



## The Influence of Budgetary Participation to Budgetary Slack with Asymmetry Information and Values of Local Culture as Moderated Variables

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**ABSTRACT:** *the influence of budgetary participation to budgetary slack with asymmetry information and values of local culture as moderated variables at governmental institution (SKPD) of Luwu District. This study aim to examine the influence of budgetary participation to budgetary slack with asymmetry information and values of local culture as moderated variables. The data was collected by distributing questionnaires with purposive sampling to the respondents. While responders is consisted by the functional functionary at governmental institution of Luwu District which is participation in budgetary process, with a total sample are 76 respondents. The method analisis used in this study is regression analysis with software IBM SPSS 20 for windows. From the results of simple regression, there is one hypothesis that influent to budgetary slack : 1) the effect of budgetary participation having an effect on budgetary slack. Meanwhile, two more hypothesis with moderated regression analysis is not influent to budgetary slack : 2) budgetary participation and asymmetry Information interaction have no significant influence to the budgetary slack. 3) budgetary participation and values of local culture interaction have no significant influence to budgetary slack.*

**KEYWORDS:** *Budgetary participation, asymmetry information, Values of Local Lucture, and budgetary Slack.*

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### I. INTRODUCTION

Every management must always want the organization they manage to achieve organizational goals that have been set. However, individual members in the organization may have personal goals that are not always consistent with the goals of the organization. Organizations will have difficulty developing if there is no alignment of goals in the body of the organization. Therefore, management is required to be able to align these objectives with good management control. The aim is to ensure there is a high organizational goal congruence. Individuals are directed to take actions that are in accordance with their own personal interests which are at the same time the interests of the organization.

In carrying out management control related to aligning these objectives, organizations can use formal control systems such as budgeting. Anthony and Govindarajan (2007) stated that the budget is something that is important as planning and controlling in the short term effectively in organizations.

As a planning tool, the budget is a plan that describes the goals and activities of the company in the future that are quantitative and expressed in monetary units. The budget can help management allocate limited natural resources and limited financial resources that the organization has to achieve its objectives.

To produce an effective budget, managers need the ability to predict the future, taking into account various factors, such as environmental factors, participation and drafting style. When subordinates give biased estimates to superiors, budgetary slack arises. The phenomenon of budgetary slack can occur in each type of organization (Moore et al, 2000) in Pratomo (2014). This study reexamined the relationship between budgetary participation and budgetary slack and contingency factors by including mediation variables, namely asymmetry Information and cultural wisdom values local.

Explanation of the concept of budgetary slack can be started from the agency theory and contingency theory approaches. The practice of budgetary slack in the perspective of agency theory is influenced by the conflict of interest between the agent (management) and the principal that arises when the two parties try to achieve or maintain the level of prosperity they want. Conflict between superiors and subordinates will arise if the desires of superiors are often not the same as subordinates, this condition will clearly lead to budgetary

slack, whereas behavioral accounting theory generally believes that budgetary participation will motivate managers to disclose their personal information into the budget (Schift and Lewin, 1970).

The contingency approach to management accounting is based on the premise that there is no universally appropriate management accounting system to be applied to all organizations in all circumstances, but the management accounting system also depends on the situational factors that exist within the organization. The contingency approach allows for other variables that can act as moderating variables that influence the participation relationship in budgeting. The contingency factors chosen in this study are asymmetry Information and values of local cultural wisdom. These factors will act as moderating in the relationship between budgetary participation and budgetary slack.

Budget participation is a process in which individuals are involved in and have an influence on the preparation of budget targets whose performance will be evaluated and likely to be rewarded for achieving their budget targets (Brownell, 1982). Garrison et al. (2006) states that the best method of budgeting is participatory, in which all components in the organization are involved in preparing the budget. Participation of subordinates will increase togetherness, foster a sense of ownership, initiatives to contribute ideas and decisions that result can be accepted (Rahayu, 1997). In addition, participation can also reduce potential conflicts between individual goals and organizational goals so that the performance of subordinates increases.

Participation in budgeting besides having advantages also has disadvantages. Participation in the budget in addition to causing gaps can also reduce gaps (Onsi, 1973). This happens because the budget participation that is carried out is the actual participation not pseudo participation so that with participation there is positive communication between subordinate managers and their superiors so that the management's desire to budgetary slack decreases.

