

Greetings from Dean of Faculty of Economics, Sriwijaya University

Dear participants of the Miicema 13th - 2012 Conference,

On behalf of the Faculty of Economics, Sriwijaya University, we would like to welcome you to Palembang, Indonesia for the Miicema 13th Conference, 18th-20th October 2012.

We are excited organize our thirteenth Miicema conference in Palembang at Sriwijaya University. Sriwijaya University is States University in South Sumatera, has 10 faculties and 2 campuses. One is located at Bukit Besar in Palembang and another campus is located on 712 ha area of Indralaya, Ogan Ilir. This conference is really support us to be a “world class university”.

The conference bring together scholars and practitioners who interested to present theirs papers in area of economics, management and accounting. Participants found an excellent opportunity for presenting new research, exchanging information and discussing current issues. We believe that this conferences will improve further the development of knowledge in our fields. This opportunity could be used as a way to broadening their international networks.

We regret that we were unable to accept more paper than we have. In this conference, 163 papers were presented. In addition, based on the contribution of the paper to the field, the Miicema Committee has selected three papers for the best paper award.

Finally, I would like to thank our sponsors for their generous financial support and valuable collaboration. I would also thank all of the presenters, participant, board members, and keynote speakers.

I hope you enjoy the conference and wish a pleasant and memorable stay in Palembang.

Best Regards,
Dean of Economic Faculty,
Sriwijaya University

Prof. Syamsurijal AK, Ph.D

THE INFLUENCE OF ORGANIZATIONAL COMMITMENT, DECENTRALIZATION, ORGANIZATIONAL CULTURE ON THE RELATIONSHIP BETWEEN BUDGETARY PARTICIPATION AND BUDGETARY SLACK

Isma Coryanata
Universitas Bengkulu
E-mail: ismacoryanata@yahoo.com

Abstract

This study examined influence of organizational commitment, decentralization and organizational culture on the relationship between budgetary participation and budgetary slack. The samples in this study using purposive sampling. The subjects of this study are middle and lower manager in local government institutions including section/departement/sub-section head, under the municipality and regencies in the city government of Bengkulu were amounted to 51 respondents.

Hypothesis are tasted empirically used regression. The result of study indicated that, first, budgetary participation influences to budgetary slack. Second, organizational commitment act as moderating variable in the relation of budgetary participation with budgetary slack. Third, organizational commitment act as moderating variable in the relation of budgetary participation with budgetary slack. And fourth, organizational culture act as moderating variable in the relation of budgetary participation with budgetary slack. Therefore this study sported another studies before.

Keywords: budgetary participation, budgetary slack, organizational commitment, decentralization, organizational culture

INTRODUCTION

In Regional Government Law No. 32 of 2004 explained that the development of autonomy in areas held by the principles of democracy, community participation, equity and justice and with regard to the potential and diversity of the region. Law No. 33 of 2004 on fiscal balance between central and local governments has spawned a new paradigma form of demands for financial management-oriented public interest. Thus the government can create financial reports and the transparency of budget information to the public.

Regional budget (APBD) is the main policy instrument for local governments. As an instrument of policy, budget occupy the central position in efforts to develop the capability and effectiveness of local government. Local budgets are used as a tool to determine the income and expenditure, helping development planning decisions, expenditure authorization, resource development of standard measures for performance assessment, a tool to mobilize personnel, equipment and coordination of all activities of various units.

Budgeting process at the local government is a step which is quite complicated and involves the work units of local government. One form of embodiment of such involvement is participation in the preparation of the budget. According to the Falikhatun Brownell (2007) argues that participation in budgeting is the process of describing the individuals involved in preparing the budget and have an influence on the budget and the need for respect for the achievement of budget targets. The achievement of this budget, budgetary slack is usually done by raising or lowering the cost of earnings than they should, so the budget within easy reach (Merchantt in Dinni, 2008).

