The Effect Of Manager's Role In The Planning And budget Control And Operating Activities On Organizational Efficiency

by Arief Subyantoro

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The Effect Of Manager's Role In The Planning And budget Control And Operating Activities On Organizational Efficiency

[1] FX. Suwarto; [2] Arief Subyantoro

[1] A Professor of Economics and Business, Budi Luhur University, Jakarta

[2] A Professor of Economics and Business, Universitas Pembangunan Nasional "Veteran", Yogyakarta

Abstract - The present research is intended to answer the questions on the effect of manager's role in the planning and control of budget and business operation on the efficiency level of hospitality business. The respondents are top, middle and lower managers. The result of correlation analysis of (X1) and (X2) is positive; the correlation coefficient is 0.990. Manager's role in the planning and control of budget (X1) and business operation (X2), simultaneously, have a positive effect on efficiency level (Y) by 46.79%. The manager's role in the planning and control of budget (X1), partially, has a positive effect on hospitality business efficiency level (Y) by 14.14%. The manager's role in business operation (X2), partially, has a positive effect on efficiency level (Y) by 38.68%. There are other variables than the manager's role in the planning and control of budget and business operation (X1 and X2) that affect the efficiency level of hospitality business (Y) by 0.09%. The results of SWOT analysis shows that hospitality business under study lays in the aggressive cell. This means that the business can go on and increase its investment and implement cost leadership, differentiation, and focus strategies. The study recommends that business actors in the research area need to advance their cooperation with those of similar line of business, and need to explore more profitable source of fund to expand their business. Additionally, other variables than X1 and X2 need to be considered.

***Keywords* –** Role, Managers, Planning, Control, Organizational

1. Introduction

It has been postulated among business organizations that no organizational manager wants to lose money for no good reason. Their concept of work is how to make a profit; which can be elaborated as profit equals revenue minus cost of all business activities. From this, it is clear that to achieve a desired level of profit; the revenue should be greater than the cost. Effort to achieve the desired level of profit could take the form of increasing the revenue and, at the same time, reducing the cost. In business, profit is a very important component to develop a work plan and budget. The financial budget includes the balance sheet, profit/loss statement, source of funding and use of funds and financial ratios that reflect all business activities in financial units. Financial ratios such as Profit Margin (PM), Return on Assets (ROA), Return On Equity (ROE) can be used as benchmarks in assessing efficiency. System for planning and control of efficiency is described as "doing things right", with output divided by input (O/I) as the benchmark. Effective is described as "doing the right things", with output divided by goal (O/G) as the benchmark. The critical issue in achieving the objectives lies in the aspects of human behavior in carrying out planning and control for operational activities. Human resources serve a key role in every organization. Therefore, the management is expected to conduct a coaching program in the field of management, especially concerning the role of managers in implementing the functions of planning and budget control, as well as operational activities.

Planning and control of budget and operating activities are basically related to the process of role setting for unit managers in an effort to achieve organizational goals. The process defined who will play a role to achieve some or all of the objectives of the organization, as well as what economic resources are available to each unit in order to carry out their respective obligations. Based on the information given above, budget planning and control and operational activities can be implemented successfully if every manager of organizational units plays a role in the mastery of financial and human resources: because the information is measured by the unit value of human resources and money in accordance with organizational goals within a specific period of time (e.g. one year). Budget and operating activities are important for each organizational unit. The former serves as the guidelines for operating activities and, at the same time, as an effective traditional method of control. The budget realization statement and the operating activities report of each organizational unit compared with the standard/norms are used to assess the performance of each organizational unit during the actual period. The success of unit managers in implementing their programs and activities that have been planned represents a benchmark of an achievement. A work unit is considered as successful if the objectives stipulated in the budget and operating activities statement can be successfully achieved, and less successful if it failed to achieve the objectives stipulated in the budget and operating activities statement.

Managers can play their role in the planning and budget controlling on a bottom-up or top-down approach. This means every unit manager prepares and then submits their program design and activities to budget commission/team. The process of achieving agreement determines whether or not there are budgetary changes to make in each unit; for that reason, information concerning the changes must be conveyed to the concerned units. This is intended to avoid dysfunctional conflict in organizations. Organizational budget incorporates budgets from organizational units that have been agreed upon. This reflects coordination between units in an organization—that the successful achievement of organizational goals represents the manager's role through coordination between units within a single organization. From the above mentioned points, we can get a situational and conditional overview of manager's role in planning and control of budget, as well as of the operation, scope and emphasis as described in the problem formulation as follows:

While it remains unclear whether the manager's role in the planning and control of budget and operating activities have an effect on organizational efficiency, there is a viewpoint that manager's role in the planning and control of budget and operating activities correlates with, and has an effect on, organizational efficiency. Therefore, analysis of these variables is necessary, either collectively or partially, to determine the correlation and the variable that significantly affect organizational efficiency, as well as the position and implementation of strategy by the organization. In this regard, it is interesting to know how manager's role in the planning and control of budget correlates with, and has an effect on, organizational efficiency.

