

The Effect of Budgetary Participation on Budgetary Slack Through Superior Subordinate Proximity, Budgetary Emphasis, and Autonomous Motivation

Komang Alit Sawitri^A, Ni Made Dwi Ratnadi^B

Abstract

One very vital aspect in a government system is the budget. The budget is an important aspect for local governments in carrying out their programs, both for maintenance and development in various sectors. The performance of management budgets in local governments is a reflection of financial reports, but budgetary problems still often occur, one of which is budget slack. This research seeks to empirically investigate the impact of budgeting on budgetary slack through superior-subordinate proximity, budget emphasis, and autonomous motivation. This study was carried out at the local government of Bangli Regency. The population is all Financial Administration Officers (PPK) and Activity Technical Implementation Officers (PPTK) who are officials in charge and technical implementers of budget management in Regional Governments. The sample payment method used is the saturated sample, which amounts to 193 samples. Questionnaire distribution is one of the methods used to collect data. SEM-PLS is the data analysis method employed. The findings of this study suggest that the presence of budgetary slack is influenced by budgetary participation, while closeness between superiors and subordinates is not able to mediate the effect of budgetary participation on budgetary slack. This research can be a reference for local governments in minimizing budgetary slack and realizing good governance.

Keyword: budgetary participation, budgetary slack, superior subordinate closeness, budgetary emphasis, autonomous motivation

INTRODUCTION

The budget is a very vital aspect of the government system. A budget is defined as an estimated budgeting technique or strategy for creating a statement about the performance to be attained over a specific period of time represented in financial terms (Fadhli & Indriani, 2019). The government's capacity to carry out the different tasks assigned to it will be made clear through the budget (Agustini *et al.* 2019).

As a form of accountability for the performance of government agencies, accountability obligations are required starting from preparing, gathering, and carrying out their duties and functions in realizing the vision and mission and objectives that have been set, so that they can be reported and accounted for to the public which is determined in the form of a budget determination (Agustini *et al.* 2019). This is necessary so that optimization in public services is a top priority because there are still many public complaints regarding budget allocations that are not in accordance with the needs and scale of community priorities as well as

^A Udayana University, Denpasar, Indonesia, Email: alitsawitri98@gmail.com

^B Udayana University, Denpasar, Indonesia, Email:

various forms of budget allocations that do not reflect economic aspects, efficiency and effectiveness in budget management (Agustini *et al.* 2019).

During the budget preparation process and budget realization carried out by government management, several things often occur, one of which is budgetary slack. Budgetary slack is the discrepancy between the budget presented by subordinates and the organization's best estimate (Romadhon *et al.* 2022). The definition above explains budgetary slack as a subordinate's actions that undercut his ability to produce when given the chance to set his own work standards. This means that when subordinates are given the chance to choose their own work standards, subordinates tend to minimize their productive capabilities. In local government, there is a possibility that budgetary slack will be created, because budgeting activities (starting from classifying expenditures, determining cost standards, up to the amount of budget that must be provided) involve all executors within the Regional Apparatus Organization (OPD).

Documentation of the Notes to the Financial Statements of Bangli Regency for the 2022 Fiscal Year also shows that the realization of the 2022 APBD has decreased compared to the 2021 FY, namely a decrease of 3.90 percent from IDR 1,150,283,515,663.56 in 2021 to IDR 1,105,440,499,468.50 in 2022. Meanwhile, from the expenditure side, there was an increase in realization of 11.82 percent, namely IDR 1,108,810,931,922.90 in 2021 to IDR 1,239,853,052,692.60 in 2022. Realization of spending in 2022 experienced efficiency and revenue does not meet the set target, this shows that the set target has not been able to be met so that there is a need for studies related to this matter so that it can be optimized.

Local government performance is still low, this was stated in research conducted by Annisa *et al.* (2020) where this condition is due to the weak regional financial management system starting from the planning and budgeting process of the APBD, the implementation/administration of the APBD, accountability in the form of reporting the results of the implementation of the APBD and supervision. In general, the managerial performance of the Bangli Regency government has increased, in 2021 Bangli Regency won the title "Good" or category B in the 2021 Bureaucratic Reform (RB) assessment. This achievement shows that the performance of the Bangli Regency government has been able to improve the performance of the achievements the previous performance was still in category C, but it can be said that the performance achievements in 2021 have not been optimal compared to other districts/cities such as Badung Regency which won the BB title for SAKIP and RB. The city of Denpasar won the BB rating for SAKIP and B in the RB assessment. Based on the 2022 Government Agency Performance Accountability Assessment (AKIP) for Bangli Regency, the level of accountability for the performance of the Bangli Regency Government is already in the good category, but the government's performance has not been able to show any improvement compared to the previous year. This indicates that the financial performance of the Bangli Regency government is still not optimal.

The results of research conducted by Anggraeni & Tetriani (2019) shows that budgetary participation has a positive effect on the presence of budgetary slack. The results of different studies conducted by Wafiroh *et al.* (2020) shows that budgetary participation actually has a negative effect on budgetary slack. The inconsistency of the results of previous research results in unclear factors that can

cause budgetary slack. In order to search more comprehensively for the impact of budgetary participation on slack in the budget, mediation variables are used, namely superior-subordinate proximity, budgetary emphasis and autonomous motivation.

LITERATURE REVIEW

The Effect of Budgetary Participation on Budgetary Slack

The findings of research done by Susandra *et al.* (2021) which shows that budgetary participation has a positive effect on budgetary slack. This is consistent with analysis by Agustina & Suhaidar, (2021) it demonstrates that the likelihood of budgetary slack increases with budgetary involvement. Research conducted by Munandar *et al.* (2019) shows that the budgetary participation activities carried out can produce financial slack in the budgeting process, the same thing was conveyed by Ariani *et al.* (2021), Gayatri *et al.* (2019), Renggadewi & Suprasto (2020), Nasution (2020), Kristianto *et al.* (2023), Lestari *et al.* (2021), Mirza & Khoirunisa (2021), Sanjiwani & Suryanawa (2020), Namazi & Rezaei (2023) shows that budgetary involvement affects the amount of budgetary slack favorably. This allows for the following formulation of the theory.

