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SUB THEME
ACCOUNTING AND FINANCE

WEDNESDAY, OCTOBER 9th 2013

ROOM : MELATI	TIME : 14.45-16.00 PM

MODERATOR
Dr. Amzul Rifin

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ACCOUNTABILITY CAMPAIGN FUNDS: EFFECT OF THE LEVEL OF PUBLIK UNDERSTANDING AND POLITICAL PARTY MEMBERS ON ACCOUNTABILITY (STUDY OF PERCEPTION KPU AND PANWASLU IN BENGKULU CITY)

Fachruzzaman, Morry Putrado

Purpose of this research is to determine how much influence the level of public awareness and accountability of political parties on campaign funds, sample in this study is primary data obtained from questionaires regarding accountability dissemination campaign funds from the viewpoint of KPU and PANWASLU in Bengkulu City. The test result prove that the higher the level of public awareness and understanding of the political parties on accountability, the higher accountability campaign funds vice versa if the level of public awareness and understanding of low political parties , the lower accountability of campaign funds.

Keywords: Accountability, Accountability Campaign Funds, Election, Election Law, KPU Regulation.

[31]

FINANCIAL PERFORMANCE OF LOCAL GOVERNMENT, LKPD OBTAINING WTP OPINION, AND CAUSE CONTROVERSY DECISION IN THE PROVINCE BENGKULU

Kamaludin, Fachruzaman

LKPD is arranged to provide relevant information about financial position and all transactions that did by local government during one reporting period. Local government financial statement is utilized to compare income and expense realization with budget already being established, assessing financial condition, assessing effectiveness and local government efficiency and helping determine its obedience to legislation regulation. This research is intent to evaluate LKPD'S performance that gets WTP and asses causative factor distinctive opinion to predicate WTP. Method analisys to assess performance LKPD is to use financial ratio criteria compounded by qualitative data. Severally result that research LKPD is in Bengkulu's Province that get WTP'S opinion stills to haveing dependency higly federal or relies counter balance fund. On the contrary contribution PAD smalles. The other side APBD good enough at efficiency ratio, while PAD'S growth ratio so fluctuative in particular some mind regency finally new regency autonomy. BPK'S opinion on LKPD so vulnerable regarded by experience a criteria's else auditor quality and not measurable ensues any opinion and subjective tend in gives opinion.

Keywords: LKPD, WTP, PAD, BPK, and APBD.

[32]

THE EFFECT OF REPUTATION, ETHICS AND SELF ESTEEM ON BUDGETARY SLACK WITH LOCUS OF CONTROL AS A MODERATING VARIABLE

Lisa Martiah Nila Puspita, Etika Yessianti
Universitas Bengkulu

Budgetary slack is one of strategies taken by accountant to make himself pleasured. This strategy effectively prevents budgets from working properly. It can even be unethical in some cases, such as when companies intentionally distort these figures in order to achieve certain accounting objectives. This experiment study aims to examine the effect of reputation, ethics, and self esteem on budgetary slack with the Locus of control as a moderating variable. The subjects were consisted of 103 Accounting students at University of Bengkulu. The model used multiple linear regression to test hypotheses related on the influence of budgetary slack and Moderated Regression Analysis (MRA) for testing moderation between reputation and ethics

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Abstract: Budgetary slack is one of strategies taken by accountant to make himself pleasured. This strategy effectively prevents budgets from working properly. It can even be unethical in some cases. This study aims to examine the effect of reputation, ethics, and self esteem on budgetary slack with the LoC as a moderating variable. The subjects were consisted of 103 Accounting students at University of Bengkulu.

The results showed that the reputation has positive effect on budgetary slack. This means that the higher the reputation of a person then the greater budgetary slack that occurs. While, the the second and third said that ethics and self-esteem has no effect on budgetary slack, which means that ethics and self esteem can't directly affect budgetary slack. Moderating variable (LoC) had a role as a quasi moderator.

Keywords: reputation; ethics; self-esteem; budgetary slack; LoC

INTRODUCTION

Budgetary slack is the difference between the budgeted amount and costs or expenses that should be (Dunk & Perera, 1996 in Fitri, 2004). Budgetary slack can arise when managers intentionally set income is too low or too high for costs (Hansen & Mowen, 1997).