From the results of existing research, are still found inconsistencies in the relationship between budgetary participation with budgetary slack. Murtin and Taufik (2011) found that the positive effect of the relationship between participation in the preparation of the budget with budgetary slack. Riyanto (2003) said that the need for research on the contingency approach that allows for other variables such as decentralization, organizational commitment and organizational culture that acts as a moderating.

Riyanto (2003) states that organizational commitment among the factors that affect budgetary slack. Research in the Darma Keller (2004) states that organizational commitment has a positive effect on budgetary slack. Understanding of organizational commitment is a belief in and support the values and goals to be achieved the organization (Mowday *et al.* in Darma, 2004).

The problems in this study were (1) whether the budget participation has a positive effect on budgetary slack, (2) whether the organization's commitment to a positive effect on the relationship between participation in the preparation of the budget with budgetary slack, (3) whether decentralization has a positive effect on the relationship between participation in the preparation budgets with budgetary slack, and (4) whether the positive effect of organizational culture on the relationship between participation in the preparation of the budget with budgetary slack. The results of this study are expected to contribute ideas for the city of Bengkulu in order to implement performance-based budgeting, can be input and a reference for other researchers who are interested and are interested in deepening the study of accounting, in particular the concentration of public sector management accounting.

THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Budget is a detailed plan is formally expressed in a quantitative measure to show how resources will be obtained and used for a certain period. So that budget execution can be run effectively it would require participation in the preparation of the budget for participation in the preparation of the budget as a process within the organization involving managers in determining the purpose of the budget which it is responsible.

The Influence Of Organizational Commitment, Decentralization, Organizational Culture On The Relationship Between Budgetary Participation And Budgetary

Falikhatun (2007) stated that budgetary participation has positive and significant impact on budgetary slack. Young in Falikhatun (2007) state budgetary participation led to budgetary slack. The participation of the budget, it will cause loosening the budget drawn up to be easily achieved by decreasing revenues and increasing costs in the budget process. Based on the explanation above, the following hypothesis:

H1: Budgetary participation a positive influence on budgetary slack.

Nouri and Parker in Suhartono and Solichin (2006) suggested that the increased budgetary participation and organizational commitment of employees (subordinates), will reduce the range of agency problems contained in the budgeting process. Based on the above explanation is the participation in the process of budgeting, the budget is influenced by the organizational commitment to reduce the incidence of budgetary slack, because they have a sense of allegiance and loyalty to the organization. Based on the explanation above, the hypothesis is developed as follows:

H2: Budgetary participation a positive influence on budgetary slack with organizational commitment as a moderating variable.

In the organization of high level of decentralization, participation rates are high, Managers will tend to be more active in understanding the budget. With a good understanding, managers are expected to implement the budget that are targeted and can face difficulties when implementing the budget. Based on the explanation above, the hypothesis is developed as follows:

H3: Budgetary participation a positive influence on budgetary slack with decentralization as a moderating variable

The higher level between participation in budgetary preparation and orientation of organizational culture on work, the lower level of budgetary slack. And the opposite the lower level of concordance between participation in budget preparation and organization of orientation on job, the higher budgetary slack. Based on the explanation above, the hypothesis is developed as follows

H4: Budgetary participation a positive influence on budgetary slack with the organizational culture as a moderating variable

Based on the hypothesis of the study variables such as proposed above, the research model can be illustrated in Figure 1.