Based on the phenomenon in the background of the problem there are two different research results which are a result of budgetary participation. On the one hand, participation creates budgetary slack and on the other hand, participation does not cause budgetary slack. Inconsistencies between previous studies, may be due to differences in the application of the location and size of the instruments used. The differences from the various results of this study can be resolved using a contingency approach. Based on this, the researcher uses the asymmetry Information factor and the values of local cultural wisdom as a moderating variable on the relationship between budgetary participation and budgetary slack.

This study uses the Bugis-Makassar cultural perspective to underlie interpretation and gain meaning regarding the cultural perspective of siri na pace in budgeting participation. In the area of South Sulawesi there are various kinds of tribes with all the cultures they have, namely the Bugis, Makassar, and Toraja tribes. In the original culture, the Bugis Makassar community made siri 'na pace their life philosophy contained in the social system. This philosophy is the basis of the life of the Buginese people of Makassar, who are heavily influenced by Islamic sharia as a religion adopted by most of the people. This philosophy of life of the Bugis Makassar people is a condition with positive values.

## **II. LITERATURE REVIEW**

Agency theory and Contingency Theory Explanation of the concept of budgetary slack can be started from the agency theory approach. The practice of budgetary slack in the perspective of agency theory is influenced by the conflict of interest between the agent (management) and the principal that arises when each party tries to achieve or maintain the desired level of prosperity. Agency theory explains the phenomenon that occurs when superiors delegate authority to subordinates to carry out a task or authority to make decisions (Anthony and Govindarajan, 2007). If the subordinate (agent) participating in the budgeting process has specific information about local conditions, it will allow the subordinate to provide the information he has to help the interests of the company.

However, often the desires of superiors are not the same as subordinates, causing conflicts between them. This can happen, for example, if the policy to award company rewards to subordinates is based on achieving the budget. Subordinates tend to provide biased information so that the budget is easily achieved and get rewards based on budget achievement.

Contingency Theory is a theory that attempts to answer existing dynamics through internal structures that are in accordance with the environment (Scott, 1983). Previous studies indicate conflicting results regarding the relationship between budgetary participation and budgetary slack. Some researchers claim that subordinate participation in the budgeting process will reduce the tendency to create budgetary slack (Camman, 1976; Dunk, 1993; Merchant, 1985 and Onsi, 1973). Whereas other researchers (Lowe and Shaw, 1968; Lukka, 1988; Young, 1985) get empirical evidence that budgetary participation actually causes managers who participate in the preparation of the budget to tend to budgetary slack. Therefore it is necessary to use other approaches to see the relationship between the two variables. Other approaches include using the agency model (as previously explained) or by using various contingency factors as predictors of budgetary slack (Govindarajan, 1986).

The application of contingency approaches in analyzing and designing control systems, especially in the field of management accounting systems, has attracted the interest of researchers. Some research in the field of management accounting through a contingency approach aims to look at the relationship between contextual variables with the design of management accounting systems and to evaluate the effectiveness of the relationship between two variables (for example the relationship between budgetary participation and budgetary slack) by using contextual variables as moderating variables.

#### Budgetary slack

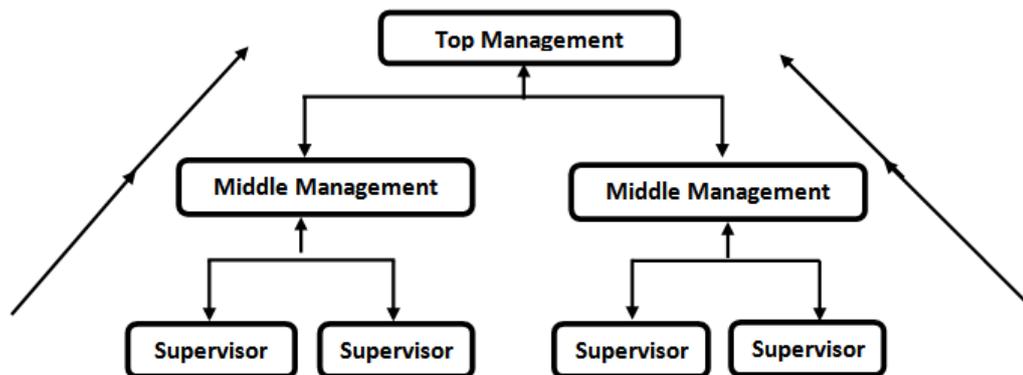
Budgetary slack is an action that undermines its productivity capability because agents through their participation in budgeting have the opportunity to determine their work standards (Young, 1985). Slack is generally defined as the difference between the budget amount and the organization's best estimate. Budgetary slack can also be defined as the difference between the reported budget and the budget that is in line with the best estimate for an organization which when making a revenue budget is lower, and represents expenditure higher than the actual estimate (Anthony and Govindarajan (2007) .