Young (1985) in Welsch et al. (1995) found that an employee who participates in the budgeting process tend to incorporate slack into the budget. Looseness is in part due to the efforts of subordinates to avoid risk. Managers look for ways to protect themselves from the risk whether they cannot achieve the budget (Schiff and Lewin, 1970 in Fitri, 2004). Young and Merchant (1985) in Falikhatun (2007) have examined empirically that budgetary slack occurs because subordinates provide biased information to superiors by reporting higher cost or lower reported earnings. Sometimes, the rigid budgetary control can make subordinates to behave dysfunctional behavior (Lukka, 1988 in Hadikusuma, 2009).

Budgetary slack can be occured by two factors: economic and non-economic. Tendency budgetary slack is not only related to economic factors, but also due to non-economic factors. One of non-economic factors is a personal factor. This non- economic factors makes the gap in the budget implementation. It is because of subordinate achievement not only motivated by monetary incentives (economic factors) but also motivated by other factors such as complex personal factors or social factors. Monetary incentive is not too enough to achieve a certain level of motivation (Hansen and Mowen, 1997). This study examine the effect of budgetary slack related to non- economic factors, such as reputation, ethics and self esteem.

Many studies have attempted to explain the budgetary slack variables. Young and Merchant (1985) in Falikhatun (2007) pointed out that because of the desire to avoid risk, subordinates engaged in the preparation of the budget tends to make budgetary slack. Whenever the risk is higher, subordinates who participated in the preparation of the budget will make budgetary slack. In the other study, Dunk (1993) in Falikhatun (2007) examined the relationship between participation and budgetary slack that uses information between subordinates and superiors, and superiors budget emphasis are used to assess the performance of subordinates. The results found that

the interaction between participation, budget emphasis and information asymmetry has a significant negative relationship with the budgetary slack. It could be done if budget emphasis and information asymmetry is too high then the budgetary slack to be low and vice versa.

In addition, recent studies show that the influence of individual factors on budgetary slack. Actually, Dunk and Perera (1996) in Sari (2006) said that budget participation and information asymmetries do not affect budgetary slack but personal factors.

Blanchette, et al. (2002) in Sari (2006) said that budgetary slack is something that is ethical and therefore contributes positively. Steven (2002) found that creating budgetary slack is an unethical thing. Steven gave evidence that the reputation and ethics is negatively related to budgetary slack. Douglas and Wier (2000) in Maskun (2009) found that ethical position (ethical or unethical) is relatively dependent subordinate perception that one side tends to increase budgetary slack, on the other hand tends to reduce slack. Nugrahani Research (2004), stating that ethics has no effect on budgetary slack.

THEORY AND HYPOTHESIS

The Effect of Reputation on Budgetary Slack

Reputation can observed with social norms like honesty, fairness, and avoid failures and cheating. Steven (2002) defines reputation as a desire subordinate (subordinate) to act honestly and fairly in leadership. He gave evidence that reputation is negatively related to budgetary slack. Chow et al. (1988) in Nugrahani (2004) said that personal factors such as ethics, individual integrity, and honesty influence on budgetary slack. Onsi (1973), in Nugrahani (2004) test that personal factors influence the budgetary slack. Brahmayanti (2006) found that reputation had a negative effect, which says the higher reputation the lower budgetary slack. Then, Nugrahani (2004) stated that the reputation affect negatively to budgetary slack. Based on the theory and those results, the first hypothesis is proposed as follows:

H1 : Reputation negatively affect on the budgetary slack

The Effect of Ethics on budgetary Slack

According Penno (1984), positive behavior subordinate (subordinate) can be assessed on the disclosure of information regarding its performance by correctly mentioning the amount of a reasonable budget. Chow et al. (1988) in Nugrahani (2004), stating personal factors such as ethics, individual integrity, and honesty influence on budgetary slack. Douglas and Wier (2000) in Maskun (2009), in his study of the influence of ethics on budgetary slack found that ethical position is relatively dependent subordinate perception that one side tends to increase budgetary slack, on the other hand tends to reduce slack. Blanchette, et al. (2002) in Sari (2006) said that creating a budget gap (budgetary slack) is unethical and therefore contributes positively. The results Maskun (2009) himself stated that the negative effect of ethics, the respondents considered unethical existence of budgetary slack, the higher the propensity to create budgetary slack and vice versa. Steven (2002) found that creating budgetary slack is an unethical thing and provide evidence that ethics is negatively related to budgetary slack. Nugrahani (2004), stated that ethics has no effect on budgetary slack. Based on several studies related to ethics, the second hypothesis is as follows:

