

# The Effect Of Budget Participation, Target Clarity, And Management Control System On Managerial Performance Of Port Service Company In Surabaya

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Recieved: 04-11-2025; Reviewed: 29-11-2025; Approved: 08-12-2025

Cara sitasi: Cantika. C.N, Widajantie. T.D. 2025. The Effect Of Budget Participation, Target Clarity, And Management Control System On Managerial Performance Of Port Service Company In Surabaya. Balance Vocation Accounting Journal. Vol 9 (2): halaman 316-333.

**Abstract:** Managerial Performance (KM) reflects a manager's ability to effectively carry out planning, coordination, supervision, evaluation, staff management, and decision-making functions. In port service companies with complex operational activities, managerial performance achievement is strongly influenced by the quality of budget preparation and the strength of the implemented control system. Several key factors that potentially influence Managerial Performance, and are the focus of this study, are Budget Preparation Participation (PPA), Budget Target Clarity (KSA), and Management Control System (MSS). PPA is measured through the level of involvement, input, and participation of managers in budget revisions; KSA is assessed through the clarity, specification, and measurability of budget targets; while MSS is seen from the organizational structure, planning process, follow-up on deviations, and reporting mechanisms. The dependent variable, namely Managerial Performance, is measured based on managerial function indicators such as planning, supervision, coordination, evaluation, negotiation, and representation. This study uses a quantitative approach with primary data obtained through distributing questionnaires to 101 structural employees at a port service company in Surabaya, consisting of Senior Vice Presidents, Vice Presidents, and Superintendents. Data analysis used Partial Least Squares (PLS) through the SmartPLS 4 application to test the causal relationship between variables. This study offers novelty by integrating PPA, KSA, and SPM in one structural model, and simultaneously examining their influence on Managerial Performance in port companies that are highly dependent on budget effectiveness and management control. The results show that PPA, KSA, and SPM each have a positive and significant influence on Managerial Performance, with SPM being the most dominant factor.

**Keywords:** Budget Preparation Participation; Budget Target Clarity; Management Control System; Managerial Performance; Port Services Company.

## 1. Introduction

The increasingly rapid development of the business world is pushing every company to manage its activities more effectively and efficiently to survive, grow, generate profits, and reduce operational costs. The complexity of societal needs also increases the demand for fast, accurate, affordable, fair, and high-quality services. This situation requires companies to have management capable of designing sound strategies and control systems for sustainable operations. One critical aspect that demonstrates

management's success in utilizing resources and achieving organizational goals is managerial performance. Nugroho et al. (2021) stated that managerial performance is the result obtained from various activities carried out in managing resources. Meanwhile, Prasetya et al. (2023) emphasizes that managerial performance describes the ability or achievements of individuals and groups in carrying out roles, tasks and operational responsibilities.

Suryani & Pujiono (2020) explains that a manager can be considered successful if he or she is able to realize organizational goals that align with the established vision, mission, and objectives. Managers are also expected to direct the abilities, potential, and efforts of subordinates to achieve organizational targets. Annisa et al. (2020) states that managerial performance is the ability of a work unit to create a harmonious work environment by optimizing the roles of leaders and subordinates. Furthermore, Astuti & Mulya (2019) assessing managerial performance as the implementation of various management functions, including planning, investigation, coordination, evaluation, supervision, staff organization, negotiation, and representation. Sukma (2022) He also added that managerial performance is greatly influenced by accuracy and objectivity in decision-making. One instrument that plays a significant role in supporting these planning and control functions is the budget. Planning focuses on determining future steps to achieve goals, while control focuses on evaluating results by comparing actual results with the plans.

