

IMPLEMENTATION OF GOOD GOVERNANCE, BUDGET PARTICIPATION, AND ORGANIZATIONAL COMMITMENT IN EFFORTS TO REDUCE BUDGET GAP

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis dan memperoleh bukti empiris bahwa partisipasi anggaran berpengaruh pada senjangan anggaran dan tujuan yang lain adalah dapat membuktikan bahwa good governance dan komitmen organisasi dapat memoderasi pengaruh partisipasi anggaran pada senjangan anggaran. Penelitian ini termasuk penelitian kuantitatif. Populasi penelitian adalah seluruh Organisasi Perangkat Daerah (OPD) yang ada di Kabupaten Gianyar. Sampel penelitian sebanyak 28 OPD. Data dikumpulkan dengan menyebarkan kuisioner secara langsung ke masing-masing OPD. Variabel penelitian terdiri atas partisipasi anggaran, good governance, komitmen organisasi dan senjangan anggaran. Pengukuran variabel menggunakan skala likert. Teknik analisisnya menggunakan moderation regrestion analysis. Hasil penelitian membuktikan bahwa partisipasi anggaran berpengaruh positif terhadap senjangan anggaran. Hal ini berarti bahwa semakin tinggi tingkat partisipasi anggaran, maka semakin besar pula kemungkinan terjadinya senjangan anggaran. Variabel good governance memperlemah atau mengurangi pengaruh partisipasi anggaran terhadap senjangan anggaran, sedangkan Komitmen organisasi tidak berpengaruh atau tidak dapat memoderasi hubungan antara partisipasi anggaran terhadap senjangan anggaran.

Kata kunci: senjangan anggaran, partisipasi anggaran, good governance, komitmen organisasi.

ABSTRACT

This study aims to analyze and obtain empirical evidence that budget participation affects budgetary slack. Another objective is to prove that good governance and organizational commitment can weaken the effect of budget participation on budgetary slack. This study is quantitative. The population of the study was all Regional Apparatus Organizations (OPD) in Gianyar Regency. The research sample was 28 OPDs. Data were collected by distributing questionnaires directly to each OPD. The research variables include budget participation, good governance, organizational commitment and budgetary slack. The measurement of variables uses a Likert scale. The analysis technique uses moderation regression analysis. The results of the study prove that Budget participation has a positive effect on budgetary slack. Therefore, the higher the level of budget participation, the greater the possibility of budgetary slack occurring. Good governance weakens or reduces the effect of budget participation on budgetary slack. At the same time, organizational commitment has no effect or cannot moderate the relationship between budget participation and budgetary slack.

Key words: budgetary slack, budget participation, good governance, organizational commitment.

INTRODUCTION

Gianyar is a government district that has implemented good governance. It is proven by the news from Warta Baliter dated on June 13, 2022, that Gianyar Regency has achieved an unqualified audit opinion

(WTP) eight times. Budget slack occurs when the budget preparation team deliberately includes more costs rather than they should and less revenue. They should be able to achieve the budget more straightforward.

Table 1
Budget and Realization of Regional Revenue and Regional Expenditure
of Gianyar Regency Fiscal Year 2018-2020

Year	Description	Budget (Rp)	Realization (Rp)	Percentage (%)
2018	Income	2.052.000.099.096,45	2.002.646.874.600,04	97,59%
	Expenditure	2.161.023.050.818,87	2.046.852.685.063,79	94,71%
2019	Income	2.374.643.838.933,83	2.307.617.711.066,05	97,18%
	Expenditure	2.388.646.256.653,20	2.046.852.685.063,8	85,69%
2020	Income	2.254.343.470.407,17	1.884.736.533.888,93	83,60%
	Expenditure	3.039.895.664.272,50	2.031.068.220.521,6	66,81%

Source: *Gianyar Government, 2024.*

Gianyar Regency is one of the regencies located in Bali Province. Table 1 shows the budget amount and realization of regional income and regional expenditure of Gianyar Regency for three years, in 2018 to 2020. During the years, the budget allocated to the entire Gianyar Regency government has increased yearly.

