
ANALYSIS OF THE RELATIONSHIP BETWEEN BUDGET PARTICIPATION AND JOB PERFORMANCE IN MYANMAR PRIVATE COMMERCIAL BANKS

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Abstract

Budgetary control system is a procedure of spending arranging and usage that is intended to guarantee that assets are allotted in a productive, straightforward and secure way. Building up a budgeting plan is a basic advance in arranging and control of any monetary action. Private business banks ought to make spending plans so they can cautiously layout the normal needs of every office in the bank. To be effective budgetary control system, human behavioral element is critical factor because whole budget process is implemented by human being. This study investigated the connection between budget participation and job performance in Myanmar private commercial banks. It therefore seeks to discover the behavioral factors of the budgeting process in the private commercial banks area and to determine the relationship between budget participation and the overall performance and motivation of employees by getting job relevant information to the budget objective. Quantitative research methodology is used and simple random sampling method is used to collect 100 banks employees from Myanmar private commercial banks in Yangon division. SPSS software is used to analysis the data. The outcomes of the study confirmed that the relationship between budget participation and the job performance of employees used to be positive however no longer significant, considering the fact that participation in the budget alone can now not considerably affect the achievement of the budget objective.

Keywords: Budgetary Participation, Job Performance, Relationship, Myanmar Private Commercial Banks,

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Introduction

Budgetary control system is famous as a technique of management accounting to control expense level and finally to achieve the target organization's objective. Myanmar private commercial banks encounter national and international competition in these years. This competition environment pushes local private commercial banks to have more systematic planning and control system which can enable banks to better handle the competition environment and then can get competitive advantage on competitors in the future. When preparing budget for private commercial banks, top management can use two approaches – top down (imposed budget) or bottom up (participation budget).

In most of Myanmar private commercial banks, budgets are prepared by two separated parts – expenditure budget and income budget. Expenditure budget is responsible by Budget section which is also part of the Administration Department or Finance Department. Some banks are prepared expenditure budget at Head office by using imposing budget system. Top management reviews the previous data and estimated the future requirement and changes. Based upon these factors, the expenditure budget is making the required plus or minus adjustment. And then the prepared budget is submitted to EC to get approval. After getting approval, the expenditure budget is laid down to the respective branches. Some banks use bottom up participation approach by sumitting expenditure budget from branch manager level and summarize at top level to get approval.

For income budget, some of Myanmar private commercial banks have committee like asset liability committee or loan committee. This committee is always to manage the assets and liabilities of the banks. If there is excess of asset, the committee is finding out where to make invest to make profit. The main aim of the committee is to balance the liquidity and profitability of the whole bank. The bank do the plus or minus adjustment by considering the future condition. Internal Audit Department tries to find out budget slack and wasteful spending before giving approval. (Myint, 2019)

The use of the budgetary control system has many advantages, but individuals can respond to budgeting and budgetary control requirements in different ways and their behavior can damage

the budgeting process. (Kaplan, 2014). The effect of participation of subordinate in budgeting process on job performance is an interesting topic for researchers and finding of the study is useful information for the budget users and badger preparers.

Literature Review

According to Reid (2002), budget is a quantitative statement which is showing the objective of a private commercial bank within a defined period. In Mai (1988) literature endorsed by Lin and Chang (2005) is seen as a participation of budgeting process that can be used to plan and set goals when there is environmental uncertainty and to motivate subordinates. Participation in budgeting benefits from budget reality, better job relevant information and towards better job performance. Nouri and Parker (1998) think that permitting subordinates to participate in the budget planning and control process could lead to the disclosure of job relevant information, leading to more realistic budgets and finally good job performance.

By giving a great deal of thoughtfulness to certain behavioral elements in budgeting, such as allowing subordinates to participate, they can be committed to the budget objective, which in turn will have a significant impact on the job performance of employees. In other words, the commitment to the goal achieved through participation in the budget will lead to better performance for employees. Although, as can be seen from the literature above, participation in the budget plays a vital role in ensuring that employees are engaged to the budgetary objective, writers with a contrast view take the view that, even if employees participate in the budget, it does not automatically lead to the employee's commitment to the budgetary objective since employees are sometimes not truly interested in participation and must be manipulated into the budgeting process. (Owusu, 2014,)

There are very few studies observed the effect of mediating variables on the relationship between budget participation and performance (Brownell, 1983), (Chenhall, Robert H. and Brownell, Peter., 1988.), (Kren, 1992) and (Kochik, May 2011), in particular in developing countries like Myanmar. The finding of these previous researches on various industries were huge different from positive to negative and also no relationship between participation and job performance. These various finding encourages researchers to make further researches on relationship between budgeting participation and job performance.