H2 : Ethics negatively effect on budgetary slack

Effect of Self Esteem on budgetary Slack

A person with low self esteem cannot work well as expected, he was not able to work and do not get satisfaction if it works well (Bateman, 1996). Belkaoui showed that the superior with negative feedback tends to estimate the cost budget higher than the superior with positive feedback. Otherwise when subordinate budget estimate sales, the budget could be lower. Neutral feedback is estimated between positive and negative feedback. He claimed   self- esteem variables significant at alpha 5 percent, it indicates that self -esteem is able to explain the budgetary slack. Nugrahani (2004) tested self esteem, she said that it can be able to explain the budgetary slack. The results showed that self esteem can negatively affect the budgetary slack. So the third hypothesis that self-esteem is related to:

 H3 : Self Esteem negatively affect the budgetary slack

Locus of Control, the budgetary Slack, and Reputation

According Hjele and Ziegler (1981) in Engko (2007), Locus of control is defined as a perception of the causes of success or failure in carrying out its work. While reputation is a case where someone wants to maintain an image in front of his superiors. Baiman and Rajan (1995) in Nugrahani (2004) suggested to describe the behavior of a person's reputation, both with regards to the control of economic and social control. To maintain one's image in front of your superior, then such a person has an ability to believe in the achievement of herself in carrying out a task that has been given. In addition, the behavior of budgetary slack is an act that has certain consequences if the manager was really going to do it. An internal Locus of control manager will know the consequences of budgetary slack to be done. Based these, the fourth hypothesis is proposed:

H4 : Locus of control influence the association between the budgetary slack and Reputation

Locus of Control, the budgetary Slack, and Ethics

According to Rotter (1966) in Brownell (1982), Locus of control is the degree to which a person accepts personal responsibility for what happens to them. Harsono (1997) concluded that ethics are matters relating to issues of right and wrong. Ethical development is an important thing for the success of the individual as a leader of an organization. Sari (2006) stated traits internal Locus of control are those who believe that an event is always in control and will always take on the roles and responsibilities in the determination of right or wrong. So, someone was going to try as much as possible to control a situation or event as a manifestation of a sense of responsibility. With the carriage of a person like that, then one can determine what is right and what is wrong. An individual who has good ethics, then the individual can know where he could be placed and can accept the responsibility of what happens to the individual. Then fifth hypothesis is proposed:

H5 : Locus of control influence the association between the budgetary slack and ethics

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EXPERIMENTAL DESIGN

</div>

Subject

A hundred and three undergraduate student at Bengkulu University participated in the experiment. Subject received course credit and compensation for participation in the study.

Insert Table 1.

In this experiment participants will be assigned to carry out the production by making toys " paper boat ", it aims to act as if the participants establish and implement a production budget of a company.

Production will be performed three times. First, participants were asked to perform the experiment of production for a minute before they actually do the actual production. The aim is to give you an idea of how many units they are able to produce in one minute. After that, they were asked to determine how the production targets they can generate within two minutes, according to their ability to carry out the experiment before. Targeting is analogous to stage budgeting. Subsequently they started doing the first production for two minutes. At this stage, investigators determined the compensation to motivate, if the actual production exceeded budgeted targets, then every single unit that exceeds the target will be awarded a bonus of five points will be accumulated at the end of the session.

For the second production, not much different from the first production, but here researchers who set the standards of production and if anyone can make the production exceeds the standards that have been given, then the participants will be compensated. Here will see who can produce the production exceeds the standards set by the researchers. The time given for a second production well for two minutes. Finally, participants will conduct the third phase of the production rules are still the same as the second production rule. It means that the budgetary slack happened.

Experiment scenario

Procedures to be performed in this experiment to study the behavior of subordinates, is divided into seven stages:
1. Directing duties on the participants, the researcher briefed the participants how to make a toy "paper boat" for about one minute.
2. 1 filling questionnaires about self esteem for approximately two minutes.

3. Exercise trial production task, each participant attempted first making toy " paper boat " for a minute. This was done to determine the production target from each participant according to their abilities. Researchers together to guide and explain to each group.

4. Exercise 1 production task, participants were asked to make a toy " paper boat " on target production of each participant were achieved in the previous trial practice. Participants will be compensated by 5 points if the results of this first phase of production exceed production targets participants who performed the exercise trial. Every single unit that exceeded the production target will be compensated 5 points, which will be the points will be accumulated. Time given by the researchers for two minutes.

