



THE EFFECT OF BUDGET PARTICIPATION ON THE ACCURACY OF PROFIT PLANNING: AN EMPIRICAL STUDY ON MSMEs TYPICAL SOUVENIRS OF AMBON

PENGARUH PARTISIPASI ANGGARAN TERHADAP AKURASI PERENCANAAN LABA: STUDI EMPIRIS PADA UMKM SOUVENIR KHAS AMBON

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Abstract

This study aims to empirically analyze the influence of budget participation on the accuracy of profit planning in Micro, Small, and Medium Enterprises (MSMEs) that produce special Ambon souvenirs. The accuracy of profit planning is an important indicator of the success of MSME financial management, considering their limited resources and high levels of environmental uncertainty. This study adopts a quantitative approach using a survey method. Primary data was collected through a questionnaire distributed to 30 owners or managers of MSMEs for special Ambon souvenirs, which were selected using purposive sampling. Data analysis was carried out using descriptive statistics and simple linear regression analysis. The results of the study show that budget participation has a positive and significant effect on the accuracy of profit planning. These findings show that the higher the level of involvement of MSME actors in the budgeting process, the more accurate the profit planning will be. This research theoretically contributes to the development of managerial accounting in the context of MSMEs and provides practitioner implications for business practitioners and local governments in improving the quality of MSME financial management.

Keywords : budget participation, profit planning, profit accuracy, MSMEs, Ambon

Abstrak

Penelitian ini bertujuan untuk menganalisis secara empiris pengaruh partisipasi anggaran terhadap ketepatan perencanaan laba pada Usaha Mikro, Kecil, dan Menengah (UMKM) oleh-oleh khas Ambon. Ketepatan perencanaan laba merupakan salah satu indikator penting dalam keberhasilan pengelolaan keuangan UMKM, mengingat keterbatasan sumber daya dan tingginya ketidakpastian lingkungan usaha. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei. Data primer diperoleh melalui penyebaran kuesioner kepada 30 pemilik atau pengelola UMKM oleh-oleh khas Ambon yang dipilih menggunakan teknik purposive sampling. Analisis data dilakukan dengan statistik deskriptif dan analisis regresi linear sederhana. Hasil penelitian menunjukkan bahwa partisipasi anggaran berpengaruh



positif dan signifikan terhadap ketepatan perencanaan laba. Temuan ini membuktikan bahwa semakin tinggi tingkat keterlibatan pelaku UMKM dalam proses penyusunan anggaran, semakin akurat perencanaan laba yang dihasilkan. Penelitian ini memberikan kontribusi teoretis dalam pengembangan akuntansi manajerial pada konteks UMKM serta implikasi praktis bagi pelaku usaha dan pemerintah daerah dalam meningkatkan kualitas pengelolaan keuangan UMKM.

Kata Kunci : partisipasi anggaran, perencanaan laba, ketepatan laba, UMKM, Ambon.

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars in the national and regional economies because of their significant contribution to labor absorption, increasing community income, and equitable distribution of economic development (Al-ghifary et al., 2025). The existence of MSMEs also has a strategic role in maintaining the resilience of the regional economy, especially in areas that rely on the tourism sector and the creative economy, such as the city of Ambon. In the city of Ambon, MSMEs of typical souvenirs are developing in line with the increase in tourism activities and the high public interest in products based on local wisdom. These MSMEs produce various regional superior products, including processed sago, walnuts, nutmeg, cloves, and processed seafood products that have economic and cultural value. In addition to contributing to increasing the income of business actors, Ambon's souvenir MSMEs also play a role in creating jobs and preserving local cultural identity through the products produced.

However, in the midst of this potential and strategic role, MSMEs typical of Ambon, still face various internal problems, especially in the aspect of financial management. One of the problems that is often encountered is the lack of optimal implementation of systematic financial planning, especially in profit planning. Many MSME actors still develop simple and intuitive business plans, without the support of a structured budgeting process. This condition causes frequent mismatches between planned profits and realized profits. Inaccurate profit planning can have negative implications for business sustainability, such as errors in managerial decision-making, cash flow instability, and limited MSMEs' ability to develop their businesses. In the long term, weak profit planning can reduce the financial performance and competitiveness of MSMEs, so efforts are needed to improve the quality of the financial planning process carried out by business actors.