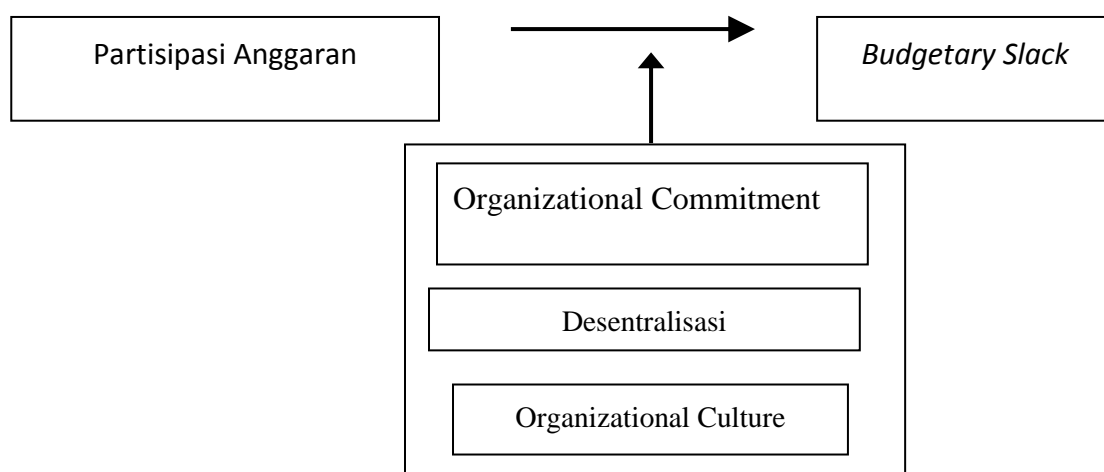


Figure 1
Effect of Budgetary Participation in Budgetary Slack with a Organizational Commitment, Decentralization, and Organizational Culture as Moderating

METHODS

Data Research

Object of this study is the government city of Bengkulu, the research data obtained from primary data through survey methods. Respondents of this study is a mid-level managers and lower level of the local government level officials at the head, the head of section / area / sub and head of the subdivision / subfields / section of agencies, offices, and government offices in the city of Bengkulu. Sampling was done by purposive sampling, to include participation criteria that participated in the preparation of the budget.

Measurement of Variables

1. Budgetary Participation variables were measured using a six item question, which was developed by Indriantoro (1993).
2. Budgetary slack variables measured qualitatively and six item question, which was developed by Dunk (1993).
3. Variable organizational commitment was measured using a six item question, which was developed by Dunk (1993).
4. Decentralization variable was measured using 5 items developed questions Vancil (1980) which has been modified by Coryanata (2006).
5. Organizational culture variables measured using a six item question, which was developed by Indriantoro (1993).

Each variable measured by the likert scale models that measure the performance of government agencies to agree or disagree to the question posed. With statements on a scale of 1 to 5, where 1 indicates the lowest score scale and the scale of 5 indicates the highest score, with the scale of 5 (SS = Strongly Agree), 4 (S = Agree), 3 (R = In doubt), 2 (TS = Dis Agree) and 1 (STS = strongly disagree).

Data Collection

Primary data collection through survey methods by making the spread of the questionnaire on the level of chief officer, head of section / area / Sub and head of the subdivision / subfields / section of agencies, offices, and government offices in the city of Yogyakarta with its distribution in table 1 below.

Table 1.
Sample Size and Rate of Return Questionnaire

Description	Amount
Total of questionnaires	75
The number of questionnaires are not returned	16
The number of questionnaires are returned	59
The number of completed questionnaires	8
Total return of questionnaires processed	51
Response Rate	78,67%

Sources: Primary Data, processed 2011

Questionnaire distributed to 75 respondents and 59 returned questionnaires a number of copies (response rate = 78.67%). Only 51 returned questionnaires properly filled questionnaires and complete so that the data used for data analysis of 51 respondents. Before data processing, first performed on the validity and reliability test data. Test was conducted to determine the accuracy and consistency of data collected from the use of measurement (Huck and Cormier, 1996; Hair, 1995). After the validity and reliability test, conducted before testing the assumptions of classical symptoms such as testing multicollinearity and normality test data before the data were analyzed further.

Validity and Reliability Testing

Studies using instruments to measure variables in the questionnaire should be tested against the data quality was obtained with the validity and reliability. This test aims to determine whether the instruments used valid and reliable for the correctness of data processed data to determine the quality of research results.

Aims to test the validity of the instruments used quality, and demonstrate the validity an instrument, as well as how well a concept can be defined by a measure (Hair et al., 1998). Said to be valid instruments if the instrument is able to measure what properly researched data. Tests carried out using factor analysis. Data analysis factors that can be done when the Kaiser's MSA above 0.5 (Kaiser & Rice, 1974) and the items included in the factor analysis are the items that have a factor loading above 0.40 (Chia, 1995). Reliability testing is done by calculating Cronbach's alpha to test the feasibility of the consistency of all scales used. Reliable if the instrument is said to have more alpha cronbach of 0.5 (Nunally, 1967). Results of testing the validity and reliability shown in table 2 below.