H1: Budgetary participation has a positive effect on budgetary slack.

The Effect of Participation in Budgeting on Superior-Subordinate Closeness

The findings of research done by Susandra *et al.* (2021) which shows that budgetary participation can increase superior closeness to subordinates. The same thing was conveyed by Romadhon *et al.* (2022) which shows that budgetary participation has a positive effect on superior-subordinate closeness. The findings of research done by MacCarthaigh (2021) shows that budgetary participation can increase the closeness between superiors and subordinates, in line with research conducted by Mulleta *et al.* (2019) which shows that there is a positive influence from budgetary participation with the close relationship between superior and subordinate. Other research conducted by Kanju & Shayo (2022) shows that budgeting participation has a positive effect on the closeness of superiors and subordinates in a government organization.

The findings of research done by Gillenkirch *et al.* (2023) shows that budgeting participation has a positive effect on the closeness of superiors and subordinates. Similar research results were conveyed by Elston (2021) which shows that budgetary participation has a positive effect on the closeness of superiors and subordinates. Research conducted by Škarica (2020) also shows the same thing where budgeting participation has a positive effect on superior and subordinate closeness, in line with research conducted by Panda & Parida (2019), Feng & Bourazzouq (2021), Syed *et al.* (2022) that budgetary participation has a positive effect on superior and subordinate closeness. This allows for the following formulation of the theory.

H2: Budgetary involvement has a beneficial impact on superior-subordinate closeness.

The Effect of Budgeting Participation on Budget Emphasis

The findings of research done by Dewi & Trisnawati, (2021) which shows that budgetary participation has a positive effect on budget emphasis. Similar research results were conveyed by Rosmilasari & Hartiyah (2021) demonstrates

that budget emphasis is positively impacted by budgetary participation. The findings of research done by Bergmann *et al.* (2020), Ananda & Ikhwan (2022), Fitriani & Fisher (2019), Donna & Ningsih (2020), Sulastri & Wardani (2021), Peilouw *et al.* (2020), Dwiandriani *et al.* (2019), Paino *et al.* (2020), Tiwari *et al.* (2023), Wagner *et al.* (2021) explains that budgetary participation has a positive effect on budget emphasis. This allows for the following formulation of the theory.

H3: Budgetary participation has a positive effect on budget emphasis.

The Influence of Budgeting Participation on Autonomous Motivation

The findings of research done by Wafiroh *et al.* (2020) and Hariyanti *et al.* (2021) demonstrates that involvement in budgeting has a favorable impact on autonomous motivation. Similar research results were conveyed by Hartikasari & Hapsar (2020) demonstrates that engaging in budgeting has a favorable impact on self-motivation. The findings of research done by Olaf *et al.* (2019) and Ilyas *et al.* (2021) shows that budgeting involvement has a favorable impact on autonomous motivation. The findings of research done by Guidini *et al.* (2020) and Pfister & Lukka (2019) also shows that the level of autonomous motivation increases with budgetary participation.

Research conducted by Gastil & Broghammer (2021) shows that budgeting participation has a positive effect on autonomous motivation. Other research conducted by Moll-Khosrawi *et al.* (2021) and Buele *et al.* (2020) shows that budgeting involvement has a favorable impact on autonomous motivation. Similar research results were conveyed by Schmidhuber *et al.* (2019) demonstrates that autonomous motivation increases with budgetary participation. Similar research results were conveyed by Buele, Vidueira, Yagüe, *et al.* (2020) shows that budgeting participation has a positive effect on autonomous motivation. This allows for the following formulation of the theory.

H4: Participation in budgeting has a positive effect on autonomous motivation.

The Effect of Superior-Subordinate Proximity on Budgetary Slack

The findings of research done by Annisa *et al.* (2020) shows that superior-subordinate proximity has a positive effect on budgetary slack. The findings of research done by Romadhon *et al.* (2022) shows that superior-subordinate proximity has a positive effect on budgetary slack. The findings of research done by Gallani *et al.* (2018) and Abdel-Rahim *et al.* (2018) shows that the closeness of superiors and subordinates can cause budgetary gaps. The results of other studies conducted by Hirdina *et al.* (2021) shows that superior and subordinate proximity has a positive effect on budgetary slack. Similar research results were conveyed by Zonatto *et al.* (2019) and Aguiar *et al.* (2019) shows that superior and subordinate proximity has a positive effect on budgetary slack.

The findings of research done by Dinh (2019) and Yitzhaky & Bahli, (2021) shows that superior and subordinate proximity has a positive effect on budgetary slack. Research conducted by Lunardi *et al.* (2020) shows that the higher the closeness of superiors and subordinates, the higher the chances of budgetary gaps appearing. The findings of research done by De Leon & Tubay, (2020) and Guo *et al.* (2020) shows that superior and subordinate proximity has a positive effect on budgetary slack. This allows for the following formulation of the theory.

H5: Superior-subordinate closeness positively impacts budgetary slack.

The Effect of Budget Emphasis on Budgetary Slack

The findings of research done by Anthonius, (2022) demonstrates how budget attention reduces budgetary slack. Similar research results were conveyed by Anggraeni & Tetriani, (2019) shows that budget emphasis has a positive effect on budgetary slack. The findings of research done by Ananda & Ikhwan (2022) and Mukhra *et al.* (2022) demonstrates how budget emphasis affects the frequency of budgetary slack. Other research conducted by Apriwandi & Pratiwi (2019) shows that budget emphasis has a positive effect on budgetary slack.