5. Exercise 2 production task, participants were asked to make a toy " paper boat " is not a suitable target is achieved in the experiment but with the production standards set by the researchers. If anyone could make production exceeds the standards given researchers, then participants will be compensated by 5 points. Every single unit that exceeds production standards will earn 5 points compensation, which will be the points will be accumulated. For two minutes would be anyone who can do production exceeds a predetermined standard.

6. Exercise 3 production task, participants were asked to make a toy " paper boat " with the exact same workout 2 production tasks.

7. 2 filled out a questionnaire containing questions about reputation, ethics and manipulation checks. Manipulation cheks aims to test whether participants truly understand the experiments conducted. Manipulation cheks compensation is related to production. Manipulation consists of three items cheks questions with Likert scale measuring 1 to 5 with the " strongly disagree " to " strongly agree ". Question on a scale of 1 means the participants did not understand the experiments carried out and vice versa, the question on a scale of 5 means that participants truly understand the experiments were conducted. Further to fill out questionnaires regarding Locus of control 3.

Operational Definition and Measurement of Variables

The dependent variable in this study is budgetary slack. Budgetary Slack: calculated as the difference between the subordinate's expected performance and chosen budget divided by the subordinate's expected performance (Steven, 2002). While expected performances calculated as the average of production in the prior two periods is used to proxy for the subordinate's expected performance.)

The independent variable in this study is reputation, ethics and self esteem. Reputation is defined as the desire to appear honest and fair in the presence of a superior (Steven, 2002). Questions about the reputation consists of a single item with a Likert scale measuring 1 to 5 with the " very important " to " very important " (Nugrahani, 2004)

Questions about the reputation of the " important experiment for me (subordinate) if the superior thinks that I (subordinate) to set targets in accordance with the true potential ". To answer such a scale of 1 means that a person does not feel very concerned and there is no desire at all to keep his reputation before the superior, so it is considered to have a very poor reputation. To answer 5 scale means that a person feels is eager to do whatever is best to keep the image in front of his superior / her good name, so it is considered to have a very high reputation

Ethics means doing the right thing in making the budget target (Steven, 2002). Just like reputation, ethics is also composed of a single item question with a Likert scale measuring 1 to 5 with the " strongly disagree " to " strongly agree " that are used by Nugrahani (2004).

To answer a scale of 1 means that the person feels in setting a target if it does not fit with the actual production potential, an act which is very unusual in a job, so it is considered to have very low ethics. To answer 5 scale means that a person feels in setting a target if it does not fit with the actual production potential, an action that is not very good and it was regarded as something that is very detrimental to him if he did it in a job, so it is considered to have very high ethical.

Self esteem means the confidence with all its potential (Field, 2003). This study uses self esteem instrument developed by Rossenberg (1965) has been translated Anwar (2003) which is also used by Nugrahani (2004) in his research. Question of self -esteem consists of ten items with a Likert scale measuring 1 to 5 with the " strongly

disagree " to " strongly agree ". To answer a scale of 1 means that people with low self esteem do not feel good with him, while for an answer scale of 5 means that a person has a high self esteem in which they see themselves valuable, capable and acceptable.

Moderating variables that exist in this study is the Locus of control. According to Rotter (1966) in Sari (2006), Locus of Control is the degree to which a person accepts personal responsibility for what happens to them.

Locus of control will be measured with an instrument developed by Spector (1988) in Mas'ud (2004) in the journal Development of the Work Locus of Control Scale, consisting of 16 questions using a Likert scale of 1 to 5 with the " strongly disagree " to " strongly agree". For internal Locus of control: statements 1, 2, 3, 4, 7, 12, 15, and 16 For external Locus of control: statements 5, 6, 8, 9, 10, 11, 13, and 14

RESULT

Descriptive Statistics

Overview of statistical data between the study variables used descriptive statistics table below:

Insert Table 2.

Average production capacity of 1, 2, and 3 is equal to 2.6990; 3.2427, and 3.4272 units, with the average target is equal to 3.0291 units. Biggest budgetary slack is 1.0769. This indicates that the participants after determining a target, he wanted to achieve greater than a predetermined production targets, but instead produces less output than what was targeted. In contrast, for the smallest budgetary slack -1.2000, this means that the participant after determining the target, he could even reach exceeds production target has been set.