Budgetary slack is one form of dishonest dysfunctional behavior because managers try to satisfy their interests (Steven, 1996 in Falikhatun, 2007). Individuals in organizations sometimes or do not want to behave in the best interests of the organization, therefore a series of controls need to be applied to prevent unexpected behavior and encourage expected behavior.

Budget disparities are often caused by a logical circle of phenomena. This gap is intended in the budget because generally it will be cut when reviewed by superiors because it is loose. Actually there is a lot of debate in the literature regarding budgetary slack is always a deviation. Budgetary slack sometimes has a beneficial influence, for example in strategies that require innovation and experimentation in short-term actions to help management to achieve short-term results and long-term results simultaneously when managers create slack, in fact they only utilize the position of excellence of their knowledge of the organization's business management rivals to achieve future performance targets that are deliberately demeaned (Lukka, 1998).

#### Budget Participation

Participation is a process of joint decision making by two or more parties where the decision will have a future impact on those who make it (Ikhsan and Ishak, 2005). In budgeting for participation, all levels of the organization must be involved in preparing the budget because top managers usually lack knowledge of daily activities at the lower levels so that information from subordinates is needed for budgeting. However, top managers have a broader perspective or view of the company as a whole that is vital to general budget policy making. The direction of data budget flow in the participatory budgeting system can be seen in Figure 1.



**Figure 1:** Direction of budget participation flow

Source: akuntansi manajerial, Garrison dan. Noreen (2000 : 347)

#### Asymmetry Information

In economics there is a condition or condition called asymmetry Information or information imbalance. Anthony and Govindarajan (2005) state that the condition of asymmetry Information arises in agency theory, namely the principal gives authority to the agent (subordinate) to regulate the company owned. Because the delegation of authority and the separation of duties from the principal (superiors) to the agent (subordinates), the superiors are not always able to know the actual activities carried out by their subordinates as well as limited information about the factual circumstances of the unit or responsibility center managed by subordinates. This condition then causes a phenomenon called asymmetry Information.

Asymmetry Information according to Dunk (1983): "Asymmetry Information exists only when subordinates' information exceeds that of their superiors". Asymmetry Information occurs because there are parties (agents) who have more information compared to other parties which in this case means the principal. Budgets that are compiled in a bottom-up manner cause information about the components in the budget to be better known by lower level managers. According to Scott (2000), there are two kinds of asymmetry Information, namely:

1. Adverse selection, namely that managers and other insiders usually know more about the situation and prospects of the company than outside investors. The facts which might influence the decisions to be taken by the shareholders are not conveyed to the shareholders.
2. Moral hazard, namely that the activities carried out by a manager are not entirely known by shareholders or lenders. So that managers can take action outside the knowledge of shareholders who violate contracts and in fact ethically or norms may not be appropriate.

Local Cultural Wisdom Values

Culture is a conceptual tool for interpretation and analysis (Garna, 2001: 157). So the existence of culture is very important, because it will support the discussion about the existence of a society. Culture as a cultural system, activities and physical works of humans who are in a society where its emergence is obtained through the learning process, both formal and informal. This shows that culture will not be present by itself, but exists because of the existence of humans in social communities, so that between humans, society and culture will support each other. Humans create culture as an effort to defend their lives on this earth, because with human culture will be able to carry out their duties on this earth as a caliph. With culture, human religious life will also appear, and this will make a difference to other types of creatures on this earth.

Culture is also divided into two, namely small culture (little culture), and large culture (great culture). Small culture is a culture that is in a small scope of society (embraced by a few people) or also called local culture. While the big culture is a culture that is embraced by many people with a wide scale kepenganutannya. When small culture and large culture are interconnected through the process of assimilation, then the possibility of small culture will be excluded or defeated by large culture. This shows that the existence of such a large culture is so strong and broad that it can easily and quickly enter a small culture that is embraced by only a few people, for example.

