

**THE EFFECT OF PARTICIPATIVE BUDGETARY, ASSYMETRIC INFORMATION, PRESSURE-HANDLING,
AND ORGANIZATIONAL COMMITMENT ON THE BUDGETARY SLACK**

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Abstract : This research had aimed to assess the impact of budgetary participative on the slack of budgeting, the asymmetric information on the slack budgeting, the handle-pressure on the slack of budgeting and the commitment of cohesiveness on the slack of budgeting. The prime of population element in this case is Satuan Kerja Perangkat Daerah (SKPD) Klaten Regency. The samples on this issue are head of the division/Subsection of finance, treasurer, and staff involved in the budgeting process at the work units (SKPD) Klaten regency that obtained by sampling purposive method regarding the population that will be used for a research sample requires a specific criteria based on researcher criteria. The data was collected using the instrument through the form of interviews and questionnaires. The hypothesis in this study was examined by using analysis of multiple linear regressions. The results of this research are budgetary participation which had not affect budgetary slack, asymmetric information, handle-pressure budgeting and organizational commitment affected on budgetary slack.

Keywords: budgetary participation, asymmetric information, budget emphasis, organizational commitment and budgetary slack

A. INTRODUCTION

In recent year, there were a plenty of misappropriation of government funds both in the level of province or regency. There rogue employee have not responsible using their capability to do something incorrect way. According to Sinlaeloe (2013), Darlis (2002), and Bastian (2006), the conditions allowed corruption are handled budgeting in the proposal using excess information by subordinates or irresponsible person conveying incorrect data and non actual fulfillment in order to reach the organization goal, whilst it is for personal fulfillment or community to do slack budgetary that will effect on government funds and attack on the social welfare. Every single person has different purpose to deal with it, thus leading the slack problem arise likely. Having this issue, emphasizing this case is budgetary slack. Slack budget is the differences between the numbers of the budget with the significant estimation. Relating argument of Porter et al (1974), Brownell (1980), Pope (1984), Anthony and Govindarajan (2004), Nouri et al (1996), Young, S.M. (1985). Alexander

and Joan (2016), Jeremy and Douglas (2015) and generally, the budgetary slack is performed through increasing or decreasing the cost of revenue than it should be, thus the budget has approved. The participative budgeting is a budgeting stage process which inclusive other persons have significant rule to the target budgeting.

Looking on this topic, this essay was mad to elaborate the affect budgetary slack, asymmetric information, handle-pressure budgeting and organizational commitment affected on budgetary slack, Klaten Regency in particular.

The system of organization is an introduction, theory and hypothesis development, research methods, results and discussion, along with conclusions and recommendations.

B. Theory and The Developmental Hypothesis

Used theory in this research is keagengan theory. Concerning to the Rahman (2002), the practical budgetary was explained from keagengan theory influenced by the proposed conflict between managements with the owner that arise when the two sides are trying to achieve or maintain the level of prosperity. The meaning of keagengan theory is a theory regarding the relationship either in functional or structural of the stakeholders. Moreover, the specific drift on principal in Klaten regency of administration is the supervisor and the subordinate. The job lists of subordinates are planning, executing and reporting on local budgets by grabbing a Local Government Budget team (TAPD), while the supervisor has a significant role to implement the legislating, budgeting, and over sighting. Whereas the subordinate participated in the preparation of the budget have specific information on local conditions, will allow subordinates the provision information in its possession to assist the company's needs.

The details budgetary mean the explicit planning of a government that written in the form of finance within a specific period. According to Supriyono (2000), the budget has several functions, namely the functions of planning, coordination functions, communication functions, control functions, motivation function and educational function. The budgetary can also be used as a management tool in the control of the organization in order to work effectively and efficiently. Based on keagengan theories, then the result of hypotheses development are:

A. The effect of budgetary participative on the slack budgetary

The participative budgetary is participate from other person to create budgeting needs. The higher the person was involved, the higher the budgeting was obtained, and the otherwise of it. However, the hypothesis revealed that :

H₁: The budgetary participative have a significant impact on the slack budgetary

B. The Effect of Asymmetric Information on budgetary slack

In this article, the definition of asymmetric information is stakeholders who have more knowledge and information than others. If the supervisor has asymmetric information, the employee will provide the demand on the achieving budget. In contrast to the otherwise if the subordinates have asymmetric information, the subordinate would hide information in order to achieve a lower budget than it should be. Thus, it is taken a strive monitoring / surveillance to acquire on slightly track. Therefore, the hypothesis is stated further in bellow :

H2: the asymmetric information has a significant influence on budgetary slack.