Variable self- esteem ranged from 25 to 43. This value is derived from the sum of 10 item self- esteem questions, using a Likert scale of 1 to 5. Self- esteem variables obtained mean value of 33.91, which means in answering questions, more respondents answered in point 3 (neutral). Possibility of participants felt he had a sense of confidence that is not too low nor too high.

Reputation variable minimum and maximum values ranging from 1 to 5, using a Likert scale of 1 to 5. The average value of 4.1456 which means the reputation of participants in answering the question revolves around the choice between a 4 (agree).

Not occur doubt participants in answering the question. This is possible because the participants feel confident the researcher (superior) knows that he has set targets in accordance with the true potential of the participants, in which the existence of such a thing spur participants to maintain its image in the eyes of his superiors. This could happen because of the possible supervision of the researcher than the professors who were present at the time the experiment took place.

Minimum value and minimum ethics variable data is 1 and 5 by using a Likert scale of 1 to 5. Descriptive statistics obtained from the average value of 3.3689 ethics. This means that participants in answering the question of ethics, on average choose between 3 (neutral). There is quite a bit of doubt in answering that question. Doubt in this case occurred because maybe there are some participants who still do not understand about ethical considerations.

Variable Locus of control (LOC) that internal LOC ranged from 8.00 to 40.00. This value is derived from the sum of 8 item questionnaire, using a Likert scale of 1 to 5. This internal LOC variables obtained mean value of 29.79, which means in answering questions, more respondents answered in figure 2 (disagree) and 3 (neutral). Here we can see a whole lot more participants answered neutral which means it still seemed hesitant to see a side of the incident comes from within ourselves. As for the external LOC ranged from 15.00 to 40.00. This value is derived from the sum of 8 item questionnaire, using a Likert scale of 1 to 5. This external LOC variables obtained mean value of 23.57, which means in answering questions, more respondents answered in figure 2 (disagree). participants answered a whole lot more do not agree that it means that the side view of an event based on other people and the environment that influence is still rather low. Participants say it has a medium level of external LOC soul.

Hypothesis Test

The first hypothesis, the second and third of this research is to use a linear equation is Y = a + + b1X1 b2X2 b3X3 + ε. The regression analysis for the first hypothesis, the second and third are as follows :

Insert table 3.

Results of regression test the first hypothesis, the second and the third by the equation Y = a + + b1X1 b2X2 b3X3 + ε indicates the magnitude of R Square is equal to

0.054, the calculated F value is 1.882 and Adj R Square value of 0.025, with a significance value of 0.038 equation (< 0.10) which indicates that the model equations fit. The test results also showed the value of a constant coefficient of 0.473 with a significance value of 0.245, which means that the reputation, ethics and self esteem simultaneously affect the budgetary slack.

For the first hypothesis, partially visible significance for the reputation of the 0,035 meaningful effect on the reputation of budgetary slack, with a coefficient of 0.091, which means a positive value. So it can be concluded positive effect on the reputation of budgetary slack, so that hypothesis 1 is rejected.

The first hypothesis test results do not support Steven (2002), Nugrahani (2004), and Brahmayanti (2006) that negatively affect the reputation of budgetary slack. Hypothesized differences like this can happen which can be observed when the experiment took place, when they feel that their superiors knowing their true potential, then they work / production is not in accordance with the targets they have budgeted in other words they do budgetary slack. Conversely, when they feel their superiors do not know their potential, then they try to produce in accordance with the targets they have budgeted. Thus, it can be concluded that the known potential for them by their superiors, the greater their desire to perform budgetary slack.

For the second hypothesis, partially visible significance for ethics is 0.903 as p value> 0.10 means that ethics has no effect on budgetary slack. So it can be concluded ethics has no effect on budgetary slack, so that hypothesis 2 is rejected.

Based on the results of testing the second hypothesis using multiple regression analysis showed that ethics has no effect on budgetary slack. These results indicate that the size of the slack is done by a subordinate, can not be seen from the level of one's ethics. It means, in other words, ethics can not directly predict the existence of budgetary slack.

The second hypothesis test results do not support previous research conducted by Steven (2002) and Maskun (2009) that the ethics negatively affect budgetary slack, and do not also support previous research (Blanchette et al (2002) and Van der Stede, 2002) which states that the slack is created or ethical conduct.

This study supports the Nugrahani (2004) which stated ethics had no effect on budgetary slack, that ethics can not directly determine the existence of budgetary slack.

