International Journal of Indonesian Business Review

Vol.5 No.2 (2026)
e-ISSN: 2827-9840
pp.86-99

The Influence of Budget Participation, Work Motivation, Job Satisfaction on Managerial Performance with The Quality of Leader Member Exchange as An Intervening Variable in Manufacturing Companies

Mardani Supranata[1] , Tiolina Evi Pardede[2]
mardani.supranata61@perbanas.id , tiolina@perbanas.id
Perbanas Institute Jakarta

DOI: https://doi.org/10.54099/ijibr.v5i2.1719

ARTICLE INFO
Research Paper

Article history:
Received: 5 January 2026
Revised: 10 February 2026
Accepted: 14 July 2026

Keywords: Budget Participation, Work Motivation, Job Satisfaction, Leader Member Exchange (LMX) and Managerial Performance

ABSTRACT

Purpose – This study aims to examine the effect of budget participation, work motivation, and job satisfaction on managerial performance, as well as to analyze the mediating role of Leader-Member Exchange (LMX) in explaining the relationships between these antecedent variables and managerial performance within manufacturing companies..
Methodology/approach –This research employs a quantitative approach using primary data collected through structured questionnaires. The sample consists of 260 managerial-level employees working in manufacturing companies. Data were analyzed using Structural Equation Modeling with the Partial Least Squares (SEM-PLS) technique to test both direct and mediating effects among the proposed constructs.
Findings – The results show that budget participation and work motivation have a significant positive effect on managerial performance, whereas job satisfaction has no direct significant impact. LMX does not mediate the relationship between budget participation and managerial performance. However, LMX significantly mediates the effects of work motivation and job satisfaction on managerial performance, emphasizing the importance of high-quality leader–subordinate relationships in enhancing managerial performance.
Novelty/value–This study enriches managerial accounting and organizational behavior literature by incorporating Leader-Member Exchange (LMX) as a mediating variable between budget participation, psychological factors, and managerial performance in manufacturing firms. The findings provide empirical evidence that LMX strengthens the effects of work motivation and job satisfaction on performance, offering practical insights for organizations to improve managerial effectiveness through enhanced leadership quality and participative management practices.

INTRODUCTION

In the context of globalization and intensifying business competition, manufacturing companies in Indonesia are under increasing pressure to enhance operational efficiency and managerial effectiveness in order to sustain competitiveness. The manufacturing sector plays a pivotal role in Indonesia's economic development; however, its industrial competitiveness continues to face substantial challenges, including productivity gaps, limited technological adaptability, and increasing pressure to meet global market standards. These conditions necessitate stronger managerial capabilities and more effective organizational control mechanisms to ensure strategic alignment and long term organizational performance.

Despite various organizational initiatives aimed at implementing participative budgeting systems and improving employee work motivation and job satisfaction, managerial performance in many Indonesian manufacturing firms remains suboptimal. This condition reflects persistent managerial productivity challenges, such as inefficiencies in decision-making processes, difficulties in coordinating cross-functional responsibilities, and inadequate responsiveness to dynamic business environments. Such challenges often hinder managers' ability to effectively translate organizational strategies into measurable performance outcomes.

Prior empirical studies have highlighted that internal organizational constraints continue to impede effective managerial decision-making and the achievement of strategic objectives. These constraints include low levels of employee motivation, weak vertical communication between management and subordinates, and insufficient managerial involvement in the budgeting process, all of which reduce the effectiveness of managerial control and performance. Moreover, organizational hierarchy issues commonly found in Indonesian firms characterized by centralized decision-making structures, rigid bureaucratic procedures, and limited upward communication channels may further restrict managerial autonomy and weaken organizational adaptability. Such hierarchical limitations can undermine participative management practices and diminish the positive impact of managerial engagement on performance outcomes.

Given these challenges, it is essential to examine the organizational and behavioral factors that influence managerial performance, particularly within the context of Indonesian manufacturing companies. Understanding the roles of participative budgeting, work motivation, and job satisfaction may provide valuable insights into how firms can strengthen managerial effectiveness and improve overall organizational competitiveness in an increasingly complex global business environment (Asdani et al., 2018).