Research conducted by Robey & Mings (2022) shows that budget emphasis has a positive effect on budgetary slack. The same thing was conveyed by Fitriani & Fisher (2019) and Ngo (2019) shows that the higher the budget emphasis, the higher the budgetary slack. Research conducted by Peilouw *et al.* (2022) shows that budget emphasis has a positive effect on budgetary slack. Research conducted by Handoyo *et al.* (2022) shows that budget emphasis has a positive effect on budgetary slack. Other research conducted by Okoye & Nwamaka (2022) shows that budget emphasis has a positive effect on budgetary slack. This allows for the following formulation of the theory.

H6: Budget emphasis has a positive effect on budgetary slack.

The Effect of Autonomous Motivation on Budgetary Slack

The findings of research done by Hartikasari & Hapsari (2020) shows that autonomous motivation has a positive effect on budgetary slack. Similar research results were conveyed by Wafiroh *et al.* (2020) shows that autonomous motivation has a positive effect on budgetary slack. Other research conducted by Choiriah (2019) and Lucyanda (2021) shows that the higher the autonomous motivation, the higher the opportunity for budgetary slack to occur. Research conducted by Muktiyanto *et al.* (2019) shows that autonomous motivation has a positive effect on budgetary slack.

The results of another study conducted by Ghazi *et al.* (2020) and Sheng (2019) shows that the higher the autonomous motivation, the higher the opportunity for budgetary slack to occur. Similar research results were conveyed by Santhi *et al.* (2019) shows that autonomous motivation has a positive effect on budgetary slack. Similar research was submitted by Deng *et al.* (2020) and Tong & Prompanyo (2021) shows that autonomous motivation has a positive effect on budgetary slack. This allows for the following formulation of the theory.

H7: *Autonomous motivation* berpengaruh positif pada *budgetary slack*.

Pengaruh Partisipasi penganggaran terhadap *Budgetary Slack* melalui Kedekatan *Superior-Subordinat*

The findings of research done by Susandra *et al.* (2021) shows that the superior subordinate closeness variable is indicated to be able to bridge the occurrence of budgetary slack. research conducted by De Leon & Tubay (2020) and Guo *et al.* (2020) explained that budgetary participation can cause budgetary slack through closeness between superiors and subordinates. The results of other studies conducted by Lunardi *et al.* (2020) and Romadhon *et al.* (2022) demonstrates how an organization's hierarchical structure might mitigate the impact of budgetary participation on the creation of budgetary slack.

The findings of research done by Mirza & Khoirunisa (2021) shows that the effect of budgetary participation on budgetary slack can be mediated by the

closeness between superiors and subordinates. The same thing was conveyed by Annisa *et al.* (2020) and Apriwandi & Pratiwi (2019) shows that subordinates who are close to their superiors can bridge the influence of their participation on the emergence of budgetary slack. The findings of research done by Tong & Prompanyo (2021) and Deng *et al.* (2020) explained that psychologically, subordinates who have closeness to superiors can cause high opportunities for budgetary slack. This allows for the following formulation of the theory.

H8: Budgetary participation has a positive effect on budgetary slack through superior-subordinate proximity.

The Effect of Budgetary Participation on Budgetary Slack through Budget Emphasis

The findings of research done by Pratiwi, (2019) shows that budgetary participation in budgetary slack can be mediated through budget suppression. Other research conducted by Donna & Ningsih (2020) and Riantari & Sari (2019) shows that budget emphasis is able to mediate in the connection between budgetary participation and slack in the budget. Research conducted by Pradnya & Juliarsa (2021) and Rosmilasari & Hartiyah (2021) shows that budgetary participation in budgetary slack can be mediated through budget suppression.

The findings of research done by Robey & Mings (2022) shows that budget emphasis can mediate against budgetary slack. The same thing was conveyed by Ngo (2019) demonstrates that budgetary slack increases as budgetary participation increases and this relationship can be bridged by budget emphasis. Research conducted by Peilouw *et al.* (2022) demonstrates that the influence of budgetary participation on budgetary slack can be mediated by budget emphasis. Research conducted by Handoyo *et al.* (2022) and Fitriani & Fisher (2019) shows that the emphasis on the budget can bridge the effect of budgetary participation on budgetary slack. This allows for the following formulation of the theory.

H9: Budgetary slack is positively impacted by involvement through budget emphasis.

The Effect of Budgetary Participation on Budgetary Slack with Autonomous Motivation as Mediator

The findings of research done by Wafiroh *et al.* (2020) shows that autonomous motivation can mediate the effect of budgetary participation on budgetary slack. Research conducted by Hartikasari & Hapsari (2020) and Namazi & Rezaei (2023) shows that autonomous motivation can bridge the effect of budgetary participation on budgetary slack. Research conducted by Dinanti & Taqwa (2022) and Pfister & Lukka (2019) shows that autonomous motivation can bridge the effect of budgetary participation on budgetary slack.

The findings of research done by Giusti *et al.* (2018) and Hariyanti *et al.* (2021) shows that the effect of budgetary participation on budgetary slack can be mediated by the presence of autonomous motivation within the budget manager. The same thing was conveyed by Schmidhuber *et al.* (2019) shows that autonomous motivation possessed by a person can bridge the influence of budgetary participation on the occurrence of budgetary gaps. Other research conducted by Moll-Khosrawi *et al.* (2021) and Mulleta *et al.* (2019) shows that autonomous motivation can mediate the effect of budgetary participation on budgetary slack. This allows for the following formulation of the theory.

H10: Budgetary participation has a positive effect on budgetary slack through autonomous motivation.