Small culture (local culture) that exists in a society is a culture that has been built since the existence of mankind on this earth or in other words, the existence of a small culture as a form of human success in sustaining life, because after all the small culture exists passed down from one generation to the next. The presence of a large culture, of course, will bring a change that will occur in a community that has a small culture so that the existence of a large culture will still exist and it may be that the existence of a small culture will shrink or even disappear from its existence in a society. Of the several definitions and notions of culture and culture in general, local culture, means culture that is local (local) or a certain location there is a regional culture or can be referred to as the traditional culture of ethnic groups. The author of the purpose of local culture in this paper is the values of the wisdom of local culture Bugis Makassar. In the original culture, the Bugis Makassar community made siri 'and pacce as its guidelines or philosophy in living their lives and all of them have been heavily influenced by Islamic sharia as a religion adopted by some of their communities. The honor which is then enshrined in the social system called Siri 'na Pacce also emerged as the foundation of Bugis Makassar's human life. Self-respect becomes the basic philosophy of how the Bugis Makassar people live their lives.

Siri na Pacce

Siri na pacce is a very decisive concept in the identity of the Makassar Bugis people and the people of South Sulawesi in general. The concept of siri' refers to feelings of shame and dignity while pacce' refers to an awareness and feeling of empathy for the suffering felt by each member of the community.

Pa'paseng

Paseng (pa'paseng) is a collection of family mandates or wise people mandated from generation to generation with memorized words, which are then recorded in lontara and made as a hereditary heirloom. Paseng (pa'paseng) is thus preserved and becomes a rule of life in a society that must be respected (Rappang, 2009) Muin, 1994: 36-37 (in Jerre, 2009) describes that in Bugis-Makassar culture, "paseng" contains five messages core. Namely the five forms of advice that is expected to hold the generation. Namely each:

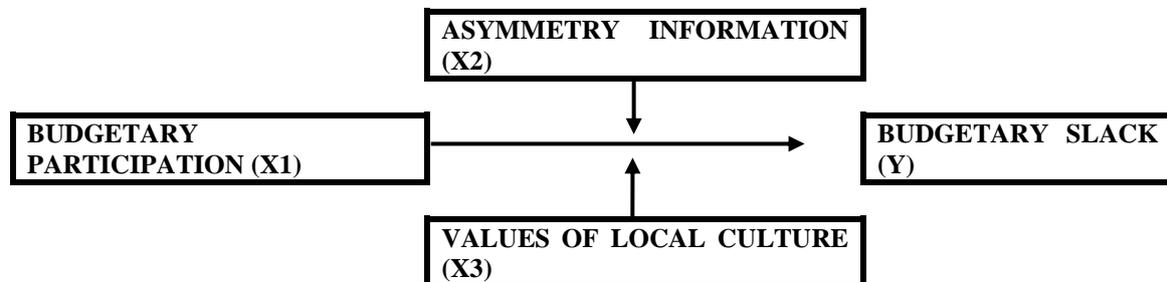
1. ada' Tongeng (correctly said)
2. Lempuk (honesty)
3. Gessong (holding fast to the principles of founding belief)
4. Sipakatau (respect respecting fellow human beings)
5. Mappesona Ri Dewata Seuawae (surrender to power The One Almighty God)

## CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

In this chapter the conceptual framework and hypothesis research model are presented. The conceptual framework basically explains how the relationships between variables occur.

### Conceptual framework

This study aims to examine the factors that are expected to influence budget participation in budgetary slack. These factors include: Asymmetry Information and values of local cultural wisdom. conceptual framework that describes the relationship between variables in this study, can be described as follows:



**Figure 2.** Conceptual Framework

### Hypothesis Development

Research on the effect of budgetary participation on budgetary slack still shows inconsistent results. Dunk (1993) states that participation can reduce budget disparities. This is in line with the opinion of Onsi (1973) which states that budgetary slack has decreased since participation leads to positive communication. The results of other studies state otherwise, participation causes budgetary slack (Young, 1985). If lower-level managers provide biased information about the center of accountability in budgeting, this can lead to budgetary slack by estimating lower income and higher costs. Managers do this so that budget targets can be achieved so that the manager's performance looks good and will certainly get compensation / bonuses from the company. The formulation of a hypothesis stating the effect of budgetary participation on budget disparities refers to the research of Lowe and Shaw (1968), Young (1985) namely participation causes budget disparities. Based on a theoretical study and the results of previous studies, the research hypothesis is as follows: H1: Budget participation has a significant positive effect on the emergence of budgetary arms.