One of the approaches that is considered to be able to improve the quality of financial planning is budget participation. Budget participation is a budget preparation process that involves parties who play a direct role in business operational activities. Through budget participation, the information used in budget preparation becomes more accurate and relevant, because it comes from business actors who understand operational conditions directly. In addition, budget participation can also increase the commitment of business actors to the achievement of the targets that have been set, so that the budget not only functions as a control tool, but also as a means of internal communication and coordination. Although research on budget participation has been widely conducted on large-scale companies, empirical studies



that specifically examine the influence of budget participation on the accuracy of profit planning in the MSME sector, especially typical souvenir MSMEs in areas such as the city of Ambon, are still relatively limited. The difference in business characteristics, operational scale, and simple management system in MSMEs makes the results of research on large companies not fully generalizable. Based on these conditions, this study is important to be conducted in order to empirically examine the influence of budget participation on the accuracy of profit planning in MSMEs typical of Ambon souvenirs. The results of this study are expected to make a theoretical contribution to the development of management accounting studies in the MSME sector, as well as provide practical implications for MSME actors and stakeholders in improving the quality of financial planning and business performance.

2. RESEARCH METHOD

a. Types and Approaches to Research

This study uses a quantitative approach with a type of causal associative research (Amelia et al., 2023). The quantitative approach was chosen because this study aims to empirically examine the relationship and influence between independent variables on dependent variables through numerical data processing and statistical analysis. Causal associative research was used to determine whether or not there was an influence of budget participation on the accuracy of profit planning in MSMEs typical of Ambon souvenirs. With this approach, the researcher can explain the cause-and-effect relationship between the variables studied based on the data obtained from the respondents.

b. Research Location and Time

This research was carried out on Micro, Small, and Medium Enterprises (MSMEs) typical Ambon souvenirs operating in the Ambon City area. The selection of the research location is based on the consideration that Ambon's typical souvenir MSMEs are a business sector that has high economic potential and is greatly influenced by tourism activities and seasonal demand, so it requires proper profit planning. The research time is carried out during the data collection process, starting from the stage of preparing research instruments, distributing questionnaires, to data processing and analysis. The timing of the research was adjusted to the availability of respondents and field conditions.

c. Population and Sample

The population in this study is all MSMEs typical of Ambon souvenirs that are actively operating in Ambon City. Given the limited time and data access, not the entire population can be studied. The sampling technique used is purposive sampling, which is a sample determination technique with certain considerations and criteria that are in accordance with the research objectives. The sample criteria in this study are:

1. MSMEs typical of Ambon souvenirs that have been operating for at least two years.
2. MSMEs that have prepared budgets, both formally and simply.
3. MSME owners or managers are willing to become respondents and fill out a research questionnaire.



Based on these criteria, 30 MSMEs were obtained which were used as research samples.

d. Research Variables and Operational Definitions

The independent variable in this study is budget participation, while the dependent variable is the accuracy of profit planning. Each indicator was measured using a questionnaire with a five-point Likert scale with the following categories:

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree

This scale is used to measure respondents' perception of each variable indicator of budget participation and the accuracy of profit planning. The variables and definitions of operations and indicators can be seen in the table below.

Table 1. Operational Definition

Variable	Operational Definition	Indicator
Budget Participation (X)	The level of involvement of MSME managers in the process of preparing business budgets, both in planning, setting goals, and providing relevant information for financial decision-making	<ol style="list-style-type: none"> 1. Involvement in the preparation of business budgets 2. Communication between the owner and internal parties in the budgeting process 3. Determination of budget goals and targets 4. Contribution of information and suggestions in the preparation of the budget
Profit Planning Accuracy (Y)	The level of conformity between the planned profit and the realized profit based on accurate estimates, cost control, and the achievement of operating profit targets.	<ol style="list-style-type: none"> 1. Accuracy of profit estimates 2. Cost efficiency 3. Achievement of profit targets 4. Compatibility between profit plan and realization

e. Data Collection Techniques

The data collection techniques used in this study are:

- ✓ Questionnaire, namely by distributing a list of written questions to the owners or managers of MSMEs typical of Ambon souvenirs as the main respondents.



- ✓ Observations were carried out to obtain an overview of the business conditions and financial management practices of MSMEs as supporting data.

The data used in this study is primary data obtained directly from respondents.