METHOD

This is a quantitative-research with a research environment that examines budgetary slack (dependent) with budgetary participation (independent) and mediated by superior-subordinate (M1), budget emphasis (M2), and autonomous motivation (M3). The budgetary slack studied is the budget prepared by the OPD of Bangli Regency. The participants in this study were made up of 161 PPTK and 32 PPK so that the total population was 193. Sampling was carried out using the saturated sample methodology with nonprobability sampling. The data collection technique in this research is by distributing questionnaires. The number of respondents taken for instrument testing was 29 people from 29 OPD in Bangli Regency. Instrument testing in this study used a pilot test using SPSS version 25. Data were analyzed using SMART PLS program with the Structural Equation Model Partial Least Square (SEM-PLS).

RESULTS AND DISCUSSION

Result

There were 193 questionnaires or 100 percent that were returned and could be processed in this study. Considering the findings of the study and collection of questionnaires, the characteristics of the respondents depending on last education, age, gender, and length of work can be described as follows.

Table 1. Respondents Characteristic

No	Classification	Number of Respondents (Person)	Percentage (%)
1	Age		
	20 - 25 Year	2	1,0
	26 - 30 Year	2	1,0
	31 - 35 Year	7	3,6
	36 - 40 Year	27	14,0
	> 40 year	155	80,3
	Amount	193	100,00
2	Gender		
	Man	128	66,3
	Woman	65	33,7
	Jumlah	193	100,00
3	Last Education		
	SMA/SMK	10	5,2
	Diploma	1	0,5
	Bachelor	125	64,8
	Postgraduate	57	29,5
	Amount	193	100,00
4	Length of work		
	1 - 2 Year	5	2,6
	3 - 4 Year	5	2,6
	> 4 Year	183	94,8
	Amount	193	100,00

Source: Primary Data Processed, 2023

Based on data processing it is known that all instrument items can be declared valid thus all correlation indices are higher than 0.30. So all the questions are deemed reliable and appropriate for use in research. Based on the data that has been processed, all variables have a Cronbach's Alpha value, as can be shown of more than 0.6, so that all variables are trustworthy and merit additional examination.

Table 2. Descriptive Analysis

Descriptive statistics					
	N	Min	Max	Average	Std. Deviation
Budgetary Slack	193	34	60	48,53	4,036
Budget Participation	193	34	60	48,41	4,636
Superior Subordinate Proximity	193	25	40	32,13	3,299
Budget Emphasis	193	24	40	33,01	4,565
Autonomous Motivation	193	18	30	24,61	2,336
Valid N (listwise)	193				

Source: Primary Data Processed, 2023

Measurement Model Evaluation Results (Outer Model)

Convergent validity, discriminant validity, and uni-dimensionality tests were performed to evaluate the outer model. Outer loading and Average Variance Extracted, or AVE as it is more frequently known, make up convergent validity. When the AVE root is greater than the correlation between the variables and discriminant validity is present, the outer loading value and the cross-loading value are compared. Rho-A, Cronbach's Alpha, and composite dependability were employed for the reliability test (Utama, 2018:237). Convergent and discriminant validity were employed to evaluate the statistical validity of the instruments utilized in this investigation (Adelekan *et al.* 2018); (Widiasih & Darma, 2021).

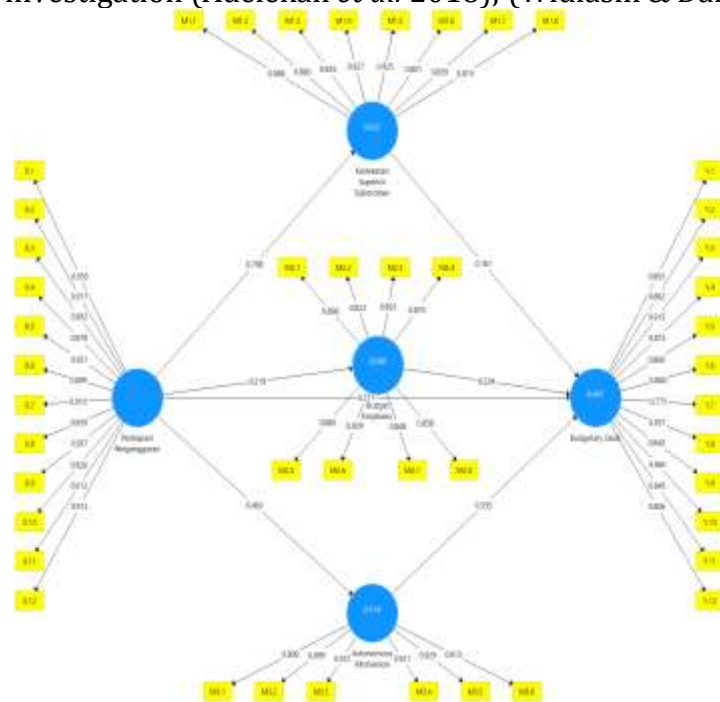


Figure 1. Outer Model

Source: Primary Data Processed, 2023

Measurement Model Evaluation Results (Inner model)

Analysis of the coefficient of determination (R-Square), analysis of the F-Square, and analysis of the Q-Square are used to test the amount of the influence and measure the direct and indirect effects in the inner model (Sarwono, 2018:237). Examining the percentage of variance derived from the independent variable's R-square value, also known as (R²), using the Stone-Geisser Q Square test and accounting for the high structural path coefficient is how the inner model is assessed. After additional bootstrap-based mediation research, the putative mediation will be confirmed (Adelekan *et al.* 2018).