Table 2
Validity and Reliability Testing Results

Variabel	Cronbach Alpha	Kaiser's MSA	Factor Loading
PPA	0.765	0.673	0.652 – 0.821
BS	0.668	0.723	0.552 – 0.790
KO	0.781	0.682	0.641 – 0.823
DS	0.638	0.722	0.539 – 0.796
BO	0.731	0.781	0.649 – 0.862

Note: PPA = Budgetary Participation
BS = Budgetary Slack
BO = Organizational Culture

DS = Decentralization
KO = Organizational Commitment

From the table above shows that all the variables to be tested, have valid and reliable. Thus all question items can be used to conduct this research.

Method of Analysis

After the data were collected and tested for validity and reliability, then performed the testing associated with a statistical model to be used in hypothesis testing. Analysis tools to test these hypotheses is the analysis of multiple use (multiple regression. Regression equation to test the hypothesis is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_1X_2 + b_6X_1X_3 + b_7X_1X_4 + e$$

Note:

Y = budgetary slack

a = constant

b = regression coefficients

X1 = budgetary participation

X2 = organizational commitment

X3 = decentralization

X4 = organizational culture

e = error

Findings and Discussion

Descriptive Statistics

Data analysis based on the respondent's answer raised by 30 respondents. From the data obtained it can be seen as descriptive statistics shown in Table 3 below:

Table 3
Variable Descriptive Statistics Research

Variable	N	Theoretical Range	Actual Range	Mean	Standard Deviation
PPA	51	6 – 30	2,37 – 4,22	3,726	0,475
BS	51	6 – 30	3,67 – 4,89	3,623	0,518
KO	51	6 – 30	2,89 – 4,29	3,338	0,578
DS	51	5 – 25	2,71 – 4,82	4,192	0,432
BO	51	6 – 30	2,87 – 4,39	4,217	0,582

From the above descriptive statistics appeared to be the language of all variables on the average value of 3 and 4 and this shows that many respondents who agree of items that researchers ask questions (the respondent's understanding of the knowledge item questions are good).

Assumptions Classics Test

Multicollinearity Test

Multicollinearity is a condition that describes a linear relationship is perfect or certainly among some or all of the independent variables of the model under study (Damodar, 1995). Multicollinearity will result in the regression coefficient is uncertain or result in the standard error becomes infinite, giving rise to biased specifications. Hair *et al* (1995) offers a way to determine whether there is multicollinearity, namely by looking at the magnitude of the tolerance value (VIF). If the value of VIF <10 and tolerance values close to one, indicating no multicollinearity occurs. Summary of test results can be seen in Table 4 below.

Table 4
Multicollinearity test results

Equations	Collinearity Statistics		Note
	Tolerance	VIF	
1. $Y = a + b_1X_1 + e$	1,000	1,000	Free
2. $Y = a + b_1X_1 + b_2X_2 + b_3X_1X_2 + e$	0,178	5,483	Free
3. $Y = a + b_1X_1 + b_4X_3 + b_5X_1X_3 + e$	0,126	7,530	Free
4. $Y = a + b_1X_1 + b_6X_4 + b_7X_1X_4 + e$	0,149	3,848	Free

From the results of Table 5, it can be said that the regression model has met the assumption of multicollinearity.

Data Normality Test

Testing the normality of the data is done using the alpha Kolmogorof-Smirnof by 5%. If the significance of the test-Smirnof Kolmogorof greater than 0.05 means that the normal data.

Summary of test results can be seen in Table 5 below.

Table 5
Data Normality Test Results

Variabel	N	Significance	Note
PPA	51	0,247	Normal
BS	51	0,329	Normal
KO	51	0,271	Normal
DS	51	0,196	Normal
BO	51	0.129	Normal

From the above results are generally p-value is greater than 0.05 and this shows the data used is normal.