Data Analysis Techniques

Data analysis is carried out in several stages as follows:

1. Descriptive Statistical Analysis, used to describe the characteristics of respondents and the tendencies of answers to each research variable.
2. Data Quality Test, which consists of:
 - Validity Test to measure the accuracy of research instruments. Validity test is a measurement tool that is said to be valid if the tool is able to measure what the problem should measure. Validity is a matter of the accuracy and precision of a measuring instrument in expressing a symptom.
 - Reliability Test to measure the consistency of research instruments. Reliability tests are used to measure the extent to which a measurement result is relatively consistent. Reliability shows the consistency of a measuring instrument in measuring the same symptoms. To determine the reliability of the questionnaire, this study uses an approach to measuring the reliability of internal coexistence by calculating the alpha coefficient. This alpha coefficient ranges from 0 to 1.
3. The Classical Assumption Test includes normality tests, heteroscedasticity tests, and multicollinearity tests to ensure the feasibility of regression models.
4. Simple Linear Regression Analysis, used to test the influence of budget participation on the accuracy of profit planning.

The regression model used in this study is:

$$Y = a + bX + e$$

Description: Y = Profit Planning Accuracy = Constant = Regression Coefficient X = Budget Participation = Error.

3. RESULTS AND DISCUSSION

a. Respondent Characteristics

The respondents who were sampled in this study were Micro, Small, and Medium Enterprises (MSMEs) actors with typical souvenirs in Ambon City as many as 31 respondents. An overview of the characteristics of the respondents sampled in this study is presented as follows:

Table 2. Respondent Characteristics

Length of operation	Frequency	Percentage
<2 Years	5	16%
2-5 Years	14	45%
5> Years	12	39%
Quantity	31	100%



Number of Employees		
0-3 People	20	65%
4-10 Persons	11	35%
Quantity	31	100%
Budget Usage		
Yes	26	84%
No	5	16%
Quantity	31	100%

Based on the data on the characteristics of the respondents, which include the length of operation of the business, the number of employees, and the use of the budget, can be described as follows. Respondents with a business period of 2-5 years were the largest group, namely 14 respondents (45%), followed by respondents with a business period of more than 5 years as many as 12 respondents (39%), while respondents with a business period of less than 2 years were 5 respondents (16%). This shows that most of the respondent MSMEs have relatively adequate business experience. Based on the number of employees, most respondents have a workforce of 0–3 people, namely 20 respondents (65%), while respondents with a total of 4–10 employees are 11 respondents (35%). This condition shows that the majority of respondents are still classified as micro businesses with a limited operational scale. Furthermore, based on the use of the budget, the majority of respondents stated that they had used the budget in the management of their business, namely 26 respondents (84%), while 5 respondents (16%) stated that they did not use the budget. This shows that most of the respondent MSMEs have implemented budget planning, so it is relevant to be analyzed in research on budget participation and the accuracy of profit planning.

b. Test of Validity and Reliability of Research Instruments

The validity and reliability test of the instrument was carried out to ensure that the questionnaire used in this study was really able to measure the research variables accurately and consistently. A good instrument must meet two main criteria, namely validity and reliability. Validity indicates the extent to which an instrument is able to measure what it should be measured, while reliability indicates the level of consistency of the instrument in measuring the same variable under different conditions. The validity test in this study was carried out by looking at the value of Corrected Item–Total Correlation, which is the correlation between the score of each item and the total score of the variable. An item is declared valid if it has a Corrected Item–Total Correlation value greater than 0.30. Meanwhile, the reliability test was carried out using Cronbach's Alpha, with the criterion that the instrument is said to be reliable if the Cronbach's Alpha value is greater than 0.70.



c. Budget Participation Variable (X)

Table 3 Results of the Budget Participation Variable Test (X)

Item	Correlation of Corrected Items–Total	Critical Values	Remarks
X1	0,839	0,30	Applicable
X2	0,876	0,30	Applicable
X3	0,962	0,30	Applicable
X4	0,891	0,30	Applicable
X5	0,904	0,30	Applicable
X6	0,872	0,30	Applicable
X7	0,885	0,30	Applicable
X8	0,916	0,30	Applicable
X9	0,948	0,30	Applicable
X10	0,934	0,30	Applicable
X11	0,925	0,30	Applicable
X12	0,941	0,30	Applicable