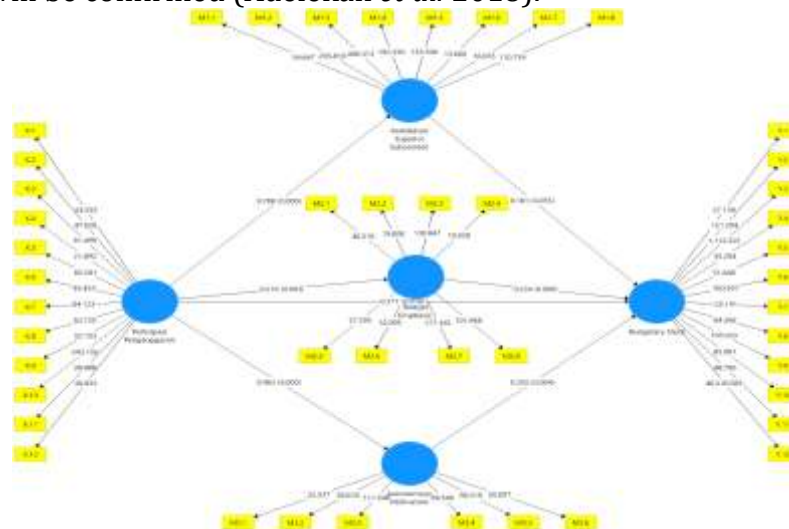


Figure 2. Inner Model

Source: Primary Data Processed, 2023

Hypothesis Test

The following are the results of the direct effect test.

Table 3. Direct Effect Test Results

	Original Sampel (O)	Sampel Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Information
Autonomous Motivation -> Budgetary Slack	0,355	0,330	0,022	15,867	0,004	Significant
Budget Emphasis -> Budgetary Slack	0,234	0,213	0,005	50,716	0,000	Significant
Superior Subordinate Proximity -> Budgetary Slack	0,181	0,196	0,044	4,074	0,055	Not Significant
Budget Participation -> Autonomous Motivation	0,463	0,521	0,008	56,705	0,000	Significant
Budget Participation -> Budget Emphasis	0,219	0,229	0,009	25,041	0,002	Significant
Budget Participation -> Budgetary Slack	0,371	0,407	0,048	7,798	0,016	Significant

Budget Participation -> Superior Subordinate Proximity	0,788	0,803	0,006	125,404	0,000	Significant
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Source: Primary Data Processed, 2023
The following are the results of the indirect effect test.

Table 4. Indirect Effect Test Results

	Original Sampel (O)	Sampel Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Information
Budget Participation -> Autonomous Motivation -> Budgetary Slack	0,164	0,172	0,014	11,446	0,008	Significant
Budget Participation -> Budget Emphasis -> Budgetary Slack	0,051	0,049	0,003	17,545	0,003	Significant
Budget Participation -> Superior Subordinate Proximity -> Budgetary Slack	0,143	0,158	0,037	3,867	0,061	Not Significant

Source: Primary Data Processed, 2023

Mediation Effect Testing Results

The results of testing the mediating effect in this study are as follows.

Tabel 5. Hasil Pengujian Efek Mediasi

Influence between variables	Path coefficients (Original Sampel/O)		p-value	Information
	Direct Effect	Indirect Effect		
Budget Participation (X) -> Superior Subordinate Proximity (M ₁) (ρ ₁)	0,788		0,000	Significant
Superior Subordinate Proximity (M ₁) -> Budgetary Slack (Y) (ρ ₂)	0,181		0,055	Not Significant
Budget Participation (X) -> Budgetary Slack (Y) (ρ ₃)	0,371		0,016	Significant
Budget Participation (X) -> Superior Subordinate Proximity (M ₁) -> Budgetary Slack (Y) (ρ ₁ . ρ ₂)		0,143	0,061	Not Significant
$VAF = \text{Indirect Effect} / \text{Total Effect}$ $= ((0,181 \times 0,371)) / ((0,181 \times 0,371) + 0,788)$ $= 7,8\%$				
Conclusion		No effect non mediation		
Budget Participation (X) -> Budget Emphasis (M ₂) (ρ ₁)	0,219		0,002	Significant

Budget Emphasis (M ₂) -> Budgetary Slack (Y) (ρ ₂)	0,234	0,000	Significant
Budget Participation (X) -> Budgetary Slack (Y) (ρ ₃)	0,371	0,016	Significant
Budget Participation (X) -> Budget Emphasis (M ₂) -> Budgetary Slack (Y) (ρ ₁ . ρ ₂)		0,003	Significant
$\text{VAF} = \text{Indirect Effect/Total Effect}$ $= ((0,234 \times 0,371)) / ((0,234 \times 0,371) + 0,219))$ $= 28,4\%$			
Conclusion	Complementary (partial mediation)		
Budget Participation (X) -> Autonomous Motivation (M ₃) (ρ ₁)	0,463	0,000	Significant
Autonomous Motivation (M ₃) -> Budgetary Slack (Y) (ρ ₂)	0,355	0,016	Significant
Budget Participation (X) -> Budgetary Slack (Y) (ρ ₃)	0,371	0,016	Significant
Budget Participation (X) -> Autonomous Motivation (M ₃) -> Budgetary Slack (Y) (ρ ₁ . ρ ₂)		0,008	Significant
$\text{VAF} = \text{Indirect Effect/Total Effect}$ $= ((0,355 \times 0,371)) / ((0,355 \times 0,371) + 0,463))$ $= 22,1\%$			
Conclusion	Complementary (partial mediation)		

Source: Primary Data Processed, 2023

Discussion

The Effect of Budgetary Participation on Budgetary Slack

According to Hypothesis 1, budgetary involvement reduces budgetary slack. According to the analysis's findings, budgetary involvement reduces budgetary slack. This suggests that proposition 1 is correct. These findings suggest that the budgetary slack increases as budgetary participation increases.

The findings of this research are consistent with agency theory which explains that due to the desire of budget preparers to get positive performance appraisals, they can make budgeting that is not real and can cause budgetary slack. By budgeting lower earnings and higher costs, subordinates who participate in the budget preparation process may be able to lower job productivity. Financial slack may result from this circumstance. Self-determination theory can also explain how budgetary involvement affects budgetary slack. This theory is part of the theory of motivation, so that to do work that is easier for subordinates in budgeting participation will be motivated to create budgetary slack.