C. The effect of handle-pressure on budgetary slack

The handle-pressure of the budget is granting rewards to subordinates when they reach the set targets. Whereas sometimes it is misused by the stakeholder, one of them is giving extra fee to subordinates who gain on target, because the target is set too high then the subordinates tried to find ways to make these targets is reduced for instance by increasing the operating costs. Then, there was budgetary slack. Therefore, the hypothesis is stated bellow in:

H3: the handle-pressure has a significant influence on budgetary slack

D. The effect of commitment cohesiveness on budgetary slack

The commitment cohesiveness is a form of emotional to the organization that includes moral support and accepts the norm of the organization as well as the determination within myself to the service of the organization. Then, the higher the level of commitment cohesiveness, negatively the more the relationship between budgetary participation and budgetary slac , which means that the higher commitment cohesiveness then the lower the intelligence of managers who participated in the preparation of the budget to create budgetary slack. Therefore, the hypothesis is stated in bellow

H4 : the commitment cohesiveness has a significant influence on budgetary slack .

D. RESEARCH METHOD

The element population which used in this article is the work units (SKPD) Klaten district consisting of 6 Offices, 2 Bodies, Regional Secretariat Section 8, Parliament Secretariat, Offices 5, Isnpektorat, municipal police, 3rd districts and 2 villages. The type of data used is primary data, including the information that directly obtained from the SKPD through observation and surveys by filling the questionnaire on the respondent in November 2015 - February 2016. The regional work

units (SKPD) in this study because SKPD included in sector organizations public has a participatory budget system.

There are several criteria that determine the sample, namely:

1. Employees who practice the functions of accounting / finance Administration of the SKPD.
2. The respondents in this study is the head and the subordinate staff of accounting / finance administration, thus every SKPD determined by purposing sampling of three respondents.
3. The respondents assigned on the head and the subordinate staff of accounting / finance administration and treasure.

The determination of the number of respondents are 87 to 29 in which every SKPD has every 3 respondents. The following table data questionnaires were taken:

Table 1.1 The details of Shipping and Returns Questionnaire

Explanation	Number
Sent Questionnaire	87
Return Questionnaire	79
Used Questionnaire	75
Not Return Questionnaire (87-79)	8
The Level of Return Questionnaire (79/87 x 100%)	91%
The Level of Used Questionnaire (75/87 x 100%)	86%

Within 87 sent questionnaires, only 79 questionnaires were returned by the regional unit of SKPD, because there are three of the regional unit of SKPD that does not return the questionnaire results.

D. RESULTS AND DISCUSSION

1. Results of Research

With the assist of software SPSS 19 for windows, the results of the test regression analysis for this research were elaborated in bellow:

Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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		B	Std. Error	Beta		
1	(Constant)	3.57	.47		7.54	.00
	Participative Budgetary	.19	.10	.19	1.90	.06
	Asymmetry Information	-.37	.09	-.39	-3.99	.00
	Pressure-Handling Budgetary	-.35	.10	-.35	-3.50	.001
	Organization Cohesiveness	.32	.08	.38	3.86	.00

a. Dependent Variable: the average of budgetary slack

Based on the results of the data processing contained in Table 4.12 it can be explained from the significant probability of participatory budgeting variables of 0.06 , a significant probability of asymmetric information variables of 0.00 , a significant probability variable Pressure-Handling Budgetary of 0.001 , and the probability of a significant variable Organization Cohesiveness of 0.00 , It can be concluded that the participative budgeting variable does not affect on budgetary slack as participative budgeting probability value above 0.05 , while the budgetary slack variables affected by asymmetric information, the Pressure-Handling Budgetary, and commitment to organizations where significant probability value below 0.05 with a systematic equation :

$$Y = 3.57 + 0,19X_1 - 0,37X_2 - 0,35X_3 + 0,32X_4 + e$$

Multiple regression equation above can be interpreted that:

1. The constant value of 3.57 indicating that if the independent variables are participative budgeting, information asymmetry, pressure-handling budgetary and organizational cohesiveness is not exist then the value of the constant budgetary slack is 3.57.
2. The coefficient participative budgeting variable regression is (positive) 0.19. This means that any increasing participative budgeting would climb the budgetary slack 19.0% without the influence of other factors.
3. The coefficient regression asymmetric information (negative) is -0.37 this means that any increasing in asymmetric information will reduce budgetary slack of 37.4% without the influence of other factors.

4. The coefficient regression suppression budget is (negative) -0.35 this means that any increasing in emphasis occurred budgetary slack budget will decrease of 34.8% without the influence of other factors.

5. The coefficient regression organizational commitment is (positive) 0.32 this means that there is an increase commitment in single organization will raise the budgetary slack of 31.8% without the influence of other factors.

2. DISCUSSION

2.1. The effect of Participative Budgeting on the budgetary slack

Based on the results of partial test between the effects of participative budgeting on the budgetary slack, showed the t value of 1.90 with a significance value of 0.00 which had under 0.06. While the results of multiple regression test showed regression coefficient of 0.19.