An emerging solution to these internal barriers is the application of Leader Member Exchange (LMX) theory, which emphasizes the quality of relationships between leaders and subordinates as a driver of trust, communication, and commitment within organizations (Fahlevi et al., 2023). High quality LMX fosters an environment conducive to participatory decision-making and heightened employee engagement, which in turn promotes improved managerial performance. In manufacturing settings where hierarchical and bureaucratic structures are prevalent, the role of LMX becomes especially significant in enhancing work satisfaction and motivation (Kartika & Suharnomo, 2016).

Although budget participation is commonly used to increase managerial performance by involving managers in financial planning, the empirical evidence on its direct impact remains inconclusive. Some studies suggest a positive correlation (Christine Riani Elisabeth, 2024) (Mardani Supranata, 2025) and (Rini et al., 2022), while others find no significant or even negative associations (Rakasiwi, 2024) and (Susandi, 2024). These discrepancies indicate that contextual and moderating variables, such as LMX, may play a pivotal role in shaping outcomes. LMX may mediate the effects of behavioral factors like motivation, budget participation, and job satisfaction on managerial performance by improving communication flow, fostering trust, and facilitating goal alignment.

Work motivation, both intrinsic and extrinsic, remains a crucial determinant of managerial effectiveness. Motivated managers tend to be more creative, proactive, and committed to achieving organizational goals (Badzaly & Fitriah, 2021) and (Umami, 2020). However, in rigid organizational structures, motivation alone may be insufficient to drive high performance unless supported by strong interpersonal dynamics within the workplace.
Similarly, job satisfaction, often influenced by compensation, work environment, and career growth opportunities, has been associated with improved managerial performance and organizational loyalty (Kadek Indah Sari & Krishna Yogantara, 2020). Yet, the relationship is not always linear and may depend on the presence of mediating variables such as LMX (Andison & Augustine, 2017).

This study contributes by empirically examining the mediating role of LMX in the relationship between behavioral factors and managerial performance within Indonesian manufacturing firms a context often underrepresented in existing literature. It demonstrates that budget participation and work motivation significantly enhance managerial performance, while job satisfaction alone does not. Importantly, LMX significantly mediates the effects of motivation and job satisfaction but not budget participation.
These findings indicate that managerial effectiveness in manufacturing firms cannot be enhanced solely through structural or procedural interventions, but also requires the development of high-quality interpersonal relationships between leaders and subordinates through Leader Member Exchange (LMX). Strengthening LMX relationships fosters mutual trust, respect, and open communication, which in turn enhances employees' intrinsic motivation, commitment, and accountability. From a practical perspective, the implications are considerable, as improved leader–member interactions can reinforce key behavioral drivers of performance and decision-making quality. Consequently, LMX can be viewed as a strategic managerial mechanism for improving individual and organizational performance, particularly within dynamic and highly competitive industrial environments.

LITERATURE REVIEW

Agency Theory

Agency Theory, as developed by Jensen & Meckling (1976), emphasizes the contractual relationship between principals owners and agents managers, where conflicting interests may arise. In the context of Indonesian manufacturing firms, this theory is instrumental in evaluating how budget participation, work motivation, and job satisfaction influence managerial performance. The quality of Leader-Member Exchange (LMX) acts as a moderating mechanism that aligns the interests of principals and agents, reducing agency conflicts and enhancing managerial effectiveness. This study applies Agency Theory to analyze behavioral and governance factors, integrating LMX as an intervening variable to assess the performance outcomes of internal organizational dynamics.

Budget Participation

The bottom-up approach to budgeting includes budget participation in which the flow of budget data in a participatory system moves through low levels of responsibility to high levels of responsibility Garrison et al., (2015). Budget participation is based on a process in which managers, especially middle or lower level managers, are given the opportunity to provide input or be involved in budget-related planning and decision making. In this context, managers not only accept the budget set by top management, but also participate in planning and preparing the budget.

Work Motivation

Work motivation plays a crucial role in reducing agency conflicts, aligning agent behavior with organizational goals. Intrinsic and extrinsic motivation enhance individual performance, especially when agents are empowered to make independent decisions (Deci et al., 2017). Highly motivated employees exhibit greater enthusiasm and contribute more effectively to achieving organizational objectives. In budget planning, motivated subordinates tend to engage more actively, leading to improved performance. Leaders must foster employee motivation by offering skill development and recognition to sustain long-term commitment (Ermawati, 2017). Motivation, therefore, becomes a strategic tool in enhancing managerial performance and aligning interests in agency relationships.