Bangli Regent Regulation Number 79 of 2021 states that the task of the head of the finance sub-section is to collect, process and review data/information as material for preparing Strategic Plans, Work Plans, Work Plans and Budgets (RKA), Budget Implementation Documents (DPA) and Documents Changes in Budget Execution (DPPA). This indicates that the budget that has been made by each sub-section will be reviewed by the head of the finance sub-section so that later it will be seen that budgeters have good abilities in making budgets. Results of distributing questionnaires also corroborate this in which respondents stated that employees have an important role in budgeting where the contribution of employees in providing budgetary opinions can optimize the established monetary goals so that it will greatly affect budgetary slack.

The findings of this study are consistent with studies done by Susandra *et al.* (2021) which shows that budgetary participation has a positive effect on budgetary slack. The findings of this study are consistent with studies done by Agustina & Suhaidar, (2021) It demonstrates that the likelihood of budgetary slack increases with budgetary involvement. Research conducted by Munandar *et al.* (2019) shows that the budgetary participation activities carried out can result in fiscal slack in the budgeting, as was stated by Ariani *et al.* (2021) demonstrates that the occurrence of budgetary slack is positively impacted by budgetary involvement.

The Effect of Participation in Budgeting on Superior-Subordinate Closeness

Hypothesis 2 claims that taking part in budgeting has a beneficial impact on superior subordinate closeness. According to the studies' findings, budgetary participation has a favorable impact on the closeness of the superior to the subordinate. This indicates that hypothesis 2 is accepted. This result indicates that the higher the budgeting participation rate, the closeness of the superior to the subordinate.

The findings of this study are consistent with agency theory which explains that the principal can also be called the superior (superior) and the agent is also called the subordinate (subordinate). In this theory it is explained that the agent is given authority to make decisions by the principal. Participation in budgeting will certainly lead to opportunities for increased closeness between superiors and subordinates. This is because budgeting involving subordinates is proof that subordinates are considered important in their opinions and have closeness to their superiors, Consequently, it may be concluded that budgetary participation has a favorable impact on superior-subordinate closeness.

According to Bangli Regent Regulation Number 78 of 2021 it states that the planning and finance section has the responsibility for aiding the secretary in performing planning and financial management at the DPRD Secretariat. This indicates that in the budget management process it is carried out together with the planning section and the secretary so that a good relationship will be created between colleagues and superiors during the collaborative process in preparing the budget. This was also supported by the results of distributing questionnaires in which respondents stated that their superiors had good abilities at work and in building cooperation with their members, this had an impact on the actual budgeting process that was used jointly so that it would greatly affect the results of the budget made.

The findings of this study are consistent with studies done by Susandra *et al.* (2021) which shows that budgetary participation can increase superior closeness to subordinates. The same thing was conveyed by Romadhon *et al.* (2022) which demonstrates the beneficial impact of budgetary participation superior-subordinate closeness. The findings of research done by MacCarthaigh (2021) shows that budgetary participation can increase the closeness between superiors and subordinates, in accordance with study by Mulleta *et al.* (2019) which shows that there is a positive influence from budgetary participation with the close relationship between superior and subordinate. Other research conducted by Kanju & Shayo (2022) demonstrates that involvement in budgeting has a favorable impact on the closeness of superiors and subordinates in a government organization.

The Effect of Participation in Budgeting on Budget Emphasis

Hypothesis 3 asserts that budget emphasis is positively impacted by budgetary engagement. According to the analysis' findings, budget emphasis is positively impacted by budgetary participation. This indicates that hypothesis 3 is accepted. These findings show that the emphasis on the budget increases with the amount of budget participation.

The findings of this investigation are consistent with self-determination theory which explains how a person's intrinsic motivation will influence their behavior. The existence of reward and punishment will encourage them to be motivated to work on preparing the budget according to the objectives to be attained. Involvement in budgeting that occurs in institutions, has a bearing on the existence of, of course budget emphasis. Through budgeting participation, management can assign tasks to employees to carry out maximum budgeting performance in exchange for rewards. The more people who engage in the budget preparation, of course, is a great opportunity to minimize the occurrence of inefficient budgeting, with lots of thoughts and lots of budgeters being able to filter budgeting more efficiently.

Position, organizational structure, responsibilities, duties, and working methods of regional offices are regulated in the Regent Regulation Number 79 of 2021, it is stated that the budget that has been prepared by each sub-sector will be reviewed again by the section's head of finance, so that the budget made by each - each sub-section will become increasingly efficient. This was also supported by the results of distributing questionnaires in which respondents stated that the budget targets given as a reference in preparing the budget could optimize the benefits of the budget, this indicates that when preparing the budget, giving targets will greatly affect the results of preparing the budget.

The findings of this study are consistent with studies done by Dewi & Trisnawati, (2021) which demonstrates the beneficial impact of budgetary participation on budget emphasis. Similar research results were conveyed by Rosmilasari & Hartiyah (2021) shows that budgetary participation has a favorable impact on budget priority. The findings of research done by Bergmann *et al.* (2020) and Ananda & Ikhwan (2022) demonstrates how budget attention is positively impacted by budgetary participation. The same thing was conveyed by Fitriani & Fisher (2019) and Donna & Ningsih (2020) which shows that there is a favorable effect from budgetary participation on budget emphasis.

The Effect of Budgeting Participation on Autonomous Motivation

Participation in budgeting, according to Hypothesis 4, has a favorable impact on autonomous motivation. According to the analysis's findings, autonomous motivation is positively impacted by budgeting participation. This suggests that assumption 4 is true. These findings show that autonomous motivation increases with budgeting participation.

The results of this study are in line with the self-determination theory which explains that one's motivation can increase if there is stimulation from outside or within oneself, the participation of employees in preparing the budget will certainly encourage them to be motivated to do their work. Budgeting participation indicates that employees are given the possibility of taking part in budgeting. This of course can bridge the intrinsic motivation of employees, especially to show performance in order to gain recognition. During the method used to create the budget, employees will certainly show their knowledge and abilities in compiling a budget so that it can be known by superiors, this is an opportunity for employees to show their abilities.