The first hypothesis in this study was rejected, thus it can be concluded that participative budgeting does not affect the budgetary slack.

The results of this study are supported with conducting research by Merchant (1985), Dunk (1993), and the Goddess (2014) found the participative budgetary negatively affecting on budgetary slack.

According to Milani (1975) by arranging the participative budgetary is expected the subordinate manager's performance will increase. It is based on the notion that when a goal or standard designed on the participative approved, then the employee will be serious in the purposing or establishing standards, and the employees also have a sense of personal responsibility to achieve it because of the participation in preparation.

2.2. The effect of Asymmetric Information on budgetary slack

Based on the results partial test between the effects of asymmetric information on the budgetary slack, showed t value of -3.99 with significance value of 0.00 which had under 0.05. While the results of multiple regression test showed regression coefficient of -.37.

The second hypothesis in this study accepted, thus it can be concluded that asymmetric information affect the budgetary slack.

The budgetary slack would be wider in the asymmetric information conditions because the asymmetry information encourages budgeting subordinates / executors of the budget proposing on the budgetary slack. Theoretically, the asymmetry information can be reduced by strengthening monitoring and improving the quality of explanation. (Suartana , 2010)

The results of this study are also consistent with the results of research conducted by the Goddess (2014) that the asymmetry information positive influence on budgetary slack, Mahadewi (

2014) assessed that the asymmetry information in the participative budgeting system on budgetary slack has a positive influence.

Concerning to the Suartana (2010) revealed that budgetary slack will be wider in the asymmetric information condition because the information asymmetry encourages budgeting subordinates / executors of the budget proposing on the budgetary slack

2.3. The Effect of Pressure-Handle On Budgetary Slack

Based on the results of the partial test (t test) between the pressure-handle on the budgetary slack, it can be showed t value of -1.18 with significance value of 0.001 which is under 0.05. As for the coefficient multiple regression tests showed regression of -.35. Thus, the third hypothesis is accepted, the handle-pressure budgeting effect on the incidence of budgetary slack. The more pressure-handling budget increases, the more budget will raise on budgeting slack targets.

The pressure-handling budgetary occurs when the budget targets is being s a benchmark of subordinates performance, or providing monetary extra incentives such as bonuses when the budgeting targets reached. Based on the results of research, the pressure-handling budgetary has significant influence on the budgetary slack on the proposing budget process at SKPD Klaten regency.

A significant relationship between pressure handling budgeting with budgetary slack was supported by research conducted of Apriantini (2014) that assisted the pressure-handling budgetary has a significant influence on the budgetary slack.

Regarding the opinion of Lewis in Ramdeen et.al (2006) explained that the pressure handling budgeting in the work performance can encourage the budgetary slack. The prime reason the subordinate manager creating the budgetary slack is creating the opportunities for them to increase the reward that was obtained, if the managers thinks thatt the awards they have received based on the achievement of a budget, thus they will create the budgetary slack while the participation process with suppression budget. (Ramdeen et.al, 2006).

2.4. The Effect of Influence Organizational Cohesiveness on budgetary slack

Based on the results of the partial test (t test) between organizational cohesiveness on budgetary slack showed t value of 3.86 with significance value of 0.001 which is under 0.00. As for the multiple regression test showed regression coefficient of 0.32. Then, that the fourth hypothesis is accepted, organizational cohesiveness influences the onset of budgetary slack. Having an increase of organizational cohesiveness, it will improve on the budgetary slack in setting budget targets.

According to Porter et al (1974) the organizational cohesiveness can grow due to people have an emotional attachment to the organization including moral support and the values acceptance that exist either in the organization or individual as well as the determination within myself to the service of the organization . Manager who has a high organizational commitment will have a more positive mindset and try to do their best for the sake of for the organization. With the high commitment, the high possibility of budgetary slack can be avoided.

The results of this research are also consistent with the results of research conducted by Apriantini (2014), there is a significant interaction effects between organizational cohesiveness on the relationship between the participative budgetary and the budgetary slack .

E. Conclusions and Suggestions

1. Conclusions

Based on the results of research on the Effects of Participative Budgeting, Asymmetric Information, Pressure-Handling Budgeting and Organizational Cohesiveness on budgetary slack, it can be concluded that:

1. The Participative Budgeting has not effect on budgetary slack
2. The Asymmetric information has an effect on budgetary slack
3. The Pressure – Handling Budgeting has an effect on budgetary slack
4. The Organizational Cohesiveness Organizational has an effect on budgetary slack

2. Suggestions

- The manager should more monitory the details of the budgeting submitted by subordinates.
- The manager should more equitable in treating his employees.
- The commitment of organization should not use the budgeting as the main prime in assessing the performance of employees.

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