Multiple Regression Test

Table 6
Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.839	3.194		2.035	.385
PPA	.641	.573	.473	.796	.026
KO	1.135	.974	1.027	1.968	.012
DS	.729	.638	.649	.853	.007
BO	.626	.582	.589	1.562	.032
PPA*KO	.391	.283	1.152	.996	.029
PPA*DS	.498	.349	1.438	1.137	.018
PPA*BO	.623	.472	1.784	1.375	.043
F	6.482				
Sig F	0.000				
R Square	0.474				
Adjusted R Square	0.587				

a. Dependent Variable: Y

Sources: Primary data processed 2011

From the table above, then the regression equation as follows:

$$BS = 4.839 + 0.641PPA + 1.135KO + 0.729DS + 0.626BO + 0.391PPA*KO + 0.498PPA*DS + 0.623PPA*BO$$

The t Test

The First Hypothesis Testing

The first hypothesis states that "Participation in budgeting a positive influence on budgetary slack". To prove the first hypothesis in ibisa seen from Table 6. Results of testing H1 positive coefficient values obtained t values for 0641 and 0796 to 0026 sig $< \alpha$ 0.05. Thus the first hypothesis is accepted.

The Second Hypothesis Testing

The second hypothesis states that "Participation in budgeting a positive influence on budgetary slack with organizational commitment as a moderating variable". To prove the first hypothesis can be seen from Table 6. The results of testing H2 positive coefficient values obtained t values for 0391 and 0996 with 0029 sig $< \alpha$ 0.05. Thus the second hypothesis was accepted.

The Third Hypothesis Testing

The third hypothesis states that "Participation in budgeting a positive influence on budgetary slack with decentralization as a moderating variable". To prove the first hypothesis can be seen from Table 6. The results of testing H3 positive coefficient values obtained t values for 0498 and 1137 to 0018 sig $< \alpha$ 0.05. Thus the third hypothesis is accepted.

The Fourth Hypothesis Testing

The fourth hypothesis states that "Participation in budgeting a positive influence on budgetary slack with the organizational culture as a moderating variable". To prove the first hypothesis can be seen from Table 6. The results of testing H4 positive coefficient values obtained t values for 0623 and 1375 to 0043 sig $< \alpha$ 0.05. Thus the fourth hypothesis is accepted.

Test Value F

From table 6 above can be seen that nilaiF sig F for 6482 and 0000 $< \alpha$ 0:05 means participation in the preparation of budgets, commitments organisasi, decentralization, and cultural organizations jointly affect budgetary slack.

Determination Test

From table 6 above can be seen that the magnitude of the adjusted R^2 is equal to 0.587 which means that 58.5% of budgetary slack variables can be explained by the variables of participation in budgeting, organizational commitment, decentralization, and organizational culture and the remaining 41.5% influenced by other variables not investigated.

CONCLUSION

The conclusion from this research as follows: (1) with the involvement in the budgeting process was made subordinate opportunities for greater budgetary slack, (2) with the organization's commitment led to the behavior of budgetary slack in the budget process is increasing, (3) with decentralization in budget participation, poorer can increase budgetary slack, (4) with the participation of cultural organizations in the preparation of the budget to increase budgetary slack

ADVICE

Researchers realized that the research is still far from perfect, therefore there are a few suggestions to be made to improve the subsequent research, including: (1) next studies should be conducted to obtain data in a live interview so that the data obtained will be more complete and in accordance with expectations, (2) using a larger sample with a wider coverage area, so the results can be generalized conclusions, (3) subsequent studies can use your other variables to see the effect of budgetary participation on budgetary slack.