#### 1. Effect of Asymmetry Information on the Relationship between Budget Participation and Budgetary Slack.

Haliah (2015) in her research results showed that asymmetric information has a negative effect on budgeting participation. These results indicate that the smaller the asymmetric information, the higher the level of budgeting participation. In addition, the asymmetric information has a positive effect on budgetary slack both directly and indirectly through budgeting participation. This means that the greater the asymmetry Information, the greater the budgetary slack either directly or through budgeting participation. Usman (2012) in his research found that asymmetry Information moderates the effect of budgetary participation on budgetary slack. The interaction between asymmetry Information and budget participation shows a negative and significant relationship. Asymmetry Information also has a direct effect on budgetary slack. This shows that asymmetry Information as a predictor variable as well as a moderating variable but weakens the relationship to budgetary slack. Based on these studies the authors draw a hypothesis, namely:

H2: Asymmetry Information moderates the effect of budgetary participation on budgetary slack but weakens the relationship between budgetary participation and budgetary slack.

#### 2. Effect of Local Cultural Wisdom Values on the Relationship between Budget Participation and Budgetary Slack.

Research conducted by Usman (2012) shows that culture in organizations is a moderating variable (pure moderator) of budgetary slack but weakens the relationship between budgetary participation and budgetary slack, this implies that the culture in the organizational environment is quite conducive for the people involved (participating) in the preparation of budgets at the three hospitals that are the object of research because with the culture of the organization can reduce or weaken the budgetary slack.

Haliah (2015) in her research showed that politics and culture had a positive effect on budgeting participation. These results indicate that the greater or higher the politics and culture, the higher the level of budgeting participation. In addition, politics and culture do not directly influence budgetary slack. However, if through participation in budget formulation, politics and culture will have a negative effect on budgetary slack. That is, if through participation in budgeting the greater the political and cultural, the smaller the budgetary slack. Based on a theoretical study and previous research results, the research hypotheses are as follows:

H3: Local cultural wisdom values moderate the effect of budgetary participation on budgetary slack but weaken the relationship between budgetary participation and budgetary slack

### **III. METHOD**

#### **Research sites**

The population in this study was the Regional Work Unit (SKPD) of Luwu Regency, which amounted to 55 SKPD consisting of 25 offices, 5 agencies, plus secretariat 2 namely the Regional Secretariat and the DPRD Secretariat and the Inspectorate, 22 Subdistricts. Sampling in this study was carried out by sampling the population. The sampling technique used in this study was purposive sampling technique with the consideration that the sample selected with the following criteria:

1. Head as the power user of the budget;
2. Background of the Makassar Bugis tribe.

The determination of the SKPD to be sampled is an element of the Luwu District Government, but not all are sampled, because it is assumed that all SKPD have the same characteristics. The sample used in this study was employees who had both structural and functional positions involved in the process of preparing and implementing the budget in the Luwu District Government.

#### **Types and Data Sources**

The type of data in this study is subject data. The data used in this study is in accordance with the acquisition source, namely the source of the data to be used in this study is primary data. Primary data is data obtained or collected by researchers directly from the data source at the study site. Primary data is also referred to as original data or new data that has the nature of up to date. This data source comes from the perception of employees involved in preparing the budget in Luwu Regency SKPD.

#### **Analysis Model**

The coefficient of determination ( $R^2$ ) basically measures how far the model's ability to explain the variation of the dependent variable. The coefficient of determination ( $R^2$ ) is between zero and one. To test the hypothesis in this study using a simple linear regression model and multiple linear regression with the interaction test approach or Moderated regression analysis (MRA). The models used in this study are:

Simple linear regression analysis:

$$SA = \alpha + \beta_1 X_1 + e$$

Multiple linear regression analysis:

$$SA = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1.X_2 + \beta_5 X_1.X_3 + e$$

Information:

SA = Budgetary slack

$\alpha$  = Constant.

$\beta_1$ -5 = Regression coefficient

X1 = Budgeting Participation

X2 = Asymmetry Information

X3 = Wisdom Values of Local Culture

X1.X2 = Interaction between budgeting participation and asymmetry information

X1.X3 = The interaction of budgeting participation with local cultural wisdom values

e = confounding variable

F test can be used to see the regression model used is significant or not, provided that if p value  $< (\alpha) = 0.05$  and  $F_{count} > F_{table}$ , it means that the model is significant and can be used to test hypotheses with a level of trustworthiness ( $\alpha$ ) to test the hypothesis is 95% or  $(\alpha) = 0.05$ . The test t aims to test the effect of partially between the independent variables on the dependent variable with other variables considered constant, assuming that if a significant value of t arithmetic can be seen from regression analysis shows that small than  $\alpha = 5\%$  means that the independent variable influences the dependent variable. The level of confidence for hypothesis testing is 95% or  $(\alpha) = 0.005$  (5%).