Based on the above description, problem identification can be formulated as follows:

1. How do manager's roles in the planning and control of budget correlate with manager's role in the planning and control of operating activities and what does the correlation mean for improving the organizational efficiency level?
2. How do manager's roles in the planning and control of budget and operating activities—collectively—affect the organizational efficiency level?
3. How do manager's roles in the planning and control of budget and operating activities—partially—affect the organizational efficiency level?
4. How do organizational strategies positioned and implemented in effort to improve organizational efficiency level?

2. Theoretical Framework

Well-developed enterprises with more extensive business activities usually operate based on advanced planning and control to achieve high level of effectiveness and efficiency. The functions of planning and control are carried out by managers through delegation of authority and responsibility. It is, therefore, important for management to delegate authority and responsibility to the managers to take active part in proposing initiatives that lead to productive process improvement Sarkar [1].

Hierarchically, organizational planning includes the setting of vision and mission, goals, objectives, strategic plans that serve as the guideline for repetitive and non-repetitive activities.

policies, standard procedures and methods, and rules Stoner [2].

Planning function determines the objectives; controlling function determines the standard of evaluation as the guidelines for managers in managing and controlling their activities so that the predefined plan can be realized in accordance with the standards and expectations specified in various programs. Variable selection in this study is based on the assumption that achievement of certain efficiency level depends on manager's role in the planning and control of budget and operating activities, in accordance with the objectives, i.e. duties, authorities and responsibilities, and the actual obligations of a manager. Correlation analysis was conducted with correlation formula, and path analysis was adopted in the analysis of the effect of independent variable on dependent variable. Analysis of the effect of manager's role in the planning and control of budget

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and operating activities on efficiency levels requires ratio analysis, the results of which will serve as barometer of success. The ratio analysis in this study is based on:

1. Profit Margin (PM), this means that manager's role in achieving efficiency level is measured based on rate of Return on Sale. PM is calculated based on Net income after interest and taxes divided by net sales.
2. Return on Assets (ROA), this means that manager's role in achieving efficiency level is measured based on the rate of return on investment. ROA can be calculated based on earnings after interest (EAT) divided by total assets.
3. Return on Equity (ROE), this means that manager's role in achieving efficiency level is measured based on the rate of return on net income after interest and taxes divided by own capital or equity.

The relationship between the above mentioned ratios is depicted in the following diagram:

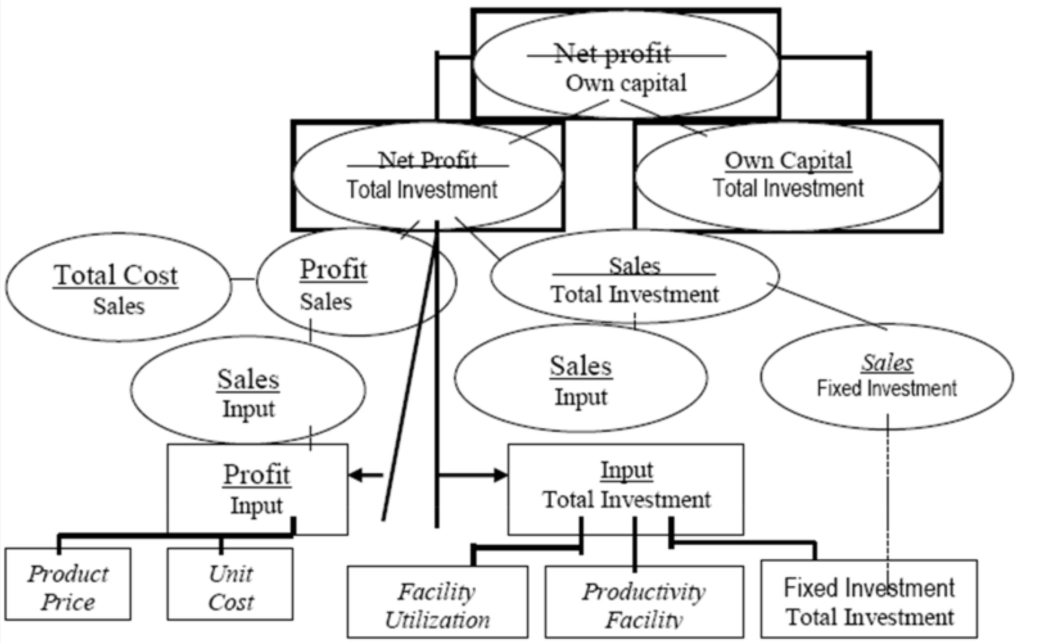

Figure 1.
Comparison of Managerial Control and Financial Ratio; Bela Gold [3]