The summary of the realization of the Gianyar Regency APBD in table 1 shows the possibility of a budget slack in the spending budget. The difference or gap between the realization of spending and the budget, where the average realization of spending is lower than the amount of the targeted budget for the Gianyar Regency regional government, is one indication of a budget gap in the regional budget.

Triadhi (2014) conducted a study on budgetary slack by analyzing the influence of risk preferences, ethics, and budgetary participation. Sandy et al., (2020) studied the influence of budgetary participation, organizational commitment, and career uncertainty in assessing the performance of their subordinates on budgetary slack. From this study, the budgetary participation variable is the variable that has the most influence on budgetary slack because all components in the organization are involved in preparing the budget. Research conducted by Pramesti and Nurhayati (2020), Husain (2011), and Sudirman et al., (2018) found that budgetary participation hurts budgetary slack. Previous research shows inconsistent results that other variables influence the relation-

ship between budgetary participation and budgetary slack. This condition is likely to achieve budget targets quickly so that government performance looks good (Syahrir, 2017). Budgetary slack can be weakened by good governance. The implementation of good governance in Regional Government Organizations (OPD) has been dramatically influenced by government officials' understanding of the insight of good governance. Research on the implementation of good governance in OPD is still limited. Another variable that is estimated to influence the relationship between budget participation and budgetary slack is organizational commitment. Irfan et al., (2016) stated that organizational commitment can moderate the influence of budget participation on budgetary slack.

Furthermore, this study aims to analyze and obtain empirical evidence that budget participation affects budgetary slack. Another objective is to prove that good governance and organizational commitment can weaken the effect of budget participation on budgetary slack. This study is urgent since it provides the benefit of contributing ideas in managing government organizations with good governance. The agency theory proposed by Hendrastuti and Harahap (2023) uses three assumptions of human nature. First, humans are generally self-interested. Second, humans have limited thinking power regarding future perceptions (bounded rationality). Last, humans always avoid risk (risk averse). From these three

assumptions, humans' fundamental nature will act opportunistically by prioritizing their interests. Agents will be motivated to improve their career levels in the future, while principals are motivated to increase utility and profitability. As the perspective of Agency Theory, budgetary slack is influenced by the conflict of interest between agents (employees) and principals (superiors) that arises when all parties try to achieve the desired level of prosperity. In public sector organizations, the local government (PEMDA) can be an agent for the public.

In contrast, the community itself is the principal who gives authority to the DPRD to supervise the performance of the local government. Attribution theory is a supporting theory in this study. The attribution theory can explain participation in budget preparation in local government agencies.

The contingency approach aims to see the relationship between contextual variables to evaluate the effectiveness of the relationship between two variables (the relationship between budget participation and budgetary slack) using contextual variables as moderating variables. Widanaputra and Mimba (2014) stated that career uncertainty can be a contingency factor in the influence of budget participation on budgetary slack. The higher the level of career uncertainty of a person who will be in the same position in budget implementation, the smaller the budgetary slack, and vice versa. The Ministry of Home Affairs has issued Law NP.23/2004 concerning Regional Government, Permendagri No.13/2006, Government Regulation No.58/2005, and Permendagri N0.31/2006 as guidelines for the preparation of the Regional Revenue and Expenditure Budget (APBD). Institutions play an important role in regional planning and budgeting based on Law No. 17/2003. The State Finance and Law No. 25/2004 on the National Development Planning System (SPPN) are the Regional Planning Agency (Bappeda), Regional Apparatus Organizations (OPD), Regional Financial Management Agency (BPKD), Regional Head, and

Regional People's Representative Council (DPRD). The implementation of regional autonomy has given rise to practices of deviation in state financial management.