#### **Operational Definition and Measurement**

To make writing easier and to avoid different interpretations in this study, it is necessary to explain the operational definition of the variable as follows:

**Table 1;** Operationalization of variables

Variabel	Indicator	Number Questionnaire	Measure Scale
Budget Participation (X1) Source: Milani (1975) dalam Sumarno, (2005)	1. Great influence on budgeting participation 2. Influence in budgeting revision 3. Influence regarding opinions / proposals in budgeting 4. Confidence in deciding a budget 5. The importance of contributing proposals or thoughts in preparing the budget 6. Participation in budgeting activities	1 2 3 4 5 6	Ordinal
Budgetary Slack (Y)	1. The effect of the budget on productivity motivation 2. Achievement of the budget in the implementation of work 3. Supervision in the use of the budget 4. Budgetary responsibilities 5. Achieving targets 6. Budget realization	1 2 3 4 5 6	Ordinal
Asymmetry Information (X2)	1. Information held by subordinates compared to superiors 2. Input-output relationships that exist in internal operations 3. Potential performance 4. Technical work 5. Able to assess potential impacts 6. Achievement in the field of activities	1 2 3 4 5 6	Ordinal
Local Culture Wisdom Values (X3)	1. Siri '(feelings of shame and self-esteem) 2. Pacce (a self-awareness and feeling of empathy) 3. Pa'paseng (only words with deeds)	1,2 3,4 5,6	Ordinal

The research variables mentioned above along with the indicators will be prepared questionnaire or list of questions to explore further information from each variable. The questionnaire is asking for opinions on all respondents selected as samples in this study.

#### IV. RESEARCH RESULTS

Validity test results that all statements of each variable can be said to be valid, because the Pearson correlation value of each statement has a total score of more than 0.30 and each variable can be said to be reliable, because the Cronbach alpha value is greater than 0.60 .

**Table 2.** Reliability Test Results

No.	Variable	R alpha hitung	R alpha tabel	Information
1.	Budget Participation	0.907	0.60	Reliabel
2.	Asymmetry Information	0.869	0.60	Reliabel
3.	Local Cultural Wisdom Values Budgetary Slack	0.861	0.60	Reliabel
4.	Local Cultural Wisdom Values Budgetary Slack	0.847	0.60	Reliabel

The classic assumption test is a statistical requirement that must be met in a regression analysis based on Ordinary Least Square (OLS). Tests that will be carried out in this study are normality test and heteroscedasticity test.

**Table 3;** Normality Test Results

No.	Model	Kolmogrov Smirnov Z	Asymp.Sig.(2-tailed)
1.	$Y = \alpha + \beta_1 X_1 + e$	0.819	0.513
2.	$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 * X_2 + \beta_5 X_1 * X_3 + e$	0.843	0.476

Based on the Table it is known that Asymp. Sig. (2-tailed) in the two regression equation models has a value greater than 0.05. So it can be concluded that the two regression equation models have met the assumption of data normality.

**Table 4;** Heteroscedasticity test results

No.	Persamaan	T	Sig
1.	Abress = $\alpha + \beta_1 X_1 + e$	-0.286	0.776
2.	Abress = $\alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 * X_2 + \beta_5 X_1 * X_3 + e$	-0.105 -0.456 0.751 0.715 -0.789	0.916 0.650 0.455 0.477 0.432

The table above shows that there are no independent variables that have a significant effect on the dependent variable, namely absolute residuals (Abress). This shows the significance value of tcount which is all greater than alpha ( $\alpha = 0.05$ ). So it can be concluded that the two regression models found no symptoms of heteroscedasticity.

Regression analysis using the SPSS program obtained results as in Table 5

**Table 5;** Simple linear regression test results

Variabel	Unstandardized Coefficient		Standardized Coefficient Beta	t	Sig
	B	Std. Error			
(Constant)	5.042	1.265		3.984	0.000
X1	0.779	.055	.856	14.234	0.000
F	202.599				
Sig.F	0.000				
R Square	0.732				
Adjusted R squared	0.729				

The regression equation that can be arranged is as follows:

$$Y = \alpha + \beta_1 X_1 + e$$

$$Y = 5,042 + 0,779X_1 + e$$

The magnitude of the coefficient of determination (R Square) of 0.732 means the budgetary slack can be explained by the budget participation variable by 73.2%, while the remaining 26.8% is explained by other variables not examined.