Furthermore, to find out what positions and strategies need to be implemented, observation of internal factors is conducted to see the strengths and weaknesses of the organization, as well as external factors to identify the opportunities and threats of the organization—for all of these, SWOT analysis is performed. Based on the above description and a system approach, the conceptual framework of this study is elaborated as follows:

INPUT (TASK FIELD)	→	PROCESS	→	OUTPUT (OUTCOME)
Planning and control of Budge Planning and control of Operating Activities		Implementation of Manager's Role/Task		Efficiency Levels

Figure 2. System Approach

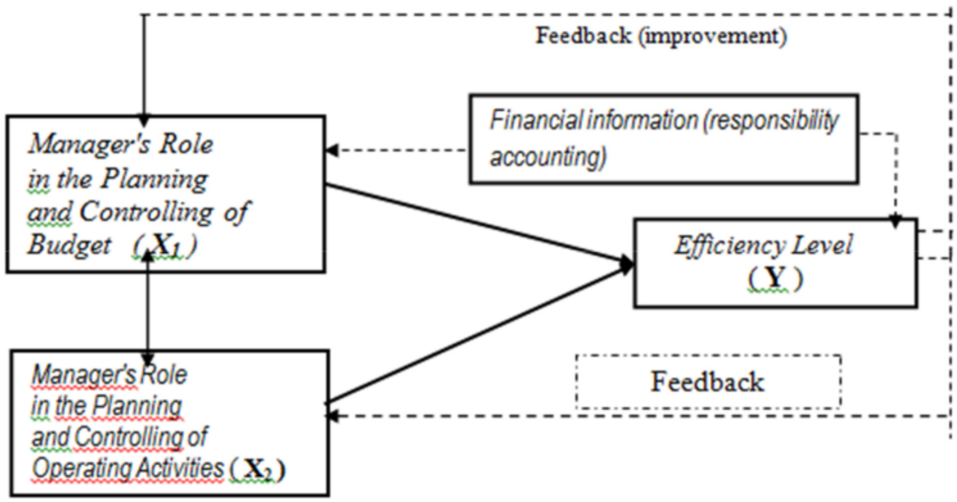

Figure 3. Conceptual Framework

From the conceptual framework, we can formulate general equation as follows: dependent variable = f (Independent variable).

Y = f ($X_1.X_2$); = function, Y = Efficiency level.

X_1 = Manager's role in the planning and control of budget.

X_2 = Manager's role in the planning and control of operation

The regression equation is determined as follows:

$$\mathbf{Y = Pyx_1X_1 + Pyx_2X_2 + \varepsilon}$$

Based on the above description, a conceptual framework and workflow can be comprehensively compiled as follows:

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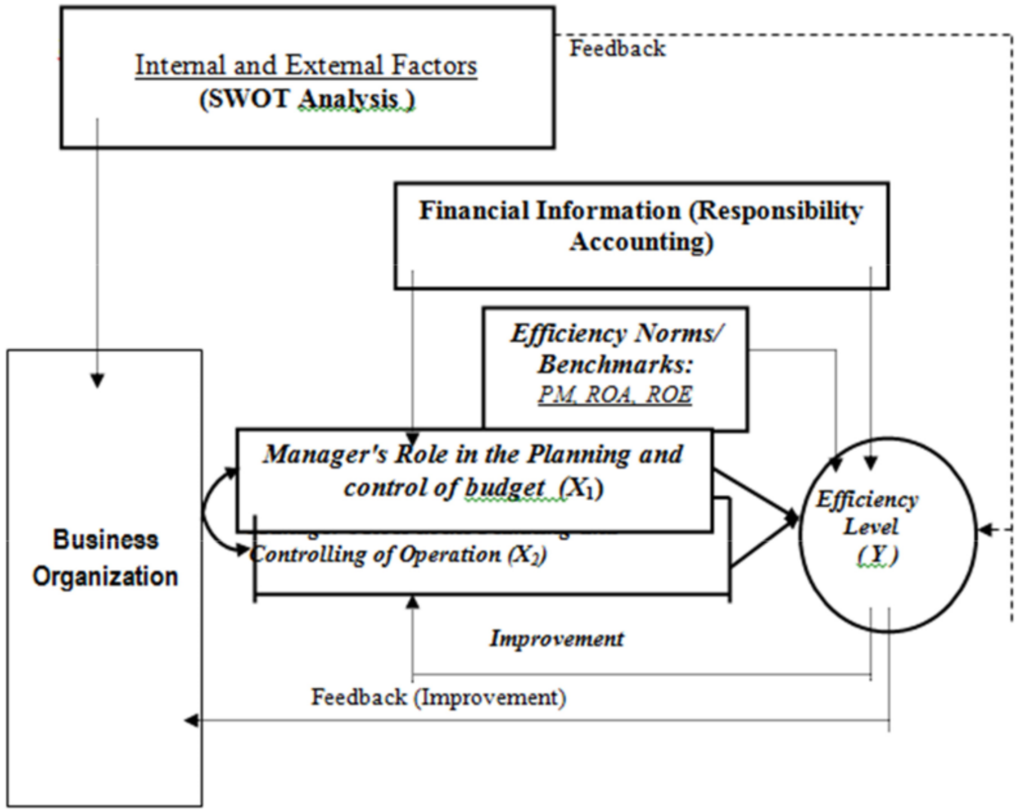