THEORETICAL REVIEW

Agency Theory

The agency theory (Hendrastuti and Harahap, 2023) uses three assumptions of human nature: (1) Humans are generally self-interested, (2) Humans have limited thinking power regarding future perceptions (bounded rationality), and (3) Humans always avoid risk (risk averse). So the humans' essential nature is to act opportunistically, prioritizing their interests. Agents will be motivated to improve their career levels in the future, while principals are motivated to increase utility and profitability.

Budget

According to Romauli et al., (2019), a budget is an organizational planning document that describes the organization's action plan for a certain period numerically or in figures. Although generally prepared in currency, budgets can also be expressed in units of goods or services.

Budgetary Slack

Budgetary slack is the difference between the budget amount and the best estimate of the budget (Anastasia and Lasdi, 2022). Budgetary slack is a step made by budget makers to achieve easier targets while the actual capacity is still much higher. According to Desriani et al., (2024), budgetary slack is also the difference between the amount of resources allocated to a task more significant than the amount of resources needed to complete a task efficiently.

Budget Participation

Budget participation is the freedom for employees to be involved in budget decision-making. According to Suriani et al., (2024), budget participation is a process in which individuals are directly involved and have an influence on the preparation of budget

targets whose performance will be evaluated and likely be rewarded based on the achievement of their budget targets.

Good Governance

Good governance is a concept of good governance applied in an organization that can help reduce conflicts between agents and principals. Good governance refers to actions or behaviours based on values directed, controlled, or influenced by public issues to realize those values in daily actions and life (Nurhidayat, 2023). Utama et al., (2022:11) stated that creating an organization with good governance is based on four pillars: ethical behaviour, accountability, transparency, and sustainability.

Organizational Commitment

Organizational commitment is a condition to which an employee sides with a particular organization and its purpose and intends to maintain membership (Iskandar and Mawardi, 2020). According to Robbins and Judge (2017), organizational commitment is the extent to which an employee identifies with his or her organization and its goals and desire to maintain membership. Employees who are committed to a company generally feel a good connection with their company and understand the company's goals.

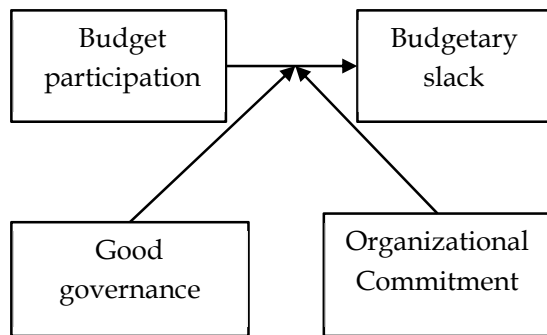


Figure 1
Research Model

Source: processed by author, 2024.

Research Model

The research model is presented in the following figure 1.

Hypothesis Development

The Effect of Budget Participation on Budgetary Slack

The occurrence of budgetary slack in budget participation is due to the high contribution of subordinates (agents) in the budget preparation process. This behaviour can be explained by agency theory. It explains the phenomenon that occurs when superiors (principals) delegate to subordinates (agents) to be responsible for carrying out a task and making decisions. Agents are given the authority to be involved in the budget participation process. The involvement of subordinates (agents) in budget participation will allow budgetary slack to occur because subordinates who participate in budget preparation provide biased information to superiors (principals). Subordinates (agents) create budgetary slack by estimating lower income and higher expenses to achieve budget targets. The results of research conducted by Prasetya and Muliarta (2017), Ernayanti and Dharmadiaksa (2017), Siswiraningtyas and Yuhertiana (2021), and Widanaputra and Mimba (2014) show that high participation in the budget preparation process will also result in high budgetary slack. So, the hypothesis can be formulated as follows.

H₁: Budget Participation has a positive effect on Budgetary Slack.

Good Governance Can Weaken the Effect of Budget Participation on Budgetary Slack.