Job satisfaction

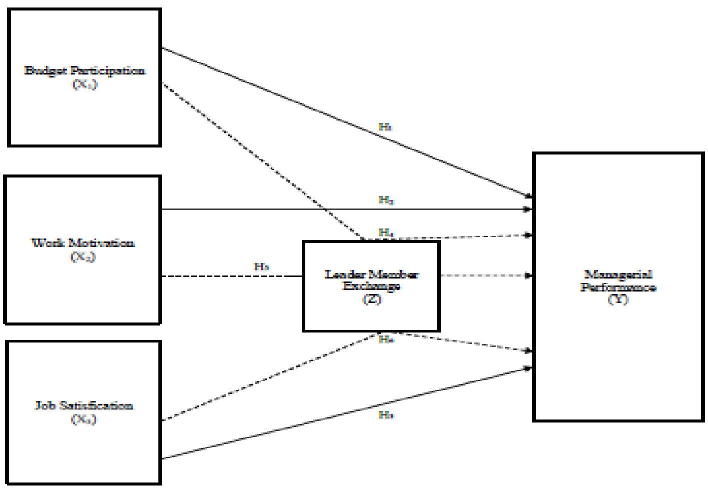
Job satisfaction is a vital concept in human resource management, industrial psychology, and labor economics. It reflects the overall attitude of employees toward their work and is influenced by individual characteristics and job conditions. Robbins, S. P., & Judge, T. A. (2017) describe job satisfaction as a subjective evaluation of various job aspects, including the physical environment, workload, and rewards. Key factors affecting satisfaction include organizational culture, compensation systems, and interpersonal relationships. Job satisfaction significantly influences employee performance and well-being. A comprehensive understanding enables organizations to develop effective strategies to improve employee welfare and enhance organizational efficiency Huseno, (2021).

Managerial Performance

Effective communication between leaders and subordinates plays a critical role in executing managerial functions and resolving internal conflicts within an organization. Managerial performance is enhanced when each member fulfills their role efficiently, contributing to organizational objectives. According to (Giri & Dwirandra, 2014), managerial performance can be assessed through the successful execution of key functions such as planning, organizing, directing, and controlling. Thus, managerial performance encompasses not only the outcomes achieved but also the effectiveness of the management process in reaching organizational goals. It reflects the ability of managers to allocate and utilize resources efficiently in alignment with strategic objectives.

Leader Member Exchange

Leader Member Exchange (LMX) is a dyadic leadership approach emphasizing differentiated relationship quality between leaders and subordinates, ranging from high-quality, trust-based interactions to low-quality transactional exchanges Bauer & Erdogan, (2015). High-quality LMX enhances communication, trust, and information sharing, thereby reducing agency problems and principal agent conflicts. It also strengthens the influence of budget participation and work motivation on managerial performance by fostering engagement and satisfaction. Consequently, LMX supports effective resource allocation and overall organizational effectiveness.



Picture 1. Conceptual Framework

METHOD

This study employs a quantitative research design with a causal approach to examine the cause-and-effect relationships between the independent variables Budget Participation, Work Motivation, and Job Satisfaction and the dependent variable, Managerial Performance, through the mediating variable Leader Member Exchange (LMX). The population consists of all line managers to directors within manufacturing companies in Indonesia. The sample is selected using purposive sampling, with criteria including managers directly involved in budgeting processes and those supervising subordinates to allow for LMX measurement. Primary data is collected through structured questionnaires distributed via Google Forms, with responses from 260 participants representing various manufacturing firms. A five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5), is used to assess each variable indicator. Descriptive analysis is applied to understand respondent characteristics and data distribution. The instrument's validity and reliability are tested through validity tests and Cronbach's Alpha. The measurement model is evaluated using the Outer Model and Average Variance Extracted (AVE), along with Discriminant Validity to ensure construct distinctiveness. The Inner Model is tested post-bootstrapping to assess the model's predictive accuracy. The study uses coefficient of determination (R^2), direct and mediating effect tests, and path analysis conducted with Smart-PLS 4 software.