Figure 4. Conceptual framework and workflow

3. METHODOLOGY

The variables are divided into three groups: a) manager's role in the planning and control of budget; b) manager's role in the planning and control of operation; c) organizational efficiency level. Manager's roles in the planning and control of budget and operation are classified as independent variable (X) in two dimensions: first, manager's role in the planning and controlling of budget (X_1). The second is manager's role in the planning and control of business operation (X_2). As for efficiency level, it is classified as independent variable (Y). Organizational efficiency level has an economic perspective (business success).

These variables are then translated into several indicators to facilitate their measurement. The indicators in question are as follows:

1). Indicators of manager's roles in the planning and control of budget (X1) that include:

(1). roles in the planning and control of sales;

(2). roles in the planning and control of costs;

(3). roles in the decision-making;

(4). roles in the authority as superiors;

(5). roles in the coordination between organizational units;

(6). roles in the competition to achieve target between organizational units; and

(7). roles in giving direction.

2). Indicators of manager's roles in the planning and control of operation (X2) include:

(1). roles in fostering entrepreneurship;

(2). roles in improving attitude for business; and

(3). roles in predicting the rules.

3). Indicators of organizational efficiency level (Y):

(1). Capability of managers in the planning and control of profit margin, return on assets/return on investment, and return on equity;

(2). Participation in the planning and control of profit margin, return on assets/return on investment, and return on equity;

(3). Education and experience in the planning and control of organizational efficiency level; and

(4). Autonomy in the planning and control of organizational efficiency level.

The indicators of each variable are based on Mintzberg's managerial roles and position analysis. Position analysis is a process for studying and collecting information related to various operations and position obligations. In determining the status of variables, attention needs to be directed toward the intent and purpose so that the formulation is transformed into a path structure. The path structure is diagrammatically explains the relationship between variables, both correlative and causal relationships. In the diagram, manager's role in the planning and control of budget is expressed in X_1; manager's role in the planning and control of operation is expressed in X_2; and efficiency level is represented by Y. Thus, the structure of path analysis can be diagrammatically represented as follows:

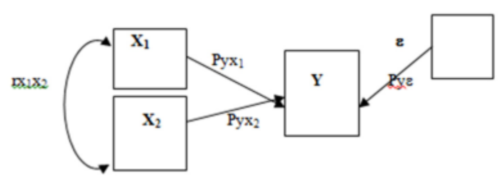

Figure 5 The Complete Structure of Planning and Control of Organizational Efficiency Level.

SWOT Analysis

To answer the fourth question, a SWOT (*Strength, Weakness, Opportunities, Threat*) analysis needs to be conducted. SWOT is an analytical method to evaluate the achievement of organizational objectives. The method helps analyze and calculate the effect of internal and external factors Mintzberg [4]

4. RESULTS AND DISCUSSION

Based on the inverse matrix calculation of the effect of independent variables (X) on dependent variables (Y) we obtained the following results:

1). Linear equations related to causal relationships between research variables can be written as follows: $Y = Pyx_1 X_1 + \rho yx_2 X_2 + \varepsilon = 0{,}380 X_1 + 0{,}622 X_2$
The path coefficient magnitude between independent variables (X) and dependent variables (Y) can be described as follows:

a. Path coefficient from X_1 to Y (Pyx_1) is 0.380, which means that the manager's role in the planning of efficiency amounted to $(0.380)^2$ = 14.44%. The path coefficient value indicates that the effect of independent variable X_1 on dependent variable Y (Pyx_1) is positive.

b. Path coefficient from X_2 to Y (Pyx_2) is 0.622, which means that manager's role in the planning and control of business operation has an effect on eficiency level by $(0{,}622)^2$ = 38.68%. The path coefficient value indicates that the effect of independent variable X_2 on dependent variable Y (Pyx_2) is positive.

c. The effect of another variable (ε), excluded from the research model, on Y (Pyε) is $\sqrt{1 - 0.9991} = 0.03$, which means that the effect of other independent variables can increase efficiency by $(0.03)^2$ = 0.09 %. Therefore, it is safe to conclude that another variable (ε) has an effect on Y (Pyε). For that reason, we need to pay attention to the variables excluded from the model, despite the effect size of another variable (ε) on efficiency level was smaller than those of variables X_1 and X_2.