This was also supported by the results of distributing questionnaires in which respondents stated that respondents provided good support when co-workers conducted self-evaluations related to budgeting, support provided by fellow co-workers would be a positive motivation to make better budgeting. So that with a lot of budget drafting members and good support among fellow budget drafters, the results of preparing the budget will be maximized.

The findings of this study are consistent with studies done by Wafiroh *et al.* (2020) and Hariyanti *et al.* (2021) demonstrates that involvement in budgeting has a favorable impact on autonomous motivation. Similar research results were conveyed by Hartikasari & Hapsar (2020) demonstrates that involvement in budgeting has a favorable impact on autonomous motivation. The findings of research done by Olaf *et al.* (2019) and Ilyas *et al.* (2021) demonstrates that involvement in budgeting has a favorable impact on autonomous motivation. The findings of research done by Guidini *et al.* (2020) and Pfister & Lukka (2019) also demonstrates that autonomous motivation increases with budgetary participation.

The Effect of Superior-Subordinate Proximity on Budgetary Slack

According to Hypothesis 5, close proximity between superiors and subordinates reduces budgetary slack. According to the analysis's findings, superior-subordinate proximity has no impact on budgetary slack. This shows that proposition 5 is unfounded. These results indicate that superior-subordinate closeness shown through the aspects of professional respect, loyalty, affect, and contribution possesses no impact on budgetary slack.

Superior and subordinate closeness is included in one of the leadership styles which is often called Leader Member Exchange (LMX). LMX is a system of unity and relationships that includes both parties, includes patterns of behavior that are interdependent with one another and share tools to produce outcomes and produce concepts about the environment, causal patterns, and values (Susandra *et al.*, 2021). It is impossible for a connection between a superior and a subordinate to grow without mutual trust, respect for one another's competence, and an expectation that obligations will eventually lead to a working partnership (Annisa *et al.* 2020). The preparation of the budget has standards that must be

followed, in which the preparation of the budget will prioritize regional interests regardless of the interests of colleagues or the status of colleagues. This indicates that the most important thing in preparing the budget is the regional interests which have been considered and reviewed beforehand so that superior-subordinate proximity does not have a significant impact on financial slack.

This is also supported by the results of distributing questionnaires where respondents stated that most respondents were not willing to do work for superiors outside their responsibilities, this indicates that employees have high professionalism where employees will refuse work outside of their jobdesk because they feel it is not their responsibility responsible and avoid mistakes in doing the job. This shows the relationship between superiors and subordinates if you stick to work professionalism, it will not have an impact on budgetary slack.

The findings of this study conflict with research done by Annisa *et al.* (2020) shows that superior-subordinate proximity has a positive effect on budgetary slack. The findings of research done by Romadhon *et al.* (2022) demonstrates that proximity between superiors and subordinates reduces budgetary slack. The findings of research done by Gallani *et al.* (2018) and Abdel-Rahim *et al.* (2018) shows that the closeness of superiors and subordinates can cause budgetary gaps. The outcomes of additional research by Hirdina *et al.* (2021) shows that superior and subordinate proximity positively impacts budgetary slack. Similar research results were conveyed by Zonatto *et al.* (2019) and Aguiar *et al.* (2019) shows that superior and subordinate proximity has a favorable impact on budgetary slack.

The Effect of Budget Emphasis on Budgetary Slack

According to hypothesis number six, budget concentration reduces budgetary slack. According to the analysis's findings, budget attention has a favorable impact on budgetary slack. This suggests that theory number six is correct. This finding suggests that budgetary slack increases as budget emphasis increases.

The findings of this research are consistent with the self-determination theory which explains that the existence of an incentive to achieve maximum performance causes the process of creating a budget to emphasize the budget or budget emphasis, this is indicated to cause budgetary slack. Budget emphasis can certainly affect budgetary slack. Budget emphasis causes encouragement for budget preparers to make every effort to achieve targets, but this condition also has the potential to result in budgetary slack due to budget manipulation. Budget focus is when superiors put pressure on subordinates to follow correctly created budgets, where employees are encouraged by a reward if the budget plan is achieved and a penalty if the budget plan is not reach (Pradnya & Juliarsa, 2021). A high budget emphasis creates employees' beliefs that the assessment is unfair, and creates pressure and concern for their work. This encourages employees to manipulate accounting reports and even make decisions that are not innovative.

The role, organizational structure, responsibilities and tasks, and operational procedures of regional offices are covered in Regent Regulation Number 79 of 2021, states that the budget is prepared by each sub-sector which will later be reviewed again by the head of the finance sub-section, where each sector has an allocation different budgets so that those in charge of preparing the budget will try to make the budget according to the allocation of funds provided.

The emphasis on the budget by budgeters actually causes the budget to not be budgeted optimally and triggers budgetary slack. This was also supported by the results of distributing questionnaires in which respondents stated that respondents received awards from their superiors when the budget targets were achieved, every employee of course wants awards given by the company where he works so that employees try their best to meet the targets given by the company. Employees who try hard to achieve the targets given tend to ignore other things that can cause budgetary slack.

The findings of this study are consistent with studies done by Anthonius, (2022) demonstrates how budget attention reduces budgetary slack. Similar research results were conveyed by Anggraeni & Tetricani, (2019) demonstrates that budget attention reduces budgetary slack. The findings of research done by Ananda & Ikhwan (2022) and Mukhra *et al.* (2022) demonstrates how budget emphasis affects the frequency of budgetary slack. other studies carried out by Apriwandi & Pratiwi (2019) demonstrates how budget attention reduces budgetary slack..

The Effect of Autonomous Motivation on Budgetary Slack

According to Hypothesis 7, autonomous motivation reduces budgetary slack. According to the analysis's findings, autonomous motivation has a favorable impact on budgetary slack. This suggests that proposition seven is true. These findings suggest that the budgetary slack increases as autonomous motivation increases.