RESULT AND DISCUSSION

Respondent demographics table

Table 1. Respondent demographics table

Description	Number	Presentage (%)
Respondent's gender		
Male	136	68,00%
Female	124	62,00%
Age		
20-30	164	82%
31-40	45	23%
41-50	40	20%
51-60	11	6%
Length of employment		
1-5 Year	152	58%
6-10 Year	37	14%
11-20 Year	41	16%
20-30 Year	30	12%
Position		
Supervisior	159	61%
Assistant Manager	16	6%
Manager	56	22%
General Manager	9	3%
Director	22	8%
Branch		
Jabodetabek	199	77%
Outside Jabodetabek	61	23%

Based on table 1 the respondent profile data presented in the table, it can be concluded that the demographic and professional characteristics of the respondents in this study reflect a sufficiently representative diversity within Indonesian manufacturing companies. Regarding gender distribution, the respondents were relatively balanced, with male respondents slightly dominating at 136 individuals (52.31%), while female respondents accounted for 124 individuals (47.69%). This balance indicates that both men and women actively occupy managerial positions in the manufacturing sector, thereby contributing diverse perspectives on the variables examined in this study, such as budgetary participation, work motivation, and job satisfaction.

In terms of age groups, the majority of respondents were within the 20–30 years age range, totaling 164 individuals (63%). This suggests that most respondents belong to the younger workforce generation and are generally in the early to middle stages of their careers. Respondents aged 31–40 years constituted the second-largest group, with 45 individuals (17%), followed by those aged 41–50 years with 40 individuals (15%), and respondents aged 51–60 years with 11 individuals (4%). This age composition reflects the dominance of the productive workforce and the increasing presence of the millennial generation in managerial roles. Based on tenure, most respondents had been employed for 1–5 years, accounting for 152 individuals (58%). This indicates that a substantial proportion of respondents are relatively early in their professional experience, despite already holding managerial responsibilities. Respondents with 6–10 years of work experience numbered 37 individuals (14%), those with 11–20 years totaled 41 individuals (16%), and respondents with more than 20 years of experience accounted for 30 individuals (12%). These findings suggest a combination of both short-term and long-term professional experience contributing to managerial decision-making and policy implementation within manufacturing firms.

In terms of job position, the largest proportion of respondents held the role of Supervisor, totaling 159 individuals (61%), indicating that the study predominantly involved managerial actors at the lower to middle management levels. The Manager position ranked second, with 56 respondents (22%), followed by Directors with 22 respondents (8%), Assistant Managers with 16 respondents (6%), and General Managers with 9 respondents (3%). This variation in managerial positions provides a comprehensive perspective on how budgeting policies and human resource management practices influence managerial performance across different leadership levels.

Finally, regarding branch location, the majority of respondents were based in the Greater Jakarta metropolitan area (Jabodetabek), totaling 199 individuals (77%), while 61 respondents (23%) were located outside Jabodetabek. This distribution indicates that most respondents operate within major industrial and business centers characterized by greater managerial complexity, making the context particularly relevant for examining organizational dynamics such as leader member exchange (LMX) and budgetary participation in managerial decision making processes.

Inner Models
Reliabilities
Explanation of the Measurement Model Results
Table 4 reports reliability and convergent validity statistics for five constructs: Budget Participation (PA), Work Motivation (MK), Job Satisfaction (KK), Leader-Member Exchange (LMX), and Managerial Performance (KM). Reliability (Cronbach's alpha & Composite Reliability): All values range from 0.837 to 0.944, well above the accepted threshold of 0.70. This confirms that the indicators for each construct are internally consistent and reliably measure the same underlying concept. PA and LMX show the strongest reliability, while KK is comparatively lowest but still acceptable. Convergent Validity (AVE): All AVE values (0.539–0.737) exceed the minimum threshold of 0.50, confirming that each construct explains more than half the variance in its indicators. PA shows the strongest convergent validity, while KM (0.539) and LMX (0.597) are closer to the minimum cutoff, indicating relatively more measurement error but still acceptable. Conclusion: All five constructs meet standard reliability

and validity criteria, confirming the measurement model is sound and suitable for proceeding to discriminant validity and structural (hypothesis) testing.