2). The effect size of independent variables X_1X_2, simultaneusly, on Y is (0.380 X 0.622) X 0.990 X 2 = 46.79 %, which means that any change in variables X_1X_2 is 100% causing variable Y to change by 46.79%.

3). The effect size of independent variable X_1 on Y is 0.380 or 14,44 %, which means that any change in variable X1 will 100% causing variable Y to change by 14.44%.

4). The effect size of independent variable X_2 on Y is 0.622 or 38.68 %, meaning that

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any change in the variable X2 will 100% causing Y to change by 38.68%.

5). The total effect size of variables X_1 and X_2 on Y is (0.1444 + 0,3868 + 0,4678) = 0.9991 or 99.91%, meaning that any total change in the variables X1 and X2 will 100% causing variable Y to change by 99.91%.

6). The effect size of other independent variables than X_1 and X_2 on dependent variable Y that need to be calculated is (100% - 99.91%) = 0.09%.

The calculation and discussion on the effect of manager's role in the planning and control of budget and business operation on organizational efficiency level, as mentioned earlier, can be comprehensively presented in the following table:

Table 1
Results Of The Path Analysis Performed On The Effect Of X To Y

DESCRIPTION TOTAL EFFECT	EFFECT SIZE			
	CORRELATION COEFFICIENT		PATH COEFFICIENT	EFFECT SIZE
Correlation between independent variables X_1 and X_2	0.990			
the effect of variables: - X_1 on Y		0.380	14.44%	
- X_2 on Y		0.622	38.68 % +	
- X_1 X_2 on Y	(0.380 X 0.622) X 0.990 X 2 =		53.12 % 46.79 % +	
Total effects of variables X_1 & X_2 on Y	(X_1+X_2+ X_1X_2) = 99.91 %			99.91 %
The effect of other variables than X_1 and X_2 on Y	(100% - 99.91% = 0.09 %)			0.09%

The complete structure that Source: processed primary data describe the relationship between, and effect of, manager's role in the planning and control of budget (X_1) and manager's role in the planning and control of business operation (X_2) and factors other than the effect of variables X_1 and X_2 on Y can be illustrated as follows:

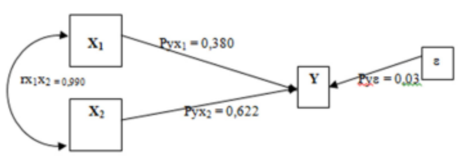

Figure 6
The Complete Structure of Analysis of the Effect of Variable (X) on Variable (Y)

The complete structure illustrated above indicates that independent variables X_1 and X_2 have a positive correlation and a mutual effect. The independent variables X_1 and X_2 have a positive effect on dependent variable Y. The effect size of variable X_2 is larger than that of variable X_1 (38.68 %>14.44 %). In addition, there are other variables than X_1 and X_2 that affect variable Y by 0.09%. While it is excluded from the model, it is necessary to consider.

The effect contributed by variable X_2 is larger than that of variable X_1 on variable Y for the reason that:

a. Business operation put more emphasis on defining the philosophy of business as the foundation in policy making and planning strategy. Moreover, the strategy for business operation represents a long term vision that includes mission, objectives, policies, and distinctive competence of a company. Budget serves more as an elaboration of work program that is quantified into a sum of real money.
b. The role in business operation represents the implementation of managerial functions in organizations for such purposes as: to make business enterprises more effective and efficient (improvement of entrepreneurship), to prepare more credible financial statement

(improving business attitude), and to comply more with the laws and regulations.

Furthermore, to determine the position and implementation of busines organizational strategy, SWOT analysis is conducted as follows:

Functional Analysis

a. Internal Environment

Analysis of internal environment includes:

a.1. Management and Organization

Business organizations are generally deal with problem on a centralized basis. Most important financial strategies and decisions are made in their upper-level positions, and operating decisions are made at regional or unit level. Unit managers are supposed to be responsible for reaching a certain level of profit at their respective unit. They have autonomy and authority to make decision concerning development strategy. Managemen trealizes decentralization concept in the hope that managers can improve their creativity to provide improved quality services to the customers. Top-level managers concentrate more on expansion and/or development. Company managers are divided into three; top level, middle level, and low level. The top managers consist of a board of directors in charge of strategic planning at the corporate level and continually evaluate the company strategic objectives. Middle level managers made decisions on the expansion of revenue centers. Low level managers and their employees serve the operational function to realize the revenue centers. Every employee in a company is stimulated and endorsed to think creatively, especially in formulating the objectives and development strategies. Annual goals are further elaborated into monthly and weekly goals.