Several port services companies in Indonesia have successfully improved their financial performance and budget management. According to a report published on the company's official website, PT Jasa Armada Indonesia Tbk (JAI) recorded a net profit of approximately Rp 166.8 billion in 2024, a 5.8% increase compared to the previous year. In the first quarter of 2025, net profit increased by approximately 14.85% from Rp 38.51 billion to Rp 44.24 billion. PT Jasa Maritim (SPJM) recorded an operating profit exceeding the RKAP target by 159.09% for the first half of 2025, with group profit growth of 18.78%. PT ASDP Indonesia Ferry (Persero) also recorded a revenue increase of approximately 9% in the first quarter of 2024 to Rp 2.560 trillion and a net profit increase of approximately Rp 356 billion. These data demonstrate that sound budget management and operational efficiency can drive improved financial performance. However, on the other hand, there are still various problems in budget management and management

control systems in port service companies, especially in the state-owned enterprise (BUMN) environment. A 2024 Antara News report stated that at Pelindo I there was a discrepancy between work progress and budget realization in the procurement of tugboats for the 2018–2021 period which could potentially result in losses of up to IDR 92.35 billion. Antara News (2023) also reported budgeting problems at Pelindo II which resulted in deficiencies in volume, quality, and quality specifications, as well as the failure of the pilot station cliff retaining function in 2019–2021 with losses of around IDR 3.9 billion. A 2017 Kompas report stated that the procurement of 10 mobile cranes at Pelindo II was suspected of not being in accordance with budget and procedural provisions, without adequate studies, with indications of losses of around IDR 37.9 billion. In addition, Detik.com reported the results of the 2018 BPK investigative audit regarding the contract extension at the container terminal which was carried out without an economic feasibility study and an accountable budget allocation basis, with indications of losses of up to IDR 1.86 trillion.

These issues indicate weak budget planning and control. A similar phenomenon is also reflected in the Surabaya Port Services Company, a key entity in the container terminal and port services network. The company provides dock services for container loading and unloading, yard services, and Container Freight Station (CFS) services for receiving, issuing, storing, and changing the status of goods. To ensure that all business activities run effectively and efficiently, the company prepares a budget through the Corporate Work Budget Plan (RKAP) and Management Work Plan (RKM), which involve various work units. Budget preparation at the Surabaya Port Services Company begins with the establishment of profit targets by shareholders and management, which are then translated into work plans for each unit. Each department prepares a budget plan by considering internal factors (policies, capacity, strategy) and external factors (market conditions, regulations, and economic dynamics). Compilation and adjustments are then carried out to ensure that the total budget is in line with the established profit targets. However, in practice, this process still relies heavily on manual calculations and individual analysis, potentially leading to errors, delays, and discrepancies with real conditions if budget participation, clarity of targets, and management control systems do not operate optimally.

This is reflected in the company's profit target and realization comparison report for the 2020–2024 period. For three consecutive years (2020–2022), profit realization consistently fell below target, with an achievement rate of approximately 89.0%, thus categorizing it as having not yet achieved the target. The difference between target and realization is quite significant and indicates that budget planning is not fully effective, due in part to a lack of communication between the finance department and implementing units, incomplete dissemination of budget targets, and the lack of prompt correction of the gap between realization and target. In 2023 and 2024, the situation reversed, with profit realization exceeding the target, with achievement rates of approximately 107.1% and 120.8%, respectively. While this indicates improvements in managerial performance and budget efficiency, the sharp fluctuations over the five-year period indicate instability that warrants careful attention from a managerial perspective, particularly regarding participation in budget preparation, clarity of budget targets, and the management control system.

In terms of State of The Art (SOTA), research on the relationship between budget participation, clarity of objectives, and control systems on managerial performance has been widely conducted, but most of them focus on the manufacturing and government sectors. Empirical studies on the port services sector, particularly the Surabaya Port Services Company, are still limited, even though this company has a strategic role in supporting the smooth flow of national logistics and trade. The novelty of this research lies in the integration of three main factors of management control budget participation, clarity of objectives, and control systems in the context of a state-owned port services company that has faced challenges of fluctuating performance, operational efficiency, and unstable profit target achievement over the past five years. Based on these phenomena and research gaps, the formulation of the proposed problems includes: (1) does budget participation affect managerial performance at the Surabaya Port Services Company; (2) does clarity of budget objectives affect managerial performance; and (3) does the management control system affect managerial performance. This research is expected to provide theoretical contributions in the form of strengthening empirical evidence on the theory of management control and budget planning in improving managerial performance, as well as practical contributions for the Surabaya Port Services Company in designing a participatory, transparent, and results-oriented budgeting system to support

the effectiveness of decision making and improve managerial performance and organizational sustainability.