The table above shows an F value of 202,599 with a significance of 0,000, this means the F test results are smaller than the level of significance set ( $\alpha = 0.05$ ), so it can be concluded that budgetary participation influences budgetary slack. To determine the partial effect of budgeting participation variables on budgetary slack, then it is tested using the t test. Table 12 shows the t value of 14.234 with a significance value of 0.000, this means it is smaller than the level of significance set ( $\alpha = 0.05$ ), so it can be concluded that budgetary participation influences budgetary slack in the Luwu Regency SKPD.

A. Hypothesis 1 states that budgetary participation influences budgetary slack in the Luwu Regency SKPD.

Based on the above table, it can be explained that the significance value (p-value) of variable X1 is 0,000 (<5%), which means the level of confidence that budgetary participation affects budgetary spacing > 95%. Thus the hypothesis stating that budgetary participation has a positive and significant effect on budgetary slack in the Luwu Regency SKPD cannot be rejected. Results of multiple linear regression. The results of the multiple linear regression analysis are shown in Table 6.

Variabel	Unstandardized Coefficient		Standardized Coefficient Beta	T	Sig
	B	Std. Error			
(Constant)	-8.291	6.372		-1.301	0.197
X1	1.143	0.337	1.255	3.393	0.001
X2	0.730	0.560	0.693	1.304	0.197
X3	0.089	0.563	0.080	0.157	0.875
X1*X2	-0.018	0.025	-0.756	-0.709	0.481
X1*X3	-0.008	0.026	-0.301	-0.301	0.765
F	48.054				
Sig.F	0.000				
R Square	0.774				
Adjusted R squared	0.758				

Based on Table 6, the resulting regression equation can be arranged as mentioned below.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 * X_2 + \beta_5 X_1 * X_3 + e$$

$$Y = -8,291 + 1.143 X_1 + 0.730 X_2 + 0.089 X_3 - 0.018 X_1 * X_2 + -0.008 X_1 * X_3$$

The magnitude of the coefficient of determination (R Square) of 0.774 means budgetary slack can be explained by the variable of budget participation, asymmetric information, and motivation by 77.4%, while the remaining 22.6% is explained by other variables not examined.

Table 6 shows an F value of 48,054 with a significance of 0,000, this means that the F test results are smaller than the specified significance level ( $\alpha = 0.05$ ), so it can be concluded that the budgeting participation variable with asymmetry Information and Local Culture Wisdom values used as a moderating variable simultaneously affecting the budgetary slack.

Table 6 shows the t value for the interaction of budget participation and asymmetric information of -0.709 with a significance value of 0.481 which means it is greater than the level of significance set ( $\alpha = 0.05$ ), so it can be concluded that asymmetry Information is not able to moderate the effect of budgeting participation on budgetary slack.

Table 6 shows the t value for the interaction of budgetary participation and local cultural values of -0.301 with a significance value of 0.765 which means greater than the level of significance set ( $\alpha = 0.05$ ), so it can be concluded that motivation is not able to moderate the effect of budgeting participation on budgetary slack.

A. Hypothesis 2 states that asymmetric information weakens the effect of budgetary participation on budgetary slack.

B. Hypothesis 3 states that Local Cultural Wisdom Values weaken the influence of budgetary participation on budgetary slack.

The significance value (p-value) of the interaction variables X1 and X2 is 0.481 (> 5%) which means the level of confidence that asymmetric information weakens the effect of budgetary participation on budgetary slack <95%. Thus the hypothesis that asymmetric information weakens the effect of budgetary participation on budgetary slack is unacceptable.

The significance value (p-value) of the interaction variables X1 and X3 is 0.765 (>5%) which means the level of confidence that local cultural wisdom values weaken the effect of budgetary participation on budgetary slack <95%. Thus the hypothesis which states that motivation weakens the effect of budgetary participation on budgetary slack is unacceptable.

## **V. DISCUSSION OF RESEARCH RESULTS**

From the results of the analysis conducted it can be seen that budgetary participation has a significant positive effect on the emergence of budgetary slack. The higher employee participation in budgeting will increase the budgetary slack. Participation in the budget preparation process can reveal private information. employee participation in budgeting will increase the gap, so increasing employee participation in budgeting can increase the gap. Employee participation in the budget will make employees free in determining what will be achieved for their own interests rather than the interests of the organization or institution.