a.2. Marketing

Business organizations are known to be good in adopting techniques for planning and control as well as coordination; highly dedicated workers, highly competitive prices, and highly committed to providing high quality services. Among other things that differentiate them from other organizations is the fact that in case the customers find that their prices pale in comparison with their quality of services and comforts, this could be informed by words of mouth to other potential customers. For that purpose, marketing analysis is conducted to analyze:

a.2.1. Market

Markets segmented their products into categories of quality, class, and price. Business organizations need a substantial cost of production, including promotion, to generate large scale products with competitive prices. Their strategy for choosing location is based on the proximity to other business enterprises, for they believe in internal power of concentrated facilities and quality services delivered to their customers.

a.2.2. Sales

Average net sales in the area studied experienced high fluctuations. Factors causing fluctuation in sales include instability, uncertain monetary condition and government policies.

a.3. Work force

In general, business organizations have permanent and seasonal workers. Efforts to increase the potential of human resources are done with:

(1). the placement of young workers through a solid recruitment and selection policy;

(2). employee development program conducted periodically through education and training. Education is intended to improve their conceptual mastery and training is intended to improve their skills.

a.4. Finance

Business organizations are those that constantly striving to increase profits through cost efficiency to increase net profit.

b. External Environment

Competition among business organizations is tight; generally, each of them relies entirely on product differentiation through service quality improvement. Competition often occurs between enterprises within quite similar products line; consequently head-to-head competitions are not uncommon.

During a period of stable economy, the competition is not so tight. Large scale enterprises are not threats to small scale enterprises, because they have their respective market segments. In times of economic recession customers' income become increasingly uncertain; therefore become more sensitive to a price change. Financial crisis of 1997-1998 seems to cause business people to start losing consumers as the latter start switching to other similar products.

Strategy Formulation

To develop an appropriate strategy formulation in SWOT analysis, functional analysis is conducted to utilize overall results of internal and external factors identification. Functional analysis encompasses the conditions of sales, marketing, work force, management, and organization. As described earlier, the obtained information is classified using a number of analysis models. Steps in the analysis include internal and external factor analysis, analysis on electric general matrix and analysis on metric space. The three analyses are summarized in the following table:

TABLE 2. INTERNAL FACTOR ANALYSIS

Description	Weight	Rating	Score
STRENGTHS:			
- Good service reputation	0.20	4	0.80
- Hospitality Industry Growth	0.10	1	0.10
- Experience in Human Resources	0.15	3	0.45
- Quality of Services	0.15	3	0.45
- Price competition	0.05	1	0.05
- System for Planning and Control of Budget and Business Operation	0.20	4	0.80
- Distribution and information channels	0.05	1	0.05+
			2.75
WEAKNESSES:			
- large capital requirement for development	0.020	2	0.040
- Disagreement often occurs between board of leadership in policy making	0.025	1	0.025
- Customers made many demand through customer agency	0.010	1	0.010
- "Customer is king" scenario has put more pressures on employees	0.015	1	0.01+
			0.09
TOTAL	1.02		2.84
Source: Processed primary data.			

TABLE 3. EXTERNAL FACTOR ANALYSIS

DESCRIPTION	WEIGHT	RATING	
OPPORTUNITIES:			
- Public purchasing power	0.10	2	
- Market position	0.20	4	
- Certain/different competitors	0.10	2	
- Favorable demographic conditions	0.15	3	
- Lifestyle changes	0.15	3	
2.10			
THREATS:			
- Inflation rate and economic recession	0.10	2	
- The emergence of foreign competitors	0.05	1	
- Increasing consumer's sensitivity to price	0.05	1	
- Easily copied business strategy	0.075	1	
- Rupiah depreciation	0.025	1	
	1.00		
TOTAL			
Source: processed primary data.			

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Based on the internal and external factors analysis as described above, we can discover the position of a business enterprise in the area studied by conducting general electric matrix analysis. The analysis in question is elaborated in the following table:

TABEL4. GENERAL ELECTRIC MATRIX ANALYSIS

TOTAL SCORE OF INTERNAL FACTORS

TOTAL SCORE OF EXTERNAL FACTORS	4.0 STRONG 3.0	MODERATE 2.0	WEAK 1.0
through HIGH 3.0	(1) Growth through vertical integration	(2) Growth through horizontal integration	(3) Contraction Turnaround strategy
MEDIUM	(4) Stability	(5) Growth through horizontal integration Stability	(6) Divestment
2.0 LOW 1.0	(7) Growth through diversification	(8) Growth through concentric and conglomerate diversification	(9) Likuidation

Description:

Growth through vertical integration (cell 1):

This growth can be achieved by taking over the functions of supplier or distributor. This constitutes the main strategy for companies with strong competitive position in the market. For business organizations to improve their business strength or competitive position, they should minimize costs of operational activities to control the quality and distribution.