## **2. Literature Review**

### **2.1 Agency Theory**

The agency theory approach emphasizes the relationship between the principal and agent. According to Jamicho et al. (2022), the principal is the party who gives the mandate to another party (agent) to carry out various activities on behalf of the principal in his or her capacity as decision-maker. In the context of budget participation, this theory explains that superiors act as principals who set the budget, while subordinates act as agents who implement the budget. Firdausi & Handayani (2021) emphasizes that budget participation reflects a form of cooperation between principal and agent in formulating work plans to achieve organizational goals. Each superior has the opportunity to provide input on the work plan to be implemented, which is used as the basis for preparing a budget in line with organizational targets. Jamicho et al. (2022) added that the principal must monitor the agent's performance to ensure that implementation aligns with the established work plan efficiently and effectively. Thus, agency theory illustrates how the relationship of delegation of authority and responsibility between superiors and subordinates can influence the effectiveness of budget preparation and implementation within an organization.

### **2.2. Goal Setting Theory**

Goal setting theory emphasizes the importance of the relationship between the goals set and the performance results achieved. Firdausi & Handayani (2021) explains that the achievement of targets reflects the level of performance that the organization wants to realize. Fatmah & Anggraini (2022) adding that specific and measurable goals will encourage individuals to work better and increase the likelihood of achieving organizational targets. Nugroho et al. (2021) emphasizes that the goal-setting process ideally involves both superiors and subordinates to foster a shared understanding of the importance of the goals to be achieved. Through this involvement, subordinates gain information about how tasks are performed and the reasons behind the importance of achieving those goals. Thus, goal-setting theory, in the context of management, is understood as a work activity involving coordination between various parties within the

organization to ensure efficient and effective task execution and to encourage continuous improvement in managerial performance.

### **2.3. Managerial Performance**

Managerial performance is the ability or work achievement of individuals or groups in carrying out organizational functions, tasks and responsibilities (Prasetya et al., 2023). According to Nugroho et al. (2021), managerial performance is the result of activities in utilizing resources optimally to achieve organizational goals. Annisa et al. (2020) emphasizes the importance of creating a conducive work environment through integration between the capabilities of leaders and subordinates. Astuti & Mulya (2019) states that the success of managerial performance can be seen from the input, planning process, and final results achieved. Kusuma et al. (2024) added that good managerial performance reflects organizational effectiveness and is an indicator of the success of management functions such as planning, organizing, coordinating, and supervising. Overall, managerial performance demonstrates management's ability to manage resources and make appropriate decisions to achieve organizational operational efficiency and effectiveness.

### **2.4. Budget**

A budget is a formal work plan written in the form of financial figures for a certain period of time, both short and long term (Prasetya et al., 2023). Rahmi (2020) defines a budget as a quantitative plan that serves to coordinate and direct an organization's future activities. Yustisia & Setyarini (2022) explains that the budget is not only in the form of monetary units, but can also be expressed in the form of goods or services which form the basis of the organization's operations. Astuti & Mulya (2019) states that a budget is a management tool for planning, controlling, and evaluating organizational activities in a formal and measurable manner. The budget serves as a work guide, a coordination tool between departments, and a control instrument for assessing activity performance against established plans. Thus, the budget is a crucial instrument in the management control system because it helps management achieve organizational goals efficiently, effectively, and accountably.