Table 2. Nilai Cronbach's Alpha & Composite Reliability

Varialble	Item	Loading Factor	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Budget Participation (PA)	PA1	0,856			
	PA2	0,854	0,929	0,944	0,737
	PA3	0,860			
	PA4	0,878			
	PA5	0,855			
	PA6	0,849			
Work Motivation (MK)	MK1	0,804	0,888	0,918	0,691
	MK2	0,857			
	MK3	0,787			
	MK4	0,890			
	MK5	0,814			
Job Satisfication (KK)	KK1	0,834	0,837	0,891	0,672
	KK2	0,801			
	KK3	0,870			
	KK4	0,771			
Leader Member Exchange (LMX)	LMX1	0,754	0,932	0,942	0,597
	LMX2	0,792			
	LMX3	0,806			
	LMX4	0,771			
	LMX5	0,776			
	LMX6	0,717			
	LMX7	0,802			
	LMX8	0,725			
	LMX9	0,746			
	LMX10	0,793			
	LMX11	0,809			
Managerial Performance (KM)	KM1	0,736	0,879	0,903	0,539
	KM2	0,745			
	KM3	0,711			
	KM4	0,720			
	KM5	0,747			
	KM6	0,730			
	KM7	0,716			
	KM8	0,7652			

Based on the table 2 above, it can be seen that all items for the Budget Participation (PA), Work Motivation (MK), Job Satisfaction (KK), Leader-Member Exchange (LMX), and Managerial Performance (MP) constructs have cross-loadings > 0.70, and the correlations between the indicators and their respective constructs are higher than the correlations with the other construct blocks;

indicating that these constructs better predict the measures within their respective blocks compared to other blocks, or that discriminant validity has been met.

Table 3. Coefficient of Determination (R^2)

Description	R-square	R-square adjusted
Leader Member Exchange (LMX)	0,369	0,362
Managerial Performace (KM)	0,441	0,432

Source: Output PLS 2025

Based on the table above, the adjusted R-square value for the Leader Member Exchange (LMX) variable is 0.362, indicating that the variables Budgetary Participation (PA), Work Motivation (MK), and Job Satisfaction (KK) are able to explain 36.2% of the variance in LMX. This suggests that the model falls within the moderate category. Meanwhile, the adjusted R-square value for the Managerial Performance (KM) variable is 0.432, indicating that PA, MK, KK, and LMX collectively explain 43.2% of the variance in Managerial Performance, also placing this model in the moderate category.

2. Fornel Locker

Table 4. Fornell Larcker Criterion

	KK	KM	LMX	MK	PA
KK	**0,820**				
KM	0,338	**0,734**			
LMX	0,503	0,492	**0,772**		
MK	0,343	0,598	0,470	**0,831**	
PA	0,357	0,391	0,359	0,309	**0,859**

Source: Output PLS 2025

Based on the table above, it can be seen that the AVE values are higher than the correlations between the constructs, so it can be concluded that the indicators measure only those specific variables in other words, they do not measure other variables and thus discriminant validity has been established.

3. HTMT

Table 5. Heterotrait-Monotrait Ratio (HTMT)

	KK	KM	LMX	MK	PA
KK					
KM	0,394				
LMX	0,567	0,535			
MK	0,398	0,627	0,502		
PA	0,405	0,423	0,381	0,334	

Source: Output PLS 2025

Based on the table above, it can be seen that the Heterotrait-Monotrait Ratio (HTMT) for the correlation between variables is ≤ 0.85; therefore, it can be concluded that this indicates that a statement item measures only that variable in other words, it does not measure other variables and that discriminant validity has been met.

The following section presents a comprehensive discussion of the hypothesis testing results, focusing on the relationships among budget participation, work motivation, job satisfaction, and managerial performance, as well as the mediating role of leader–member exchange quality. The findings are interpreted in relation to relevant theoretical perspectives and prior empirical studies.