Growth through horizontal integration (cells 2 & 5):

In the second cell, when a business organization is in an attractive condition with the aim of increasing sales and profit levels, it is, then, positioned within the 5th cell. Business organizations can expand their markets, improve services and use development technologies, both internal and external (e.g. through acquisitions or joint ventures with other related companies). The relative purpose is more defensive, that is, to

reduce lost-sale rates and to avoid low profit margin.

Contraction through turnaround strategy, divestment and liquidation (cells 3, 6 & 9):

These cells represent attempts to minimize or reduce the company's effort.

Stability (cell 4):

This cell represent attempt to select strategies implemented without altering the established strategy.

Concentric diversification (cell 7):

Diversification is generally adopted by business organizations with a very strong competitive position, yet the value and attractiveness of the industry remain very low. Such a business organization attempts to utilize its strength to create new products efficiently as it has been equipped with good manufacturing and marketing capacity with the principle of synergy, where 1+1 does not always equals 2.

Conglomerate diversification (cell 8): This diversification is indispensable to companies that put emphasis on financial synergy rather than product market synergy.

Furthermore, before the strategic planners adopted the proper strategy, they have to conduct a Metric Space analysis, in effort to estimate the issues affecting the company in the near future. The analysis in question is as follows:

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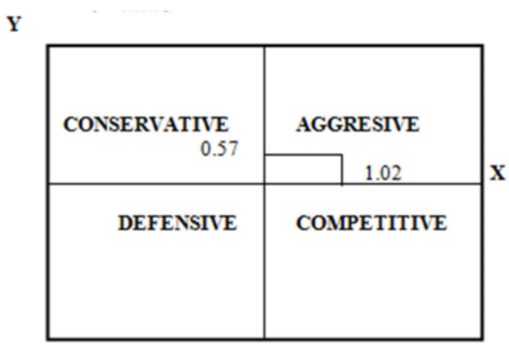
TABLE 5
METRIC-SPACE ANALYSIS

POSITION OF STRATEGIC INTERNAL FACTORS	RATING	POSITION OF STRATEGIC EXTERNAL FACTORS	RATING
FINANCIAL STRENGTH (FS)		STABILITY OF BUSINESS ENVIRONMENT (SBE)	
- Sales growth	3	- Inflation	-3
- Revenue growth	3	- Growth variation	-3
- FS/Sales growth	3	- Increasing level of	
- PM Growth	2	competition	-2
- ROA Growth	2	- Rupiah devaluation	-1
- Pertumbuhan ROE	2	- Increasingly sensitive	
- Tingkat leverage	3	customers	-1
	18		-10
COMPETITIVE ADVANTAGE (CA)		INDUSTRIAL POWER (IP)	
- Price	-2	- Stability	3
- Service quality	-2	- Market growth	2
- Company reputation	-2		
- Planning and		- Human resources	4
control	-2	- Profit potential-supporting	4
		- technology	3
	-8		16
Note: FS = 18/7 = 2,57 SB = -10/5 = -2		FS + SB = + 2,57 + (-2) = 0,57	
CA = -8/4 = -2 IP = 16/5 = 3,02		CA + IP = -2 + 3,02 = 1,02	
Source: processed primary data.			

Furthermore, the figures in the metric space analysis (FS + SB) are put into the vertical axis (Y=0.57) and horizontal axis (X=1.02), and the results will look like the following:



Based on the above metric analysis, it can be concluded that business organization in the area studied lies in the Aggressive column.

This means that, in generic competition, business organizations can be run continuously and increase their investment to increase the profit margin.

In a generic competition, business organizations adopt cost leadership, differentiation and focus strategies. These strategies need to be reconsidered and reviewed as they are too risky in a generic competition.

5. CONCLUSION

In general, the results from this study suggest that:

a. Correlation between manager's role in the planning and control of budget (X_1) and business operation (X_2) is positive. The correlation is significantly positive and is mutual in nature.

b. The effect of manager's role in the planning and control of budget and business operation (X_1X_2) on organizational efficiency level (Y) is, simultaneously, positive.

c. The effect of manager's role in the planning and control of budget (X_1) and business operation (X_2) on organizational efficiency level (Y) is, partially, positive.

d. Business organizations in the studied area grow through horizontal integration and have adopted cost leadership, differentiation, and focus strategies.