Scope and Method of Study

The study tries to find out the relationship between budget participation and job performance in private commercial banks in Myanmar as a study area. The job performance of employees for the purposes of the study is linked to their actions to help the organization achieve the budget objective. The target population for the study involves all budget preparers and budget users from Myanmar private commercial banks. This study uses a sample from private commercial banks in Yangon division rather than samples from whole private commercial banks in Myanmar. The size of the sample is 100 banks employees from private commercial banks in

Yangon division. Simple random sampling method is used to collect 100 banks employees who are budget preparers or budget users in Yangon division. This study used quantitative research methodology to measure behavior (Cooper, R. and Schindler, S., 2008). SPSS software (version 16) is used to analysis the data. Pearson Correlation Test is used to find out the relationship between budget participation, job relevant information and job performance.

Data Analysis and Result

Simple random sampling method is used to convenience and time limitation. Among total 100 sample size, the following table 4.1 is Demographic Data tables

Table 4. 3 Frequency Tables of Demographic Data

Sex			Marriage			Aged		
	Frequency	%		Frequency	%		Frequency	%
Male	25	25	Unmarried	61	61	Bachelor Degree	87	87
Female	75	75	Married	39	39	Master Degree	13	13
Total	100			100			100	

Position			Aged			Experience		
	Frequency	%		Frequency	%		Frequency	%
Officier	48	48	20-29	48	48	less than 1 Year	4	4
Non-Officier	52	52	30-39	32	32	1-3 Years	19	19
			40-49	14	14	3-5 Years	26	26
			50 above	6	6	5 Years above	51	51
Total	100			100			100	

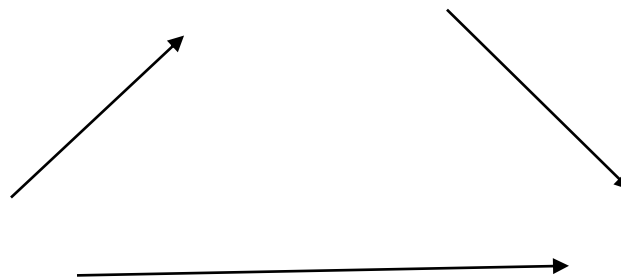
Data were collected by administering structured questionnaires using five Likert-scales. The survey questionnaire consisted of four main parts. Part one is general information which is focused on personality variables such as aged, marriage, position, education, experience. Other parts is structured to survey behavioral element of budgeting – participation, job relevant information and job performance.

For Budget participation, there are 8 questions with five likert-scale. As a reliability checking, Cronbach alpha is measured. The result of Cronbach alpha is 0.738 for budget participation so the measure is reliable. For job relevant information, there are 10 questions with five likert-scale. The result of Cronbach alpha is 0.798 for job relevant information so the measure is reliable. For job performance, there are 10 questions with five likert-scales. The result of Cronbach alpha is 0.838 for job relevant information so the measure is reliable.

Table 4. 4 Reliability Test of Cronbach Alpha for each variable’s question

Variable	Cronbach Alpha
Budget Participation	0.738
Job Relevant Information	0.798
Job Performance	0.838

The main purpose of the study is to analysis the relationship between participation in budget process and job performance in private commercial banks in Myanmar. The relationship between dependent and independent variables were tested by using Pearson’s correlation test. The strength of the independent variables on the dependent variables was tested by using regression analysis.



The following table 4.3 is the result of descriptive statistics of budget participation to describe the features of budget participation of respondents. On average respondents’ mean is 4.0075 and standard deviation 0.44623 so that they want to participate in budget process. The minimum is 2.5 (neither agree nor disagree) and maximum is 4.88 (strongly agree). In the budget participation question, there are 1 who are strongly disagreeing and 5 who are strongly agreeing.

Table 4.3 Descriptive Statistics of Budget Participation

Budget Participation (BP)	Frequency	Minimum	Maximum	Mean	Job Performance (JP)
Participation1	100	1	5	3.99	3.849
Participation2	100	2	5	3.93	3.756
Participation3	100	2	5	3.87	3.849

Participation4	100	1	5	4.06	.789
Participation5	100	1	5	4.06	.763
Participation6	100	1	5	4.03	.745
Participation7	100	2	5	3.98	.681
Participation8	100	1	5	4.14	.711
Participation	100	2.5	4.88	4.0075	0.44623

The following table 4.4 is the result of descriptive statistics of job relevant information to describe the features of respondents' view on job relevant information. On average respondents' mean is 3.9020 and standard deviation 0.39746 so that they were agree to there was satisfactory level of job relevant information. The minimum is 2.35 (little disagree) and maximum is 5 (strongly agree). For each job relevant information question, there are 1 who are strongly disagreeing and 5 who are fully strongly agree.