Based on the results of direct testing in hypothesis:

Table 8. Direct testing in hypothesis

Description	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Budget Participation (PA) -> Managerial Performance (KM)	0,172	0,176	0,061	2,799	**0,005**
Work Motivation (MK) -> Managerial Performance (KM)	0,437	0,437	0,090	4,863	**0,000**
Job Satisfication (KK) -> Managerial Performance (KM)	0,018	0,014	0,088	0,202	**0,840**

Source: Output PLS 2025

H_1: The Effect of Budget Participation on Managerial Performance
Based on the statistical analysis, the significance value (p-value) of 0.005 indicates a significant positive effect of budgetary participation on managerial performance. Since $p < 0.05$, H_0 is rejected, confirming the hypothesis. This finding aligns with prior studies (Jatmiko et al., 2024), (Giusti et al., 2018), (Fitrianur Ahmad Sihombing, Marliyah, 2023), (Christine Riani Elisabeth, 2024), (Soedarman et al., 2023) (Mardani Supranata, 2025) and (Zonatto et al., 2020) suggesting that managerial involvement in budgeting enhances goal alignment, commitment, and ownership ultimately improving managerial performance. Thus, active budgetary participation is essential to optimize managerial effectiveness.

H_2 : The Effect of Work Motivation on Managerial Performance
Based on statistical analysis, the significance value (p-value) of 0.000 indicates a highly significant effect of work motivation on managerial performance. Since $p < 0.05$, H_0 is rejected, providing statistical evidence that work motivation positively influences managerial performance. This finding is consistent with previous studies (Ridwan & Hamelinda, 2017), (Badzaly & Fitriah, 2021), (Hidrayadi, 2015), and (Suwahru et al., 2024) suggesting that high work motivation enhances managerial effectiveness. Therefore, fostering supportive environments and appropriate incentives is essential to boost motivation and performance.

H_3 : The Effect of Job Satisfaction on Managerial Performance
Based on statistical analysis, the p-value of 0.84 indicates no significant relationship between job satisfaction and managerial performance. Since $p > 0.05$, H_0 cannot be rejected, suggesting insufficient statistical evidence to support an effect. This finding aligns with prior studies (Ardiansyah, 2022) and (Apriansyah et al., 2014) implying that in certain contexts, job satisfaction may not directly influence managerial performance. Possible reasons include the presence of stronger mediating variables (e.g., leadership style, organizational culture), varying perceptions of performance indicators, or contextual factors such as rigid bureaucracy or ineffective performance evaluations that disconnect satisfaction from performance outcomes.

Based on the results of testing indirect effects (mediation) in hypothesis testing:

Table 9. Mediation in hypothesis testing

Description	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Budget Participation (PA) -> Leader Member Exchange (LMX) -> Managerial Performace (KM)	0,03	0,031	0,018	1,666	0,096
Work Motivation (MK) -> Leader Member Exchange (LMX) -> Managerial Performace (KM)	0,067	0,067	0,032	2,066	0,039
Job Satisfication (KK) -> Leader Member Exchange (LMX) -> Managerial Performace (KM)	0,075	0,076	0,035	2,17	0,03

Source: Output PLS 2025

H_4 : The effect of Leader Member Exchange mediates the effect of Budget Participation on Managerial Performance.
Based on the statistical analysis, the path coefficient from budgetary participation (PA) through leader-member exchange (LMX) to managerial performance (MP) is 0.030 with a p-value of 0.096. Since this exceeds the 0.05 threshold, H_4 is rejected, indicating that LMX does not significantly mediate the relationship. This finding aligns with (Susandra & Afif, 2020) and (Pradana, 2021), suggesting that high-quality LMX may not always enhance budgetary participation or performance. Possible explanations include weak interpersonal trust, a direct impact of PA on MP, rigid organizational hierarchies, or negative managerial perceptions of budgetary participation processes.

H_5 : The effect of Leader Member Exchange mediates the effect of Work Motivation on Managerial Performance
Based on the statistical analysis, the significance value (p-value) of 0.039 indicates that LMX significantly mediates the effect of work motivation on managerial performance. Since the p-value < 0.05, H_0 is rejected, confirming that the quality of the leader–member relationship strengthens the influence of motivation on performance. This finding is consistent with (Swandana et al., 2024) and (Gunawan et al., 2020), who found that LMX positively influences motivation and, in turn, enhances employee performance. Therefore, fostering strong interpersonal relationships through LMX is crucial for improving both employee motivation and managerial performance within organizations.

