital, such as accountability mechanisms run as centers of accountability knows very well what the duties, powers and responsibilities, can directly address the agency problem which in most hospitals occurred between directors and local government, between the directors and employees as well as between the directors and the Parliament on the wane.

2. Participation Budget Impact on managerial performance

Based on the results of hypothesis testing concluded that the significant effect of budget participation on managerial performance. This shows if the superintendent / chief field involved in the budgeting process will lead to the motivation for those in work, so that optimally provides the best performance for the achievement of organizational objectives. Results of testing the hypothesis of two supports research conducted by Baiman (1990), Yucel and Gunluk (2007), Brownell (1982), John et al (2008), Brownell and McInnes (1986), Frucot and Shearon (1991), Wagner III (1994), Leung and Chan (2001) Chong and Chong (2002), Chong and Wing (2003), Maiga (2005), Frucot and Stephen (2006), Leach-Lopez (2007), Leach-Lopez (2009).

These findings mengiforamasikan, that the hospital had entered into an era of information technology, communication and transportation technology advances that focuses on kastamer. In some field visits and interviews visible, that some

hospitals have begun to integrate services that are connected online, for example the payment of services has been through banks and atm, communications and the movement of financial data already over LAN and Internet that facilitate data access, evaluation and audit. Another impact is kastamer shorter queues at several hospitals in both the counters registration, payment and taking drugs. It all is the impact of managerial performance improvement that can directly be seen, while the managerial performance improvements that can be felt is more friendly and warm service each employee to kastamer, especially at private hospitals bebarapa.

3. Information Asymmetry effect on managerial performance

Based on the results of hypothesis testing concluded that the asymmetry effect on managerial performance but not significant and the effect is small. These findings inform that the asymmetry of information have not been able to explain about the influence on managerial performance significantly. However, these findings support the Wing, Guo and Lui (2010) that internal motivation and external to participate in the preparation of the budget affect performance, and Dunk (1993) which states that the relationship between budgetary participation and budgetary slack through two variables: the superior evaluation based on evaluation budget based on the subordinates and the degree of information asymmetry between superiors and subordinates, when participation occurs based budgets, and high information asymmetry, the budgetary slack too high. Implied that in this study the asymmetry of information that occurs will weaken although small managerial performance.

Furthermore, these findings indicate that the hospital management must often make sharing information between them, and the process of dissemination of information, why? Due to technological developments very high health must continue to be followed by management, so there is no delay in following the trend changes. The process of improving both medical knowledge and technology must always be improved, so that services must match the changing business environment. The indication is changing people's choice to seek treatment abroad rather than at home, or go to a private hospital rather than to a government hospital. As far as the author's understanding, there is no research that examines the effects of information asymmetry on managerial performance, so the findings are still not strong enough to at generalize, however this is the first step to develop similar studies in the future.

4. Participation Budget Impact of managerial performance through the asymmetry of information

Based on the results of hypothesis testing four (4) of the obtained results that there are significant budget participation on managerial performance through the

asymmetry of information, but the results are significant and small. That is, people who responded to the questionnaire do not understand well what is asymmetry of information in a real sense, or perhaps it is the practice of information asymmetry does not occur in this industry. Given the health services will run properly when there is no information gap between customer / patient and doctor, between doctors and hospitals, between hospitals and regulators. It is also, as a response to the events of malpractice involving practitioners of this institution. Suppose the accreditation policy for physician practices to maintain and improve the quality of professionalism of the profession on an ongoing basis.

On another occasion in the interview, there are several respondents in government-owned hospitals were still complaining of gaps in the promotion of the employees set rear education and non-medical doctors. Eventually leading to the apparent performance of non-medical personnel, who are not optimally use its capabilities to work.

Limitations Research

The small value of its adjusted R-square, structural equation 1 (one) and structural equation 2 (two) may be caused by other factors such as the budget gap and internal motivation or external motivation and task uncertainty.

This study, using a survey method in collecting the data, given the analysis unit that is in use is at the level of the individual, so that the 30 samples collected only hospital with respondents as many as 110 units, which is why the low value of its adjusted R-square.

Suggestion

Future studies are suggested to the researchers to add other variables such as task uncertainty variable and accounting information systems, to examine the factors that affect the financial performance and the number of samples and the respondents even greater. Or change the position of the variable information asymmetry as moderating variable.

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