### **2.5. Participation in Budget Preparation**

Budgeting participation is the active involvement of managers at various levels in the process of setting the organization's budget (Kusuma et al., 2024). According to

Nugroho et al. (2021), this participation involves top to bottom level managers in determining budget objectives that are in accordance with their respective responsibilities. Firdausi & Handayani (2021) stated that through participation, managers feel responsible for budget implementation, thereby increasing commitment and performance. Suryani & Pujiono (2020) added that participation provides an opportunity for subordinates to provide realistic input and ideas in budget preparation. Budget participation also strengthens two-way communication between leaders and subordinates, combining top-down and bottom-up approaches to decision-making. Kusuma et al. (2024) stated that indicators of budgetary participation include participation in the budgeting process, influence on the final budget, and frequency of interaction with superiors during budget formulation. Therefore, budgetary participation plays a crucial role in enhancing a sense of ownership, responsibility, and the effectiveness of implementing established work plans.

## **2.6. Clarity of Budget Targets**

Clarity of budget targets describes the extent to which budget targets are formulated specifically, realistically, and can be understood by all parties responsible for their implementation Prasetya et al. (2023). According to Nugroho et al. (2021), clarity of goals helps organizations determine the direction and performance standards to be achieved, while also facilitating the evaluation process. Prasetya et al. (2023) emphasizes that clear budget targets make it easier for managers to be accountable for work results in accordance with organizational goals. Suryani & Pujiono (2020) states that the indicators of target clarity include understanding of general objectives, measurable performance targets, and coordination between sections to achieve priority targets. Annisa et al. (2020) added that clear objectives encourage employees to understand the relevance of their tasks to organizational goals, thereby increasing motivation and work effectiveness. Therefore, clear budget objectives are a crucial factor in ensuring that organizational plans are implemented according to predetermined directions and targets.

## **2.7. Management Control System**

A management control system is a mechanism that an organization uses to monitor, direct, and evaluate activities to align with the company's strategic objectives. Montana et al. (2019) explains that this system functions to regulate the behavior of organizational members to comply with established policies and strategies. Sukma (2022)

adding that the management control system covers the entire series of organizational activities on an ongoing basis, from planning, implementation, to evaluation. Prasetya et al. (2023) emphasizes that management control plays a crucial role in maintaining human resource effectiveness and ensuring operational activities run according to targets. This system encompasses strategic planning, budgeting, organizing, reporting, and performance analysis as a basis for decision-making. Thus, a management control system is not merely an administrative tool, but also a strategic instrument for ensuring an organization's efficiency, effectiveness, and accountability in achieving its long-term goals.

### **3. Research Methods**

#### **3.1 Research Population and Sample**

The population in this study was all 373 employees of the Surabaya Port Company. The population is understood as all elements that serve as data sources and possess certain characteristics that are to be studied and from which conclusions can be drawn (Amin et al., 2023; Dewi & Pardede, 2021). The criteria used are: (1) employees with a work period of more than 5 years to have sufficient understanding of the budget preparation process, management control system, and the budget policy evaluation and implementation cycle; (2) employees who are directly involved in the budget preparation process at the division or department level, either as decision makers, directors, or technical implementers; and (3) structural employees who hold the positions of Senior Vice President (SVP), Vice President (VP), and Superintendent. Based on these criteria, 101 employees were obtained who met the requirements and were used as research samples, because they were considered the most relevant to the variables of budget preparation participation, clarity of budget targets, management control systems, and managerial performance at the Surabaya Port Company.

#### **3.2 Data, Type of Research, and Data Collection Techniques**

This research is a quantitative research. According to Sari & Herawati (2023), quantitative research is based on the philosophy of positivism and is used to research specific populations or samples with standardized research instruments to test hypotheses. Rahmayati & Jamil (2019) states that quantitative methods emphasize theory testing through measuring variables in numerical form and analyzing them using statistical procedures. In this study, quantitative methods were used to analyze the influence of

budget participation, clarity of budget targets, and management control systems on managerial performance at the Surabaya Port Company (Arvyanda et al., 2023).