Table 4.4 Descriptive Statistics of Job Relevant Information

	N	Minimum	Maximum	Mean	Std. Deviation
RelevantInformation1	100	1	5	4.23	.566
RelevantInformation2	100	2	5	4.17	.570
RelevantInformation3	100	1	5	3.50	.847
RelevantInformation4	100	2	5	3.85	.626
RelevantInformation5	100	2	5	3.97	.521
RelevantInformation6	100	2	5	4.09	.514
RelevantInformation7	100	2	5	4.18	.520
RelevantInformation8	100	1	5	3.72	.780
RelevantInformation9	100	1	5	3.66	.890

RelevantInformation10	100	1	5	3.65	.702
Relevant Information	100	2.35	5	3.9020	0.39746

The following table 4.5 is the result of descriptive statistics of job performance to describe the features of respondents' view on job performance. On average respondents' mean is 3.8550 and standard deviation 0.49531 so that they were agree to there was satisfactory level of job performance. The minimum is 1.1 (strongly disagree) and maximum is 5 (strongly agree). For each job relevant information question, there are 1 who are strongly disagree and 5 who are fully strongly agree.

Table 4.5 Descriptive Statistics of Performance

	N	Minimum	Maximum	Mean	Std. Deviation
Performance1	100	1	5	4.28	.683
Performance2	100	1	5	3.47	1.087
Performance3	100	1	5	3.59	.877
Performance4	100	1	5	4.16	.507
Performance5	100	1	5	3.94	.583
Performance6	100	1	5	3.83	.667
Performance7	100	1	5	3.86	.725
Performance8	100	1	5	3.79	.844
Performance9	100	1	5	3.74	.760
Performance10	100	1	5	3.89	.863
Performance	100	1.10	5.00	3.8550	.49531

The following Table 4.6 is the result of Pearson's Correlation for the relationship between budget participation, job relevant information and job performance by using SPSS software (version 16).

For correlation between budget participation and job relevant information,
 $r(98) = 0.359, p = 0.001$

For correlation between budget participation and job performance,
 $r(98) = 0.369, p = 0.001$

For correlation between job relevant information and job performance,
 $r(98) = 0.604, p = 0.001$

From this result, there is a significant positive correlation between budget participation and Job relevant information and also significant positive correlation between budget participation and performance. More strongly significant positive correlation is situated between job relevant information and performance.

Table 4.6 Pearson's Correlations results

		Participation	Relevant Information	Performance
Participation	Pearson Correlation	1	.359**	.369**
	Sig. (2-tailed)		.000	.000
	N	100	100	100
Relevant Information	Pearson Correlation	.359**	1	.604**
	Sig. (2-tailed)	.000		.000
	N	100	100	100
Performance	Pearson Correlation	.369**	.604**	1
	Sig. (2-tailed)	.000	.000	
	N	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

The following Table 4.7 is results for the linear regression (job performance) by using SPSS software. There is a high degree of correlation ($R = 0.626$) and $R\text{ Square} = 0.391$ which is 39.1 % of the variance in job performance is attributed to the combined effect of budget participation and job relevant information. ($B = 0.446$, $t = 0.991$, $P = 0.324$). The statistically significant predictor of job performance in achieving goal is both job relevant information and budget participation. Job relevant information is more strongly effect on job performance than budget participation.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2$$

$$\text{Job Performance} = 0.45 + 0.2 \text{ Budget Participation} + 0.67 \text{ Job Relevant Information}$$

Table 4.7 Regression Results (Job Performance)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626 ^a	.391	.379	.39041

a. Predictors: (Constant), Relevant Information, Participation

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.503	2	4.751	31.172	.000 ^a
	Residual	14.785	97	.152		
	Total	24.287	99			

a. Predictors:(Constant), Relevant Information, Participation

b. Dependent Variable: Performance

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.446	.450		.991	.324
Participation	.194	.094	.175	2.059	.042
Relevant Information	.674	.106	.541	6.377	.000

a. Dependent Variable: Performance

Conclusion

The main purpose of this study is to analysis the relationship between budget participation and job performance through the attainment of the budget goal. From the result of this study, it is evident that there is significantly positive relationship budget participation, job relevant information and job performance. Budget participation is one of the factor to get job relevant information and then job performance can be improved because of getting job relevant information.

According to Pearson correlation, the relationship between getting job relevant information and job performance is more significant relationship (0.64) than the relationship between budget participation and job performance (0.69). The relationship between this three variable is as following from this study

$$\text{Job Performance} = 0.45 + 0.2 \text{ Budget Participation} + 0.67 \text{ Job Relevant Information}$$

Suggestion for Further Studies

This study is analysis only based on simple size 100. This study should be make further study on bigger sample size and with including more commercial banks. In this study, job relevant information is only one consideration fact between relationship between budget participation and job performance. There are many other factors that can effect on the relationship between budget participation and job performance. In further studies should tank into account these other factors as moderation effect.

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