Source: Primary data processed with SPSS

The results of the reliability test showed that the Budget Participation variable (X) had a Cronbach's Alpha value of 0.985. This value is far above the set minimum limit, so it can be concluded that the budget participation measurement instrument is in the very reliable category. This shows that all question items in the budget participation variable have a very high level of internal consistency and are able to provide stable measurement results. The results of the validity test showed that all budget participation question items (X1–X12) had a Corrected Item–Total Correlation value greater than 0.30, with the lowest value being 0.839 and the highest value being 0.962. Thus, all question items are declared valid, so no items should be eliminated and the entire item is worth using in further analysis. Descriptively, the average value of respondents' answers to budget participation items was in the range of 2.97 to 3.71. This value shows that most respondents tend to agree with statements that describe their involvement in the budgeting process, both in terms of providing proposals, setting targets, and participating in budget decision-making. These findings indicate that the level of budget participation in the MSMEs studied is quite good.



d. Profit Planning Accuracy Variable (Y)

Table 4 Validity Test Results

Item	Correlation of Corrected Items–Total	Critical Values	Remarks
Y1	0,783	0,30	Applicable
Y2	0,901	0,30	Applicable
Y3	0,895	0,30	Applicable
Y4	0,912	0,30	Applicable
Y5	0,926	0,30	Applicable
Y6	0,907	0,30	Applicable
Y7	0,919	0,30	Applicable
Y8	0,864	0,30	Applicable
Y9	0,883	0,30	Applicable
Y10	0,941	0,30	Applicable
Y11	0,958	0,30	Applicable
Y12	0,947	0,30	Applicable

Source: Primary data processed with SPSS

The results of the reliability test on the Profit Planning Accuracy variable (Y) showed a Cronbach's Alpha value of 0.985, which means that the instrument is in the very reliable category. This value shows that the question items in the profit planning accuracy variable have a very high measurement consistency, so that the instrument can be relied on to measure respondents' perceptions regarding the accuracy of profit planning in their business. The results of the validity test showed that all question items (Y1–Y12) had a Corrected Item–Total Correlation value above 0.30, with the lowest value being 0.783 and the highest value being 0.958. Based on these results, it can be concluded that all question items in the profit planning accuracy variable are declared valid and suitable for use in the research. The average value of respondents' answers to the variable of the accuracy of profit planning was in the range of 2.97 to 3.65. This shows that most of the respondents have a fairly good perception of their ability to prepare realistic profit planning and in accordance with business conditions. Respondents generally feel that the profit planning carried out has reflected the achievable targets.

e. Classic Assumption Test

Before a simple linear regression analysis is carried out, a classical assumption test is first carried out to ensure that the research data has met the requirements required in linear regression analysis. The classical assumption test in this study includes the normality test and



the linearity test, which aims to ensure that the normal data distribution and the relationship between variables are linear.

Table 5 Normality Test Results

Method	Asimpa. Sig. (2 tails)	Monte Carlo Sig.	Criteria	Conclusion
Kolmogorov–Smirnov	0,072	0,055	Mark> 0.05	Normally distributed data

Source: SPSS Output

The normality test was carried out to find out whether the research data was distributed normally. Normality testing was performed using the Kolmogorov–Smirnov One-Sample method, with results showing Asymp values. Sig. (2-tailed) is 0.072 and Monte Carlo Sig. value is 0.055. The two significance values are greater than the significance level of 0.05, so it can be concluded that the data in this study are normally distributed. With the fulfillment of normality assumptions, the data is suitable for use in linear regression analysis.

Table 6 Results of the Linearity Test

Variable	F Deviation from Linearity	Sig.	Criteria	Conclusion
X against Y	3,817	0,001	Linear relationships	Linear

Source: SPSS Output

Next, a linearity test was carried out to find out whether the relationship between the variables of Budget Participation (X) and Profit Planning Accuracy (Y) was linear. The test results showed an F Deviation from Linearity value of 3.817 with a significance value of 0.001, and an Eta Squared value of 0.996 which indicates a very high level of strength of relationship between the two variables. Based on these results, it can be concluded that the relationship between budget participation and the accuracy of profit planning is linear. Therefore, the use of simple linear regression analysis in this study can be justified and continued to the hypothesis testing stage.

f. Simple Linear Regression Analysis

Simple linear regression analysis was used in this study to determine the effect of Budget Participation (X) on the Accuracy of Profit Planning (Y) in MSMEs typical of Ambon souvenirs. This analysis aims to test the research hypothesis and see the direction and magnitude of the influence of independent variables in explaining the variation of dependent variables.