### 3.3 Data Analysis and Hypothesis Testing Techniques

The outer model in the hypothesis test is used to assess the validity and reliability of the construct through the loading factor indicators, Average Variance Extracted (AVE), cross loading, as well as the Composite Reliability and Cronbach's Alpha values which are required to be above 0.7 (Halim & Hamzah, 2020). Meanwhile, the inner model is tested by looking at the R-Square ( $R^2$ ) value to determine the ability of the independent variable to explain the dependent variable, as well as the Predictive Relevance ( $Q^2$ ) value to assess the model's predictive power.

## 4. Results and Discussion

### 4.1 Research Data and Samples

The data in this study were obtained from the results of questionnaires completed by 101 structural employees at the Surabaya Port Company who met the purposive sampling criteria, namely: having a work period of more than 5 years, being directly involved in the budget preparation process, and serving as Senior Vice President (SVP), Vice President (VP), or Superintendent. Based on the results of data processing, the majority of respondents were male (79.2%) with a dominant age group of 41–50 years (49.5%). Educational background was dominated by Bachelor's (S1) at 75.2%, while the most common position was Superintendent (64.3%). The length of service of the respondents was mostly in the category of more than 20 years (29.7%), which indicates that respondents have long work experience and sufficient understanding of the budget process and management control system at the Surabaya Port Company.

### 4.2 Descriptive Statistics of Research Variables

The variables in this study consist of three independent variables, namely Budget Participation (X1), Budget Target Clarity (X2), Management Control System (X3), and one dependent variable, namely Managerial Performance (Y). All variables are measured using a Likert scale of 1–5. A summary of the descriptive results is shown in the following table.

**Table 1. Descriptive Statistics of Research Variables**

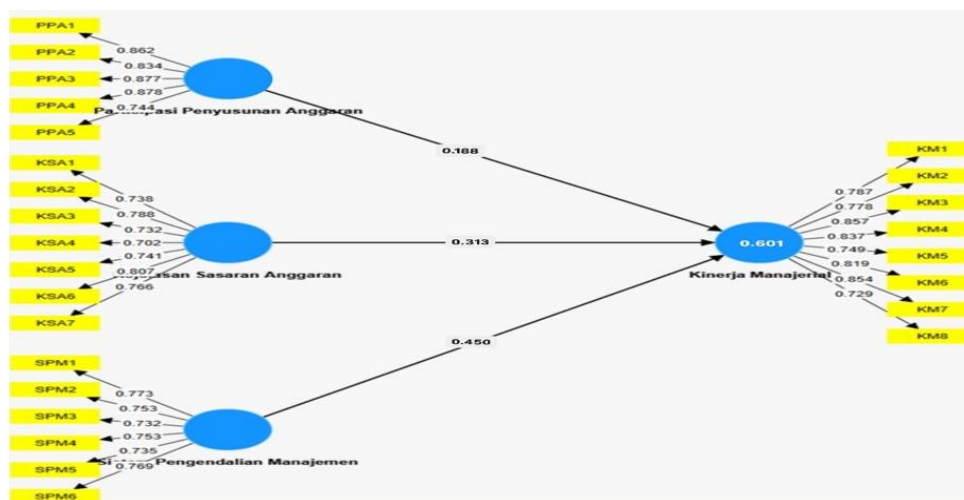
Variables	Average (Mean)	General Category
<b>Budget Preparation Participation (X1)</b>	3.94	Tall
<b>Clarity of Budget Targets (X2)</b>	4.29	Very high
<b>Management Control System (X3)</b>	4.35	Very high

<b>Managerial Performance (Y)</b>	4.38	Very high
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The average Budget Participation variable of 3.94 indicates that employees feel quite frequently involved in the budget preparation and revision process. The average Budget Target Clarity of 4.29 indicates that respondents assess the budget targets are clear, specific, and well understood. The average Management Control System value of 4.35 indicates that control procedures, follow-up on deviations, and reporting have been running well. Meanwhile, the average Managerial Performance of 4.38 indicates respondents' assessment that managerial functions such as planning, supervision, coordination, evaluation, staff management, and representative roles have been carried out well at the Surabaya Port Company.