For the third hypothesis, looks coefficient of -0.007 with significance for self -esteem partially because the p value is 0.091 < 0.10 means that the self -esteem negatively affect the budgetary slack. So it can be concluded that self- esteem negatively affect budgetary slack, so that hypothesis 3 is accepted. These results indicate that the higher a person's level of self-confidence, the less budgetary slack is happening.

The third hypothesis test results support previous research conducted by Belkaoui (1989) and Nugrahani (2004) that the significance below 0.05, then self-esteem is said to be able to clarify the existence of budgetary slack. The results obtained in this study indicate the significance of the mean p value 0.091 < 0.01 then say self esteem can see where budgetary slack.

The fourth hypothesis in this study is whether the Locus of control moderates the effect of reputation on budgetary slack. Results for the fourth hypothesis testing can be seen in the following table :

Insert Table 4.

From the results of the table above, shows the results of the fourth hypothesis testing using MRA models. The resulting value of R Square is equal to 0.062 and Adjusted R Square of 0.033 indicates that the model fit the MRA is more than the previous model when it directly affects the reputation of budgetary slack. So it is said that the Locus of control may strengthen the reputation and influence of budgetary slack. Value of the F statistic is equal to 2.177 with a significance of 0.095, which means the fit equation 2 because of significant under 10% which is 9.5%.

Based on the individual parameter significance test (t test), of the three variables used in the regression, reputation has a significant effect (p <0.10), Locus of control variables can be considered as a moderating variable because it has significance 0.095 (at 0.10 level). Due to the interaction between the hypothesized moderating variables with independent variables significant result, then according to the framework to identify moderating variables proposed by Sharma et. al (1981) then performed the second phase of testing whether the hypothesized moderating variables related to the criterion variable (dependent variable). The results of data processing carried out by regression analysis can be seen in the following table:

Insert Table 5.

From the table above, note that the value of ZLOC coefficient of 0.048 with a significant level (0.178) between the Locus of control with budgetary slack because of p> 0.10. These results showed no significant effect between the variables of Locus of control on budgetary slack. Based framework for identification moderator variables by Sharma et al. (1981), if the interaction between Locus of control variables with budgetary slack has no effect, then the Locus of control variable is a moderator variable with the criteria of pure moderator.

Equation results for the fourth hypothesis suggests that the Locus of control moderates the effect of reputation on budgetary slack. According to the framework to identify moderating variables, then the second stage of testing whether the hypothesized moderating variables related to the criterion variable (Sharma et al., 1981) and didapatlah results that Locus of control as a moderator variable with the criteria as pure moderator variable. Pure moderator variable is a variable that does not interact significantly with the dependent variable (Sharma et al., 1981). Influence the reputation of the budgetary slack will be even greater when influenced by Locus of control.

Fifth Hypothesis Testing

The fifth hypothesis in this study is whether the Locus of control moderate the influence of ethics on budgetary slack. This hypothesis using MRA (Moderated Regression Analysis) that had been treated with Equal3 when exposed multicollinearity is Y = a + + b1X2i b2X4i b3Abs + (X2i-X4i) + ε. Results for the fourth hypothesis testing can be seen in the following table:

Insert Table 6.

From the table above, the results of the fifth hypothesis testing using MRA models. The resulting value is the R Square of 0.026 and Adjusted R Square of 0.026. Value of the F statistic is equal to 2.883 with a significance of 0.083, which means the model is fit equation 3 as significant under the 10% that is 8.3%. Can be inferred Locus of control moderate the influence of ethical and budgetary slack.

Based on the individual parameter significance test (t test), of the three variables used in the regression, ethics has a significant effect (p <0.10), Locus of control variable is said to be a moderating variable because it has a 0.083 significance (at the 0.10 level). Due to the interaction between the hypothesized moderating variables with independent variables simultaneously significant results, then according to the framework to identify moderating variables proposed by Sharma et. al (1981) then performed the second phase of testing whether the hypothesized moderating variables related to the criterion variable (dependent variable). The results of data processing carried out by regression analysis can be seen in the following table:

Insert Table 7.

The table displays the value of ZLOC coefficient of 0.048 with a significant level (0.178) between the Locus of control with budgetary slack because of p > 0.10. These results showed no significant effect between the variables of Locus of control on budgetary slack. Based framework for identification moderator variables by Sharma et al. (1981), if the interaction between Locus of control variables with budgetary slack has no effect, then the Locus of control variable is a moderator variable with the criteria of pure moderator.