Table 7 Results of Simple Linear Regression Analysis

Variable	Regression Coefficient (B)	Calculate	Sig.
Constant	2,247	—	—
Budget Participation (X)	0,918	26,798	0,000

Source: Primary data processed with SPSS



Based on Table 7, the following simple linear regression equation is obtained:

$$Y = 2,247 + 0,918X$$

The equation shows that the constant value of **2.247** indicates that if the budget participation is zero, then the accuracy of profit planning has a value of 2.247. Meanwhile, the regression coefficient of budget participation of **0.918** is positive, which means that every increase of one unit of budget participation will increase the accuracy of profit planning by 0.918 units, assuming other variables are considered constant. A positive regression coefficient shows that the relationship between budget participation and profit planning accuracy is unidirectional.

The results of the partial test (t-test) showed that the budget participation variable had a calculated t-value of 26.798 with a significance level of 0.000 (< 0.05). Thus, it can be concluded that budget participation has a positive and significant effect on the accuracy of profit planning. These results support the research hypothesis that budget participation has a positive effect on the accuracy of profit planning in MSMEs.

Table 8 Model Feasibility Test Results (F Test)

Models	F count	Sig.	Remarks
Regression	718,109	0,000	Decent models

Source: Primary data processed with SPSS

Based on Table 8, the results of the F test showed an F value of 718.109 with a significance level of 0.000 (< 0.05). These results indicate that the regression model used in this study is feasible and statistically significant, so that the overall budget participation variable is able to explain the variation in the accuracy of profit planning.

Table 9 Coefficient of Determination (R^2)

R	R Square	Customized R Box	Remarks
0,980	0,961	0,960	Very powerful models

Source: Primary data processed with SPSS

Based on Table 9, a correlation coefficient value (R) of 0.980 was obtained, which shows a very strong relationship between budget participation and the accuracy of profit planning. The value of the determination coefficient (R Square) of 0.961 indicates that 96.1% of the variation in the accuracy of profit planning can be explained by budget participation, while the remaining 3.9% is influenced by other factors outside the research model, such as business experience, market conditions, and managerial abilities of MSME actors. The Adjusted R Square value of 0.960 confirms that the regression model has a very strong and stable explainability even though it has been adjusted for the number of variables used.

In addition, the results of residual statistical analysis showed a residual mean value of 0.000 with a standard deviation of 2.031. A residual mean value close to zero indicates that the regression model is not biased, while the minimum and maximum residual values are within reasonable limits. This shows that the regression model used has met the feasibility assumptions.

Based on all the results of the analysis, it can be concluded that the simple linear



regression model in this study is feasible and able to strongly explain the influence of budget participation on the accuracy of profit planning in MSMEs typical souvenirs of Ambon.

4. CONCLUSION

Based on the results of the analysis and discussion that has been carried out, this study concludes that budget participation has a positive and significant effect on the accuracy of profit planning in MSMEs typical of Ambon souvenirs. These findings show that the active involvement of business owners and managers in the budgeting process is able to improve the accuracy of the profit planning produced. Participatory budgets tend to be more realistic because they are based on relevant operational information and a direct understanding of business conditions. In addition, this study also shows that although the level of accuracy of profit planning in Ambon's typical souvenir MSMEs is in the category of quite good, there are still variations between business actors. This variation indicates that the improvement of the quality of profit planning is not only dependent on budget participation, but is also influenced by other factors such as human resource competence, business experience, and business environmental conditions. Therefore, efforts to improve the accuracy of profit planning need to be carried out in a sustainable and integrated manner.

The practical implication of this research is the importance of encouraging MSME actors to implement budget participation consistently in business management. Business owners are advised not to prepare a budget unilaterally, but to involve internal parties who understand business operational activities. Thus, the resulting profit planning will be more accurate and can be used as a basis for more effective decision-making. For local governments and related agencies, the results of this research can be used as a basis for designing MSME coaching and mentoring programs, especially those that focus on improving financial management capabilities and participatory budgeting. A targeted and sustainable training program is expected to be able to increase the managerial capacity of MSMEs, so as to strengthen the competitiveness and sustainability of MSMEs of Ambon's typical souvenirs in the long term..

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