REFERENCES

- Brownell, Peter. 1982. The Role of Accounting Data in Performance Evaluation, Budgetary Participate and Organizational Effectiveness. *Journal of Accounting Research*.
- Coryanata, Isma. 2006 Desentralisasi dan Komitmen Organisasi sebagai Pemoderasi Hubungan antara Partisipasi Penyusunan Anggaran dan Kinerja Manajerial pada Perguruan tinggi Swasta di Indonesia. *Jurnal Akuntansi dan Investasi*. FE UMY Yogyakarta. Vol. 7 No. 1 Januari. Hal 73-88.
- Darma, E. S. 2004. Pengaruh Kejelasan Sasaran dan Sistem Pengendalian Akuntansi terhadap Kinerja Manajerial dengan Komitmen Organisasi sebagai Variabel Pemoderasi pada Pemerintah Daerah. *Tesis*. Program Pascasarjana. UGM: Yogyakarta.
- Darlis, edfan. 2000. Analisis Pengaruh Komitmen Organisasi dan Ketidakpastian Lingkungan Terhadap Hubungan Antara Partisipasi Dengan Senjangan Anggaran. *Jurnal Riset dan Akuntansi Indonesia*
- Dinni, Anissarahman. 2008. Pengaruh Partisipasi Anggaran, Informasi Asimetri, *Budget Emphasis* dan Komitmen Organisasi terhadap Timbulnya *Slack* Anggaran (Studi Kasus pada PT. Telkom Yogyakarta). *Skripsi*. UII: Yogyakarta.
- Dunk, A. S. 1993. The Effect of Budget Emphasis and Information Asymmetry on Relation Between Budgetary Participation and Slack. *The Accounting Review*.
- Falikhatun. 2007. Interaksi Informasi Asimetri, Budaya Organisasi dan *Group Cohesiveness* dalam Hubungan antara Partisipasi Anggaran dan *Budgetary Slack* (Studi Kasus pada Rumah Sakit Umum Daerah Se-Jawa Tengah). *SNA X*: Makasar.
- Fitri, Yulia. 2004. Pengaruh Informasi Asimetri, Partisipasi Anggaran dan Komitmen Organisasi Terhadap Timbulnya Senjangan Anggaran (Studi Empiris pada Universitas Swasta di Kota Bandung. *SNA VII*. Denpasar Bali.
- Indriantoro, N. 1993. The Effect of Participative Budgeting on Job Performance and Job Satisfaction with Locus of Control and Cultural Dimensions as Moderating Variables. *Ph.D.* University of Kentucky. Lexington.
- Mardiasmo. 2002. Akuntansi Sektor Publik. Andi Offset: Yogyakarta.
- Mowday, R. Steers dan Porter. 1979. The Measurement of Organization Commitment. *Journal of Behavior*.
- Nazaruddin dan Henry. 2011. Pengaruh Partisipasi Penyusunan Anggaran Terhadap Kinerja Aparat Pemerintah Daerah dengan Budaya Organisasi, Komitmen Organisasi, Motivasi, Desentralisasi, dan Job Relevant Information Sebagai Variabel Moderasi (Studi Empiris pada Pemerintah Daerah Kabupaten Kulon Progo). *Jurnal Akuntansi dan Investasi*. FE UMY Yogyakarta. Hal 222-235.

- Nouri, H. dan R. J. Parker. 1996. The Effect of Organizational Commitment on Relation Between Budgetary Participation and Budgetary Slack. *Behavioral Research in Accounting*.
- Nunnally, J. 1967. *Psychometric Methodes*. New york: McGraw-Hill.
- Santoso, Singgih. 2000. Mengatasi Masalah Statistik dengan SPSS Versi 11.5, PT Gramedia Pustaka Utama, Jakarta.
- Republik Indonesia. Undang-undang RI No. 32 tahun 2004. *Tentang Pemerintahan Daerah*.
- Republik Indonesia. Undang-undang RI No. 32 tahun 2004. *Tentang Perimbangan Keuangan antara Pemerintahan Pusat dan Daerah*.
- Riyanto, B. 2003. Model Kontijensi Sistem Pengendalian: Integrasi dan Ekstensi untuk Future Reseach. KOMPAK: *Jurnal Akuntansi, Manajemen, dan Sistem Informasi* FE UTY Yogyakarta. No: 9. April. 330-342.