**4.3 Evaluation of the Measurement Model (Outer Model)**

The measurement model was evaluated to assess the validity and reliability of the latent constructs. Convergent validity testing showed that all indicators had loading factor values > 0.7, thus meeting convergent validity criteria and adequately reflecting the constructs.



**Figure 1. Outer Model**

A summary of AVE and reliability values is presented in the following table.

**Table 2. AVE, Composite Reliability, and Cronbach's Alpha Values**

Variables	AVE	Composite Reliability	Cronbach's Alpha	Information
<b>Budget Preparation Participation (X1)</b>	0.706	0.923	0.896	Reliable
<b>Clarity of Budget Targets (X2)</b>	0.569	0.902	0.874	Reliable
<b>Management Control System (X3)</b>	0.566	0.887	0.848	Reliable
<b>Managerial Performance (Y)</b>	0.644	0.935	0.921	Reliable

Source: Data processed with SmartPLS 4 (2025)

The Composite Reliability and Cronbach's Alpha values for all variables were above 0.7. This indicates that each indicator in the study has a strong level of consistency and is able to measure its construct stably. In other words, the questionnaire instrument used has proven reliable because it produces relatively consistent and consistent answers when measuring the same concept. Furthermore, meeting these reliability values also indicates that each latent construct has a good level of internal trust.

#### 4.4 Structural Model Evaluation (Inner Model)

The structural model (inner model) is evaluated using the R-Square ( $R^2$ ) and Predictive Relevance ( $Q^2$ ) values to assess the model's ability to explain the dependent variable and its predictive ability.

**Table 3. R-Square and Q-Square Values**

Dependent Variable	R-Square	R-Square Adjusted	Q-Square
<b>Managerial Performance (Y)</b>	0.601	0.589	0.373

Source: Data processed with SmartPLS 4 (2025)

The R-Square value of 0.601 indicates that 60.1% of the variation in Managerial Performance (Y) and the Q-Square value of 0.373 ( $> 0$ ) indicates that the model has good predictive relevance, meaning that the model is quite capable of predicting the observed value of Managerial Performance.

#### 4.5 Hypothesis Test Results

Hypothesis testing is carried out by looking at the path coefficient, T-Statistics, and P-Values values generated by SmartPLS 4. A summary of the test results is shown in the following table.

**Table 4. Hypothesis Testing Results**

Hypothesis	Relationship between variables	Coefficient (Original Sample)	T- Statistics	P- Values	Decision
<b>H1</b>	Budgeting Participation → Managerial Performance	0.188	2,608	0.009	Accepted
<b>H2</b>	Clarity of Budget Goals → Managerial Performance	0.313	2,972	0.003	Accepted
<b>H3</b>	Management Control System → Managerial Performance	0.450	4,861	0,000	Accepted

Source: Data processed with SmartPLS 4 (2025)

The test results show that all hypotheses (H1, H2, and H3) are accepted because each path has a T-Statistics value  $> 1.96$  and P-Values  $< 0.05$ . First, participation in budget preparation has been shown to have a significant effect on managerial performance, indicated by a coefficient of 0.188 with a T-Statistic of 2.608 and P-Values of 0.009. This means that the greater the involvement of managers and employees in designing the

budget and providing input, the greater their sense of responsibility towards the targets, thus improving managerial performance. Second, the clarity of budget targets also has a significant effect on managerial performance, with a coefficient of 0.313, a T-Statistic of 2.972, and a P-Value of 0.003. Budget targets that are specific, measurable, have a time limit, and have clear priorities make it easier for managers to plan programs, allocate resources, and conduct evaluations more effectively. Third, the management control system is the most dominant factor influencing managerial performance, with the highest coefficient of 0.450, a T-Statistic of 4.861, and a P-Value of 0.000. Structured control mechanisms, such as program development, deviation tracking, and regular cost reporting provide important information that helps managers improve efficiency and performance quality.