An organization is said to have good governance, which its transparency and accountability can demonstrate. Utama et al., (2022:11) stated that realizing an organization with good governance is based on four pillars, namely ethical behaviour, accountability, transparency, and sustainability. Widiari et al., (2021) found that good government governance by the Denpasar City Government strengthens the influence of budget participation on the performance of the Denpasar City Government. Previous studies related to budget participation on budgetary slack found inconsistent results.

Ernayanti and Dharmadiaksa (2017), Siswiraningtyas and Yuhertiana (2021), and Widanaputra and Mimba (2014) stated that high budget participation causes high budgetary slack.

Meanwhile, Pramesti and Nurhayati (2020), Husain (2011), and Sudirman et al. (2018) found that budget participation has a negative effect on budgetary slack. The existence of budget gaps can create a condition in the preparation of a budget that is less effective. Applying good governance in regional apparatus organizations is expected to reduce this gap. The hypothesis proposed is as follows.

H₂. Applying good governance can weaken the influence of budget participation on budget slack.

Organizational Commitment Can Weaken the Effect of Budget Participation on Budgetary Slack.

Attribution theory was first discovered by Heider in 1958. Attribution theory assumes people try to determine why they do what they do. Suartana (2010) states that attribution theory is a theory that explains a person's attitude in responding to an event or situation and explains the reasons for each individual's behaviour. Internally caused behaviour is under the individual's control in a conscious state, such as personality traits, awareness, and abilities. While externally caused behaviour is behaviour influenced from outside, individuals will be forced to behave because of the situation or environment, such as social influence from others. Organizational commitment will be reflected in the individual's behaviour in the organization. High organizational commitment will make individuals strive to achieve organizational goals and prioritize the organization's interests. Conversely, individuals with low commitment will prioritize themselves or their groups. Mahadewi (2014) states that when individuals pursue personal interests, namely having a low organizational commitment, these individuals in budget participation will try to make

budgetary slack so that their performance looks good, increasing budgetary slack. Based on this description, the following hypothesis can be proposed.

H₃. Organizational commitment can weaken the effect of budget participation on budgetary slack.

RESEARCH METHOD

Type of Research

This quantitative research aims to test the influence of budget participation, good governance, and organizational commitment on budgetary slack.

Research object

This research was conducted in Gianyar Regency, namely in the Regional Apparatus Organization (OPD) of Gianyar Regency. The object of this study is budgetary slack in the Regional Apparatus Organization of Gianyar Regency.

Research Variables

The independent variable (X₁) in this study is budget participation. The dependent variable (Y) in this study is budgetary slack. This study's moderating variables (M₁ and M₂) are good governance and organizational commitment.

Budgetary slack is defined as the action of subordinates who underestimate their productive capabilities when allowed to determine their work standards. To measure the budgetary slack variable, six indicators developed by Karsam (2013) are used, namely: (a) Budget Standards, (b) Budget Behavior, (c) Tight Budget, (d) Budget Pressure, (e) Budget Efficiency, (f) Budget Target. From the six indicators, there will be six questions.

Sandi et al., (2021) define budget participation as a process where the individuals influence the budget targets. Four indicators (Milani, 1975 in Kartika, 2010) measure the level of participation of a manager or employee in the budgeting process. They are (a) Participation in budgeting, (b) Logic in revising the budget, (c) Influence on

budget determination, and (d) Importance of budget proposals. From these four indicators, there will be four questions. Good governance is a concept of good governance applied in an organization that can help reduce conflicts between agents and principals. The indicators used are the principles of transparency, accountability, responsibility, independence, and fairness.