The results of this study indicate, in particular, that:

a. The first hypothesis, the null hypothesis (H_o: $r_{xxi} = 0$) is not supported, and the alternative hypothesis (H_1: $r_{xxi} > 0$) is supported. The correlation coefficient of X_1 and X_2 is 0.990. This means that the correlation between manager's role in the planning and control of budget (X_1) and manager's role in the planning and control of business operation (X_2) is highly significant, as well as highly positive and mutual in nature. This means that if the manager's role in the planning and control of budget increased, the manager's role in the planning and control of business operation will also improve. On the contrary, if the manager's role in the planning and control of budget (X_1) decreased, the manager's role in the planning and control of business operation (X_2) will also decrease.

   Based on the above description, manager's role in the planning and control of budget and business operation become increasingly important. It is because the role of unit managers in leading the organizational units constitutes the main factor in achieving success in accordance with the objectives and target determined in advance. The success in managing business operation means that functional strategies can be elaborated and implemented by lower level managers. Implementation of management functions in marketing, operation, finance, and human resources can run properly in accordance with their respective functions.

b. The second hypothesis, null hypothesis (H_0:$P_{yxi} \leq 0$) is not supported, and the alternative hypothesis (H_1:$P_{yxi} > 0$) is supported; F-count is greater than F-table. The effect of manager's role in the planning and control of budget and business operation (X_1X_2), simultaneously, on efficiency level (Y) is positive, (46.79%). This means that if the variables X_1X_2, simultaneously, changed by 100%, the variable Y will change by 46.79%. It provides clear evidence that the common perception exists among managers in performing their role and duties. This holds true because the role that managers play give them opportunity for personal development. In addition, rewarding managers who perform their roles and tasks well become a special motivation for them.

c. The third hypothesis, null hypothesis (H_0 : $P_{yx1} \leq 0$) is not supported, and the alternative hypothesis (H_1: $P_{yx1} > 0$) is supported, with t-count greater than t-table. The effect of variable X_1 on efficiency level is positive (14.44%). This means that each time the variable X_1 change by 100%, the variable Y will change by 14.44%. This shows us clearly that managers performed their roles in their respective unit to help achieve efficiency in hospitality business. In this study, however, the manager's role in the planning and control of budget remains not optimally served. The reason for this could be the system that, for the most part, has not implemented a bottom-up approach.

d. The fourth hypothesis, null hypothesis (H_0 : $P_{yx2} \leq 0$) is not supported, and the alternative hypothesis (H_1: $P_{yx2} > 0$) is supported; t-count is greater than t-table. The effect of variable X_2 on efficiency level is positive (38.68%). This means that each time the variable X_2 change by 100%, variable Y will change by 38.68%. This indicates that manager's role contribute significantly to the planning and control of business operation. Implementation of managerial functions and the achievement of business enterprise objectives become more effective and efficient; changes in internal and external factors of hospitality business can be anticipated in effort to achieve higher efficiency.

e. The SWOT analysis of hospitality business in Yogyakarta, Solo, and Semarang indicates that the business is in aggressive position. This means that, while the business is in a generic competition level, it runs constantly by increasing the investment to improve the profit margin. In addition, the implementation of cost leadership, differentiation, and focus strategies need to be reconsidered. *rom the above points, we find that:*

   1) Other variables than the effect of manager's role in the planning and control of budget and business operation (X_1 and X_2) on efficiency level (Y) need to be considered and reviewed, despite the effect of other variables than X_1 and X_2 remains only 0.09%.

   2) The manager's role in the planning and control of budget needs to be increased and

adapted to the bottom-up approach. The results of this study indicate that manager's role in the planning and control generated an effect by 14.44%.

3) In a strategic planning, the management needs to put priority on the functional strategic planning that includes the following:

3.1. Development of Marketing Power,
As the market power develop strongly, the higher the product differentiation and the more varied the customers, the stronger the market power of the product. Marketing power can be develop by, among other:

1). Searching for market where the products and services are offered using an optimal distribution system.

2). Searching for market with more varied product lines than those of the competitors.

3). Searching for markets that make it possible for a company to become market leader in term of price or at least no other market leaders to compete with.

3.2. Development of Productive Power
To capitalize strong marketing position, the operating activities of an enterprise require a substantial cost.

Productive power can be developed by, among others:

1). Attempt at making manufacturing cost variables lower than that of the competitors.

2). Attempt at working with lower total cost compared to that of the competitors.

3). Finding more profitable alternatives to achieve higher capacity.

3.3. Utilizing Financial and Managerial Strengths
The success of a business is reflected from its ability to generate net profits. Financial and managerial strengths can be built, among others, by:

1). Building a managerial system capable of anticipating any risk.

2). Establishing a strong managerial team to anticipate changes.

3). Possessing substantial funding sources and a balanced and competitive business portfolio.

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