## **Discussion**

### **Analysis of the Influence of Budget Preparation Participation on Managerial Performance**

The results of the first hypothesis (H1) testing in this study revealed that participation in budget preparation has a significant impact on improving managerial performance. This finding indicates that the process of actively involving managers at top, middle, and lower levels in the planning, discussion, agreement, and revision stages of the budget plays a crucial role in creating better decision-making quality and increasing accountability towards organizational targets. In other words, the greater the level of involvement of a manager in the budgeting process, the higher their commitment, motivation, and sense of ownership towards the established budget objectives. Participation in budget preparation is not merely an administrative routine, but rather a strategic mechanism that allows organizations to utilize the full potential of existing internal information. In modern management practices, the budget has become a control instrument that emphasizes not only financial aspects but also accommodates the need for cross-functional coordination. When managers participate in budget preparation, they bring important information regarding operational conditions, resource capacity, technical constraints, and opportunities for improvement in their respective work units. This information is often beyond the reach of top management, as they are more focused on the organization's macro strategy. This combination of strategic perspectives from

management and technical information from operational managers is what produces a more realistic, relevant, and implementable budget structure.

The findings of this study are supported by several previous studies. For example, Suryani & Pujiono (2020) demonstrated that budgetary participation positively impacts managerial performance in various public sector organizations. Similarly, Nugroho et al. (2021) emphasized that the greater the level of managerial involvement in the budgeting process, the higher the level of planning accuracy and effectiveness of budget implementation. Annisa et al. (2020) and Rahmi (2020) also found a similar relationship in both for-profit and non-profit organizations, where participation triggered a stronger commitment to achieving performance targets. Recent findings by Agung et al. (2024) reinforce that budgetary participation remains relevant even in modern organizations that are beginning to adopt digital budgeting systems.

These findings are also consistent with the agency theory framework. Within this theory, the relationship between the principal and the agent is often characterized by conflicts of interest. Goal misalignment can arise because each party has different preferences, information, and motivations. Participatory budgeting is one mechanism that can reduce information asymmetry between the principal and agent. When the budgeting process is conducted collaboratively, the agent has the opportunity to convey operational information transparently, while the principal gains a more comprehensive understanding of the organization's actual conditions. This process creates goal congruence, minimizing the potential for dysfunctional behavior such as budgetary slack.

### **Analysis of the Influence of Budget Target Clarity on Managerial Performance**

The results of the second hypothesis (H2) testing in this study indicate that clarity of budget targets has a significant influence on improving managerial performance. This means that the clearer, more detailed, and measurable the budget targets set by the company, the easier it is for managers to understand what must be achieved and how they must work to achieve those targets. This finding indicates that specifically formulated budget targets provide managers with a clearer direction in planning, determining strategies, and allocating resources within their work units. Therefore, clarity of budget targets serves as an important foundation in supporting the management process and achieving both individual and overall organizational performance. Clarity in budget targets allows managers to work with greater focus. Without clear targets, task execution

can potentially become disorganized due to the lack of definitive benchmarks for assessing the success of a work program. However, when a company sets specific targets, such as quantitative targets such as efficiency levels, production volumes, asset utilization rates, or revenue percentages, managers can direct all operational activities to achieve these predetermined standards. Furthermore, clear budget targets help managers understand the company's limitations, priorities, and expectations, allowing for a more measured and systematic decision-making process.

In operations, detailed budget targets help managers plan resources more effectively. For example, to achieve a specific target, managers can determine how many workers are needed, how much machine capacity must be operated, or how much inventory must be kept on hand to avoid operational delays. Clarity about budget targets also enables managers to better anticipate risks and develop alternative strategies when external conditions change. This allows managers to be more adaptive and responsive in dealing with dynamic situations. This research aligns with previous research findings that stated that clear budget targets have a positive impact on improving managerial performance. Prasetya et al. (2023) found that clear budget targets significantly determine the effectiveness of management control, as managers find it easier to assess performance when work standards are clearly and unambiguously formulated. Nugroho et al. (2021) also emphasized that clear targets make the coordination process between work units more effective, as each manager understands their unit's role and contribution to achieving company goals. Findings from Rahmi (2020) also reinforce that clear budget targets can increase managers' motivation to complete tasks, enabling them to work more disciplined and efficiently.