Organizational commitment is a condition to the extent to which an employee sided with a particular organization and its purpose and intends to maintain membership in the organization (Iskandar and Mawardi, 2020). Then, eight indicators were developed by Rohmania (2014) to measure the level of employee organizational commitment. They are (a) Ability to work above average, (b) Pride in the organization where they work, (c) Conformity of individual values with organizational values, (d) Pride in being part of the organization, (e) Influence of the organization on achievement, (f) Satisfaction in choosing the organization where they work, (g) Concern for the future of the organization, and (h) Employee assessment of the organization. From these eight indicators, eight questions will be asked. All questionnaires are measured on a Likert scale of one to five. Scale one is Strongly Disagree (STS), which indicates a low level of organizational commitment. While scale five is Strongly Agree (SS), which indicates a high level of organizational commitment. The population in this study was the regional apparatus in the Regional Apparatus Organization (OPD), which includes services, agencies, and offices in the Gianyar Regency. The following is a list of OPDs in Gianyar Regency. The sample in this study was determined using the purposive sampling method. The determining samples from the existing population are based on criteria that have specific objectives, the samples with criteria.

Research data

Quantitative data in this study is information on the regional government budget

reports of Gianyar Regency. Data was obtained from respondents' statements expressed in numbers, including the score value of respondents' answers in the research questionnaire. The data source used in this study is primary data. Primary data in this study is obtained from a list of questions in the form of a questionnaire given directly to respondents using a Likert scale of one to five, from strongly disagree to agree strongly.

Data Collection Technique

The data collection method in this study is a survey method with an instrument using a questionnaire. In this study, the questionnaire will be delivered directly to the research location at the OPD of Gianyar Regency, where there are as many as 28 agencies. Likewise, you pick up the return at the research location according to the previously determined promise. This method is carried out in order to increase the response rate. The questionnaire used in this study was measured on a likert scale of one to five.

Data Analysis Technique

This study's data analysis model and hypothesis testing used an interaction test or moderated regression analysis (Moderate Regression Analysis) with the help of the Statistical Product and Service Solution (SPSS) program. This test aims to determine the effect of budget participation on budgetary slack with good governance and organizational commitment as moderating variables.

The regression equation in this study is:

$$Y = a + b_1X_1 + b_2X_1X_2 + b_3X_1X_3 + e$$

Description:

Y : Budgetary Slack

X1 : Budget Participation

a : Constant

b1, b2, b3: Regression Coefficient

X2 : Good Governance

X3 : Organizational Commitment

X1X2: Interaction of Budget Participation
with Good Governance
X1X3: Interaction of Budget Participation
with Organizational Commitment
e : Error term

ANALYSIS AND DISCUSSION

Descriptive Statistical Results

Descriptive statistics provide an overview of the research objects used as samples. Descriptive statistics in this study are presented to provide information about the characteristics of research variables, including minimum, maximum, mean, and standard deviation. Information about the results of descriptive statistics can be seen in table 2.

Table 2
Results of Descriptive Statistical Tests

Variable	N	Min	Max	Mean	Standard Deviation
Indicator					
Budgetary slack					
a) Budget standard	108	3,00	5,00	4,34	0,61
b) Budget behaviour	108	2,00	5,00	4,16	0,74
c) Tight budget	108	2,00	5,00	4,44	0,63
d) Budget pressure	108	1,00	5,00	2,88	1,03
e) Budget efficiency	108	1,00	5,00	2,56	0,99
f) Budget Target	108	2,00	5,00	3,46	0,83
Budget Participation					
a) Subordinate involvement	108	2,00	5,00	4,09	0,73
b) Logic in revising the budget	108	2,00	5,00	4,27	0,68
c) Influence on budget determination	108	1,00	5,00	4,02	0,77
d) The importance of research proposals	108	2,00	5,00	4,29	0,60
Good Governance					
a) The agency where I work has implemented good governance.	108	2,00	5,00	3,77	0,92
b) The agency has implemented an accountability system mechanism	108	1,00	5,00	2,97	1,11
c) Finances in the agency have been managed effectively and efficiently	108	3,00	5,00	4,23	0,57
d) management of public resources is carried out economically to create good governance.	108	2,00	5,00	3,95	0,78
Organizational commitment					
a) Ability to work above average	108	3,00	5,00	4,38	0,58
b) Pride in the organization where you work	108	3,00	5,00	4,25	0,58
c) Alignment of individual values with organizational values	108	2,00	5,00	3,89	0,69
d) Pride in being part of the organization	108	2,00	5,00	4,17	0,65
e) The influence of organization on achievement	108	3,00	5,00	4,22	0,60
f) Satisfaction in choosing a work organization	108	2,00	5,00	3,98	0,71
g) Concern for the future of the organization	108	3,00	5,00	4,03	0,68
h) Employee assessment of the organization	108	3,00	5,00	4,10	0,55
Valid N (listwise)	108				