H_6 : The effect of Leader Member Exchange mediates the effect of Job Satisfaction on Managerial Performance.
Based on the statistical analysis, the significance value (p-value) of 0.030 indicates that Leader Member Exchange (LMX) significantly mediates the relationship between job satisfaction and managerial performance. Since p-value < 0.05, the null hypothesis (H_0) is rejected, providing statistical evidence that LMX serves as an intermediary that strengthens the effect of job satisfaction on performance. This aligns with findings by (Nur Tifa Rachmawati et al., 2023) and (Zulfa, 2021), which highlight the positive impact of LMX on employee outcomes. Hence, fostering strong leader–member relationships is essential to enhance both job satisfaction and managerial performance within organizations.

DISCUSSION

The findings suggest that budget participation, work motivation, and job satisfaction significantly enhance managerial performance because these factors strengthen managers' psychological engagement and organizational commitment. Participative budgeting fosters a sense of ownership and accountability, while motivated and satisfied managers are more likely to demonstrate proactive

decision-making and effective leadership behaviors. Furthermore, high quality leader member exchange (LMX) reinforces trust and communication, enabling managers to better align individual efforts with organizational objectives.
These findings are consistent with prior studies emphasizing the positive relationship between participative management practices and managerial effectiveness. Previous research has demonstrated that budget participation improves performance by increasing information sharing and commitment, while work motivation and job satisfaction contribute to greater managerial productivity. The mediating role of leader–member exchange also supports earlier organizational behavior literature, confirming that strong superior subordinate relationships enhance the impact of internal organizational factors on performance outcomes.

The Indonesian manufacturing context provides unique organizational characteristics that may strengthen these relationships. Many manufacturing firms in Indonesia operate within hierarchical structures, where managerial effectiveness is highly dependent on interpersonal trust and communication quality between leaders and subordinates. In such environments, leader–member exchange becomes particularly critical in facilitating participative budgeting and motivating employees. Additionally, collectivist cultural values may amplify the importance of relational harmony in shaping managerial performance.

These findings provide important managerial implications for manufacturing companies seeking to improve organizational performance. Firms should encourage participative budgeting practices that actively involve managers in financial planning and decision-making processes. Enhancing employee motivation and job satisfaction through supportive human resource policies can further strengthen managerial effectiveness. Moreover, organizations should invest in leadership development programs aimed at improving leader–member exchange quality, as strong relational leadership can maximize managerial performance and organizational adaptability.

CNCLUSION

Based on the analysis, several crucial conclusions were drawn regarding the influence of Budget Participation, Work Motivation, and Job Satisfaction on Managerial Performance, with Leader-Member Exchange (LMX) as an intervening variable in Indonesian manufacturing firms. The results reveal that Budget Participation and Work Motivation significantly enhance Managerial Performance, emphasizing the importance of involvement and internal drive in achieving managerial effectiveness. Conversely, Job Satisfaction does not have a significant direct impact on performance, suggesting the influence of other organizational factors. LMX does not significantly mediate the relationship between Budget Participation and performance, indicating limited interpersonal reinforcement. However, LMX significantly mediates the effect of Work Motivation and Job Satisfaction on Managerial Performance. High-quality LMX relationships marked by mutual trust, communication, and respect amplify the positive effects of motivation and satisfaction. These findings underscore the strategic importance of fostering strong leader-member relationships to maximize the impact of psychological and participative factors on managerial outcomes in organizational settings.

RECOMENDATION

This study offers several recommendations. First, for business practitioners, organizations should reevaluate their strategies for enhancing job satisfaction and leader-member relationships. Low significance may stem from misaligned indicators or weak communication. Leadership development and participative decision-making are essential. Second, future research should explore alternative intervening or moderating variable such as organizational commitment or psychological empowerment while also utilizing qualitative or mixed-method approaches for deeper insights. Third, expanding samples across various sectors and regions would improve generalizability. Fourth, longitudinal designs are encouraged to better understand causal dynamics over time. Fifth, incorporating moderating variables like transformational leadership or organizational culture may explain nonsignificant findings.

Sixth, combining qualitative methods (e.g., interviews or case studies) with quantitative data will provide richer contextual understanding. Finally, measurement instruments.

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