Theoretically, these findings support the concept introduced in Goal-Setting Theory by Locke & Latham. This theory emphasizes that specific, clear, challenging, but realistic goals are more effective in improving performance than general or immeasurable goals. In budget management, this principle translates into setting measurable financial and non-financial targets that can serve as a reference for managers in their work. Clarity of goals in the budget allows managers to understand the work standards to be achieved and the company's expectations of their respective units. When goals are set in a challenging yet achievable manner, managers are encouraged to increase creativity, innovation, and extra effort in achieving those targets.

## **Analysis of the Influence of Management Control Systems on Managerial Performance**

The results of the third hypothesis test (H3) indicate that the management control system has a significant influence on managerial performance. This means that the stronger and more effective the management control system implemented by a company, the greater the ability of managers to optimally carry out managerial functions. These functions include planning, organizing, monitoring, coordinating, and evaluating. With a good control system, managers have a clear mechanism to ensure all operational activities are on track in accordance with company goals. This finding confirms that the management control system is not merely an administrative tool, but a key foundation in supporting the decision-making process and driving improved managerial performance.

A management control system helps a company ensure that all operational activities are conducted in accordance with established standards, strategies, and plans. Through this control mechanism, managers can identify deviations early, provide feedback on work implementation, and design necessary corrective actions. In other words, a management control system functions as a monitoring system that maintains organizational effectiveness and serves as an evaluation tool that enables the company to improve the performance of managers in each work unit.

The findings of this study are in line with the views of a number of previous researchers who showed that management control systems have a positive influence on managerial performance. Fatmah & Anggraini (2022) emphasized that the implementation of a structured control system can improve the discipline and efficiency of managers in carrying out their duties. Heliani (2019) also found that an effective control system can improve the quality of decision-making in the managerial sphere. Meanwhile, Riani Sukma Wijaya (2022) confirmed that a manager's success in achieving targets is greatly influenced by the extent to which the company provides adequate control tools. All these findings consistently demonstrate that management control systems are closely correlated with improved managerial performance.

A good management control system is also closely related to the effectiveness of resource utilization. When controls are implemented systematically, managers can ensure that every resource, such as labor, equipment, budget, and work time, is used efficiently according to its intended purpose. Optimal resource utilization is a supporting factor in

achieving overall company targets. Conversely, when control mechanisms are weak, companies can potentially experience waste, operational inefficiency, and inaccurate performance evaluations. In the Surabaya Port Services Company, the implementation of a management control system is crucial. The work environment in the port sector is complex and dynamic. Companies must be able to manage various activities such as loading and unloading operations, logistics management, ship scheduling, and customer service. In such circumstances, a management control system serves as a guideline that helps managers ensure the smooth running of all operational processes. This system enables optimal coordination between units, ensuring that all work areas can move in accordance with the company's strategy and targets.

#### 4. Conclusion

The results of the study indicate that budget participation, clarity of budget targets, and management control systems have a significant effect on managerial performance at the Surabaya Port Services Company, with the greatest influence coming from the management control system. This finding confirms that managerial involvement in the budget process, a clear understanding of targets, and the implementation of an effective control system can improve managerial coordination, accountability, and effectiveness. Theoretically, this study strengthens agency theory and goal setting theory, which explain the importance of alignment of interests, clarity of goals, and good control mechanisms in supporting managerial performance. Practically, the results of the study provide a basis for top management to strengthen internal control systems and expand managerial participation in budget preparation. The limitation of this study is the limited scope of objects in one company, so it is recommended that future research expand the sector, region, and add variables such as leadership style or organizational culture to obtain more comprehensive results.

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