Source: primary data processed, 2024

Table 3
Validity Test Results

Variable	Item	Coeffisien Correlation	Sig.	Description
Budgetary slack	Y1	0.698	0.000	Valid
	Y2	0.904	0.000	Valid
	Y3	0.785	0.000	Valid
	Y4	0.693	0.000	Valid
	Y5	0.610	0.000	Valid
	Y6	0.692	0.000	Valid
Budget Participation	X1.1	0.701	0.000	Valid
	X1.2	0.840	0.000	Valid
	X1.3	0.815	0.000	Valid
	X1.4	0.651	0.000	Valid
Good Governance	M1.1	0.690	0.000	Valid
	M1.2	0.635	0.000	Valid
	M1.3	0.687	0.000	Valid
	M1.4	0.715	0.000	Valid
Organizational Commitment	M2.1	0.797	0.000	Valid
	M2.2	0.900	0.000	Valid
	M2.3	0.783	0.000	Valid
	M2.4	0.682	0.000	Valid
	M2.5	0.858	0.000	Valid
	M2.6	0.817	0.000	Valid
	M2.7	0.620	0.000	Valid
	M2.8	0.886	0.000	Valid

Source: primary data processed, 2024.

The results of the Descriptive Statistical Test show that the observations (N) in this study amounted to 108. The minimum score indicates the data's lowest value, while the table's maximum score indicates the highest value. The mean measures the average value of the data, and the standard deviation indicates the standard deviation.

Validity Test Results

A questionnaire is valid if the statements can express something that the questionnaire will measure. Invalid or biased instruments will produce wrong conclusions. Validity can also be known from the correlation results' significance; if the correlation results' significance is less than 0.05, then the test is a strong construct. The results of the validity test are presented in table 3.

Based on the results of table 3, it is known that of the 22 instrument items used

in this study, it can be seen that the correlation r is more significant than 0.30, so that 22 instrument items in the questionnaire are valid or legitimate and can be used in research.

Reliability Test Results

An instrument is reliable if cronbach's alpha value is more significant than 0.60 (Ghozali, 2016). If the coefficient value (alpha) is more significant than Cronbach's Alpha (0.60), then the instrument items in the questionnaire are reliable and can be relied on. The results of the reliability test with cronbach's alpha are presented in table 4.

Normality Test Results

The criteria used compare the level of significance obtained with the alpha level used. The data is generally distributed if $\text{sig} > \alpha = 0.05$. A summary of the normality test results is presented in table 5.

Table 4
Reliability Test Results

Variable	Cronbach Alpha Coefficient	Description
Budgetary slack	0.835	Reliable
Budget	0.733	Reliable
Participation		
Good governance	0.666	Reliable
Organizational Commitment	0.906	Reliable

Source: primary data processed, 2024.

Table 5
Normality Test Results

Standardized Residual	
N	108
Asymp. Sig. (2-tailed)	0,542

Source: primary data, 2024.

Based on the results of data processing, it was obtained that all variables had a

Kolmogorov smirnov value > 0.05, which was 0.542. So, the data obtained in this study were usually distributed.

Heteroscedasticity Test Results

Heteroscedasticity in this study was carried out using the glejser test by regressing the estimated model's absolute residual value against the independent variables. If the significance value of the variable is more significant than $\alpha = 0.05$, then the regression model used in this study does not contain heteroscedasticity.