The findings of this research are consistent with the self-determination theory which explains that a person's motivation is autonomous, meaning that one's motivation can encourage things to happen that aim to achieve the specified target. Autonomous motivation possessed by budget preparers can cause budgetary slack, this is because the motivational drive to get high performance results often causes employees to reduce their productive capabilities which causes budgetary slack. Participating in management is viewed as a chance to profit personally from the outcomes of the budgeting process. Because of the calculating and opportunistic nature that budget preparation brings out, controllers with high Autonomy Motivation are more likely to agree to orders for budgetary slack, even though they are against professional ethics, provided that there are clear personal benefits to be had.

This was also supported by the results of distributing questionnaires in which respondents stated that the fellow employees who did the budgeting provided good support in conducting self-evaluations related to budgeting, this support would make employees feel that everything they did was the right thing, thus triggering budgetary slack.

The findings of this study are consistent with studies done by Hartikasari & Hapsari (2020) shows that autonomous motivation has a positive effect on budgetary slack. Similar research results were conveyed by Wafiroh *et al.* (2020) shows that autonomous motivation positively impacts budgetary slack. Other research conducted by Choiriah (2019) and Lucyanda (2021) illustrates that the likelihood of budgetary slack is higher the stronger the autonomous motivation. Research carried out by Muktiyanto *et al.* (2019) demonstrates how autonomous motivation affects budgetary slack in a favorable way..

The Effect of Budgetary Participation on Budgetary Slack through Superior-Subordinate Proximity as Mediator

According to Hypothesis 8, intimacy between superiors and subordinates has a favorable impact on budgetary slack. According to the analysis's findings, proximity between superiors and subordinates and budgetary participation have no influence on each other. This suggests that argument 8 is untrue. These findings suggest that the impact of budgetary participation on budgetary slack is not significantly affected by changes in superior-subordinate proximity.

The findings of this study are consistent with the self-determination theory, which states that people would employ a variety of strategies, such as creating a budget in order to maximize budget performance, in order to achieve a certain objective. Superior-subordinate proximity can act as a mediator in the relationship between budgetary participation and budgetary slack because it reduces conflicts of interest, which can amplify the impact of budgetary participation on budgetary slack.

Slack's research does not support the findings of this study Susandra *et al.* (2021) demonstrates how the variable of superior-subordinate proximity is suggested to be able to mitigate the incidence of budgetary slack. research conducted by De Leon & Tubay (2020) and Guo *et al.* (2020) explained that budgetary participation can cause budgetary slack through closeness between superiors and subordinates. The outcomes of additional research by Lunardi *et al.* (2020) and Romadhon *et al.* (2022) demonstrates how an organization's hierarchical structure might mitigate the impact of budgetary participation on the creation of budgetary slack.

The Effect of Participation in Budgeting on Budgetary Slack through Budget Emphasis as Mediator

According to hypothesis 9, budget emphasis reduces budgetary slack through budgetary involvement. According to the analysis's findings, budget emphasis reduces budgetary slack through budgetary involvement. This suggests that theory nine is true. These findings suggest that the impact of budgetary participation on budgetary slack increases with budget emphasis.

According to the self-determination theory, which says that motivation develops when there is encouragement, the attention on the budget in this study is what is responsible for the budgetary slack. Budget focus may be present or may be able to mitigate the impact of budgetary participation on budgetary slack. Budgetary slack opportunities arise as a result of subordinate involvement in budget preparation.

The findings of this study are consistent with studies done by Pratiwi, (2019) shows that budgetary participation in budgetary slack can be mediated through budget suppression. Other research conducted by Donna & Ningsih (2020) dan Riantari & Sari (2019) shows that budget emphasis is able to mediate in the connection between budgetary participation and slack in the budget. research carried out by Pradnya & Juliarsa (2021) and Rosmilasari & Hartiyah (2021) shows that budgetary participation in budgetary slack can be mediated through budget suppression.

The Effect of Participation in Budgeting on Budgetary Slack through Autonomous Motivation as a Mediator

According to Hypothesis 10, budgetary involvement reduces budgetary slack through autonomous incentive. According to the analysis's findings, budgetary participation reduces budgetary slack through autonomous incentive. This suggests that theory number ten is true. These findings suggest that the impact of budgetary participation on budgetary slack increases as autonomous motivation increases.

The findings of this study are consistent with the self-determination hypothesis, which contends that people become motivated when they are under pressure to perform. Budgetary involvement can more easily affect budgetary slack when autonomous motivation exists. Budgetary involvement has a bigger impact on the development of budgetary slack when there is autonomous incentive.

The findings of this study are consistent with studies done by Wafiroh *et al.* (2020) demonstrates how the influence of budgetary participation on budgetary slack can be mediated by autonomous motivation. Research carried out by Hartikasari & Hapsari (2020) and Namazi & Rezaei (2023) shows that autonomous motivation can bridge the impact of budget participation on slack in the budget. Research carried out by Dinanti & Taqwa (2022) and Pfister & Lukka (2019) shows that autonomous motivation can bridge the effect of budgetary contribution on slack in the budget

CONCLUSION

The regional government of Bangli Regency has implications from this research for regarding matters that need to be considered and improved to minimize budgetary slack, while things that must be considered are the closeness of superior subordinates, autonomous motivation, budget emphasis and budgetary participation so as to minimize the occurrence of budgetary slack and maximizing regional budgeting. Because each respondent occasionally had different ideas, presumptions, and understandings, as well as other factors like the honesty factor when providing the respondents' opinions in the questionnaire, the information provided by respondents through questionnaires during the data collection process occasionally did not reflect the actual opinions of respondents. This research was limited to Bangli Regency and it is possible that other results could be obtained in other districts because the research results cannot be generalized to different places and times.

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