With a good understanding of the information held in each of their areas of responsibility resulting in differences in information or asymmetry Information. The difference in information possessed by subordinates and superiors greatly influences the relationship between participative budgeting and budgetary slack. Information held by subordinates will be very useful for determining the budget so that budgetary slack does not occur in the preparation of the budget.

Information held by subordinates in the Luwu district SKPD is very useful because in the participatory budget applied by the Luwu district government in preparing budgets the subordinates reveal all relevant information they have about their area of responsibility so that budgeting is accurate in achieving common goals and the budget is free from budgetary slack.

Budget preparation in local governments has clear and clear regulations regarding the main tasks and functions of each apparatus including rules relating to information held by subordinates which must then be reported to their superiors in accordance with the real facts about budget conditions. The budget in the government environment only functions as a planning, coordination, and communication tool, the budget has not been used as a means of evaluating achievement and appreciation, while efforts to create budgetary slack are driven by the desire to get good achievements and obtain awards.

The third hypothesis (H3) states that local cultural wisdom values weaken the effect of budgetary participation on budgetary slack. From the results of the analysis that has been done it can be seen that this hypothesis cannot be accepted, namely the values of local cultural wisdom do not affect the relationship of budgetary participation with budgetary slack. so it can be concluded that H3 cannot be accepted. However, it

can weaken or reduce the likelihood of budgetary slack, this is indicated by the negative coefficient. In other words, the values of local cultural wisdom significantly and negatively are not able to act as moderating which affects the relationship of budget participation to budgetary slack. If seen from the frequency distribution table the respondents' responses indicate that the application of the values of local cultural wisdom to Luwu Regency government agencies can be categorized as good. However, the values of local cultural wisdom cannot influence the participation of officials in preparing the budget.

The results of this study are in line with the results of research conducted by Falikhatusun (2007). However, it is different from the results of previous research conducted by Haliah (2015) which is that if through budgeting participation, local politics and culture negatively affect budgetary slack. The possibility of this difference is due to differences in the sample used, namely at local government agencies. In public sector organizations the type of culture used is bureaucracy. This type of culture is characterized by a work environment that is structured, organized, orderly, sequential, and has clear regulations. Furthermore, bureaucratic culture types always apply strict supervision in the form of setting rules / standards, so that the lines of authority and responsibility are very clear according to the organizational level.

The difference in the results of this study, for the variable values of local cultural wisdom with several previous studies, according to the authors due to other contingency factors, such as leadership style, environmental uncertainty, strategic uncertainty, and budget sufficiency, which further affects the relationship of budget participation with budgetary slack on the budget Local Government Agency (SKPD) of Luwu Regency.

## **VI. CONCLUSION**

Based on the formulation of the problem, research objectives, theoretical basis, hypotheses and research results, it can be concluded as follows: First, Budgeting participation influences budgetary slack in the SKPD of Luwu Regency, namely that the higher level of employee participation in budgeting will increase the gap budget budget. They tend to try to make the budget that they have arranged easily achieved, among others, by loosening the budget which means creating slack. Second, asymmetry Information does not moderate the relationship of budgetary participation to budgetary slack in the Luwu Regency SKPD but weakens or decreases the likelihood of budgetary slack. A good understanding of the information held in each of their areas of responsibility is very useful because in participatory budgets in preparing budgets the subordinates reveal all relevant information they have about their area of responsibility so that budgeting is accurate and free from budgetary slack. Third, Local Cultural Wisdom Values do not moderate the relationship Budgeting participation in budgetary slack in Luwu Regency SKPD, but weaken or reduce the possibility of budgetary slack. The application of local culture by the Luwu Regency SKPD staff in budgeting participation is likely to have no effect because this is a type of bureaucratic culture that is characterized by bureaucratic culture that is characterized by a structured, organized, orderly, sequential, and clear regulatory environment.

## **VII. SUGGESTIONS**

Based on the discussion and conclusion above, the researcher suggests that: From the results of this study it appears that budgetary participation influences budgetary slack. Therefore, it is better for the regional government in this case Luwu Regency SKPD to pay attention to these variables to limit the creation of budgetary slack in a certain portion for the good of the local government.

For further research, respondents need to be extended to other organizations and can use other methods to obtain complete data, for example by conducting interviews directly with respondents. The researcher also suggested to be able to add and use other variables, because from the research model used, it was found that the research variables used could explain 77.4%. While 22.6% is explained by other factors not examined.

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