Based on table 6, heteroscedasticity Test results, the significance value of each variable is more significant than 0.05. It indicates that the regression model used in this study is free from heteroscedasticity.

Hypothesis Test Results

The hypothesis in this study was tested using multiple regression analysis with the interaction method Moderate Regression Analysis (MRA). The results of the MRA analysis can be seen in table 7.

Table 6
Heteroscedasticity Test Results

Variable	t	Sig	Description
Budgetary Slack (X1)	0,619	0,537	There is no heteroscedasticity.
Good Governance (M1)	0,554	0,581	There is no heteroscedasticity.
Organizational Commitment (M2)	0,293	0,770	There is no heteroscedasticity
Moderate X1M1	-0,342	0,733	There is no heteroscedasticity
Moderate X1M2	-0,466	0,642	There is no heteroscedasticity.

Source: primary data processed, 2024.

Table 7
Results of Moderate Regression Analysis (MRA)

Variable	Coefficient Regression	t count	Sig.
Constant	-7,437	-1,069	0,288
Budgetary slack (X1)	1,221	2,936	0,004
Good governance (M1)	1,188	3,093	0,003
Organizational Commitment (M2)	0,224	0,946	0,346
Moderate X1M1	-0,059	-2,641	0,010
Moderate X1M2	-0,009	-0,659	0,511
Adjusted R Square		0,332	
Sig. F		0,000	

Source: primary data processed, 2024

The results of the interaction test analysis (MRA) in table 7 refer to the following regression equation:

$$Y = -7.437 + 1.221X_1 + 1.188M_1 + 0.224M_2 - 0.059X_1M_1 - 0.009X_1M_2 + e$$

The results of the analysis show that the Adjusted R² value is 0.332. The 33.2 per cent of the variation in the budgetary slack variable can be explained by budget participation, career uncertainty, and organizational commitment variables. While the remaining 66.8 per cent is addressed to other factors that is not explained in the model.

Discussion

The Effect of Budget Participation on Budgetary Slack

The first hypothesis test (H₁) was based on testing the effect of budget participation on budgetary slack. The calculated t value for budget participation is 2.936 > t table 1.983 with a significance probability of 0.004. Because the calculated t is greater than the t table and the significance probability is less than 0.05, it can be concluded that the first hypothesis (H₁) is accepted. Meanwhile, the β coefficient for the budget participation variable has a positive value of 1.221. This result supports H₁, which shows that budget participation significantly positively affects budgetary slack.

Based on the results of the research that has been conducted, it was found that budget participation has a positive effect on budgetary slack. It shows that the higher the level of budget participation, the more the budgetary slack will increase and vice versa. From the test results, in the Regional Apparatus Organization (OPD) of Gianyar Regency, the more employees involved in budget preparation, the more budgetary slack will occur. This study supports the agency theory. It represents that differences of interest between the principal and the agent drive budgetary slack. The results of this study support the research of Pusporini et al., (2018) and Fatimah et al., (2023), which state that budgetary participation affects budgetary slack. Renggadewi (2020) has

demonstrated through additional studies that budget participation positively impacts budgetary slack. Budget takers have the power and chance to choose what goes into their budget when they participate in budgeting. However, budget performance will evaluate performance, enabling authorities to act inefficiently by altering data and performance metrics. It is done purposefully to obtain the most accurate information that suits their needs and advances their objectives. Participation in the budget process can lead to a greater budgetary slack because a more significant number of participants. It will result in a greater diversity of opinions or personal interests, increasing rather than decreasing the budgetary slack. It can occur when people act in the organization's best interests to free up funds so that the business can benefit external partners (Christina and Akbar, 2019).

Good Governance Can Weaken the Effect of Budget Participation on Budgetary Slack.

The results of the second hypothesis test (H₂) indicate that the interaction between the budget participation variable and good governance has a t-count value of -2.641 > t table 1.983 with a significance probability of 0.010. Because the t-count value is greater than the t-table and the significance probability is less than 0.05, good governance can moderate the influence of budget participation on budgetary slack. The β coefficient for the good governance variable has a negative value of -0.059. These results support H₂ that the good governance variable weakens the relationship between budget participation and budgetary slack. The greater the good governance, the relationship between budget participation and budgetary slack will decrease.

Thus, good governance can moderate the relationship between budget participation and budgetary slack in preparing the budget at the OPD of Gianyar Regency. By implementing good governance, the performance of an organization will run well and be following the goals of the organization.

The results of the hypothesis test show that the better the governance, the smaller the occurrence of budgetary slack, and vice versa. Based on agency theory, agents, namely the OPD, can exploit this condition to take adverse actions for their interests by providing biased information to the principal, thus triggering budgetary slack.

Organizational Commitment Can Weaken the Effect of Budget Participation on Budgetary Slack.

The results of the third hypothesis test (H_3) show that the interaction between the budget participation variable and organizational commitment has a calculated t value of $-0.659 < t \text{ table } 1.983$ with a significance probability of 0.511. Because the calculated t value is smaller than the t table and the significance probability value is more significant than 0.05, the organizational commitment variable cannot moderate the effect of budget participation on budgetary slack. The β coefficient for the organizational commitment variable has a negative value of -0.009. However, it does not support H_3 , which is that organizational commitment weakens the influence of budget participation on budgetary slack because the value is insignificant, so H_3 is rejected.

Based on the study's results, organizational commitment cannot moderate the relationship between budget participation and budgetary slack. So, the hypothesis indicates that organizational commitment weakens the relationship between budget participation and budgetary slack is rejected. Based on the hypothesis test, the β value of the interaction between budget participation and organizational commitment is negative at -0.009. In other words, it can be seen that organizational commitment has an insignificant relationship with budgetary slack but can reduce the possibility of budgetary slack occurring, this can be seen from the negative coefficient value. The results of this study support the research of Sudirman et al., (2018) and Pusporini et al., (2018), which state that organizational commitment is a

moderating variable but does not strengthen the relationship between budgetary participation and budgetary slack. The high commitment level of each individual to an SKPD will minimize the individual's budgetary slack. Likewise, when subordinates' commitment is low, personal interests are more emphasized, and subordinates can do budgetary slack. The high level of organizational commitment is owned by individuals, where the individual will have a favourable view and be more directed to act and behave in the best interests of SKPD.

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the research analysis and discussion results in this study, the conclusions are as follows: Budget participation positively affects budgetary slack in OPDs in the form of departments and agencies in Gianyar Regency. The higher the level of budget participation, the greater the possibility of budgetary slack, and vice versa. Good governance weakens or reduces the effect of budget participation on budgetary slack in OPDs in the form of departments and agencies in the Gianyar Regency. Therefore, the higher the good governance, the effect of budget participation on budgetary slack will decrease. Then, the organizational commitment has no effect or cannot weaken the participation process that will cause budgetary slack in OPDs in the form of departments and agencies in Gianyar Regency. This means the organizational commitment variable cannot moderate the relationship between budget participation and budgetary slack. Based on the discussion and review of respondents' answers, the suggestions can be conveyed: To increase budget effectiveness in OPDs in Gianyar Regency, budgetary slack must be estimated and minimized early on. The existence of budgetary slack will harm the company and can lower the standards that must be achieved. The organizational resources cannot be utilized optimally. Superiors in each OPD of Gianyar Regency should conduct

stricter supervision and re-examination of the budget that subordinates have proposed.

Suggestions

The government of the Gianyar district conducted the research. Further research is expected to use populations in different locations so that the study results can provide a picture that reflects the population. In addition, further research can also add other variables that can affect budgetary slack, such as information asymmetry, resource allocation, and revenue and cost estimates.

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