Equation results for the fifth hypothesis suggests that the Locus of control moderate the influence of ethics on budgetary slack. According to the framework to identify moderating variables, then the second stage of testing whether the hypothesized moderating variables related to the criterion variable (Sharma et al, 1981) and didapatlah results that Locus of control as a moderator variable with the criteria as pure moderator variable. Ethics can know the existence of budgetary slack when influenced by Locus of control.

SUMMARY AND CONCLUSIONS

This study contributes to the literatures in participative budgeting by testing the effect of reputation, ethics, Locus of control on budgetary slack. The result from this experimental study is contrast from previous study. In the prior study, budgetary slack is negatively associated with the reputation and ethics, but in this study, we find that

reputation has a positive significantly impact on budgetary slack, while the hypothesis is said to negatively affect the reputation of budgetary slack, so the first hypothesis is rejected.

The second hypothesis result showed that ethics has no effect on budgetary slack, while the hypothesis is said to negatively affect the ethics of budgetary slack, so that the second hypothesis is also rejected. This study found that self-esteem negatively affect the budgetary, so that the third hypothesis is accepted.

The fourth and fifth hypothesis states that the Locus of control moderates the effect of reputation and ethics on budgetary slack. These hypothesis are accepted. This study contributes to predict budgetary slack that can add a variable Locus of control as a moderating variable.

The time used in this experiment was too short for participants who did not have experience in doing the task at hand in the screenplay. Experience in performing the task participants are limitations to the present study. Thus, the task of determining relevant and appropriate in subsequent studies need to be considered further.

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Tabel 1
Participants Description

Criteria	n	Percentage
Grade		
2006	1	0,99%
2007	42	40,77%
2008	15	14,56%
2009	45	43,68%
Total	**103**	**100%**
Gender		
Male	38	36,89%
Female	65	63,11%
Total	**103**	**100%**
Locus of Control:		
Internal	94	91,26%
external	9	8,74%
Total	**103**	**100%**

Table 2
Descriptive Statistics (n= 103)

	Minimum	Maximum	Mean	Std. Deviation
Production 1	1.00	7.00	2.6990	1.10998
Production 2	1.00	7.00	3.2427	1.05222
Production 3	2.00	7.00	3.4272	1.13416
Expected Performance	1.500	6.500	3.16748	.950611
Target	1.00	6.00	3.0291	.97474
Budgetary Slack	-1.2000	1.0769	.173168	.3614641
Self Esteem	25.00	43.00	33.9126	3.29619
Reputation	1.00	5.00	4.1456	.85644
Ethics	1.00	5.00	3.3689	.99990
Internal LOC	8.00	40.00	29.7961	3.95900
Eksternal LOC	15.00	40.00	23.5728	4.04291
Valid N (listwise)				

Table 3

Regression Model of Budgetary Slack

Variabel	Koefisien	t-Statistik	Sig.
Constant	0,473	1,170	0,245
Reputation	0,091	2,141	0,035
Ethics	0,004	0,123	0,903
Self Esteem	-0,007	-0,691	0,091

R Square	0,054
Adj. R Square	0,025
F-Statistik	1,882
Sig	0,038

Table 4
The Effect of LoC on Reputation dan Budgetary Slack

Variabel	Koefisien	t-Statistik	Sig.
Konstanta	0,173	4,946	0,000
ZReputasi	0,215	0,843	0,401

Variabel	Koefisien	t-Statistik	Sig.
ZLoC	0,129	0,758	0,450
Interaksi1	-0,181	-0,557	0,579

R Square	0,062
Adj. R Square	0,033
F-Statistik	2,177
Sig	0,095

Table 5
The Fourth Hypothesis Testing

Variabel	Koefisien	t-Statistik	Sig.
Konstanta	0,173	4,882	0,000
ZLOC	0,048	1,358	0,178

R Square	0,018
Adj. R Square	0,008
F-Statistik	1,843
Sig	0,178

Table 6
The Fifth Hypothesis Testing

Variabel	Koefisien	t-Statistik	Sig.

Variabel	Koefisien	t-Statistik	Sig.
Konstanta	0,173	4,854	0,000
ZEtika	0,223	0,753	0,053
ZLOC	0,140	0,990	0,325
Interaksi2	-0,232	-0,685	0,495
R Square	0,026		
Adj. R Square	0,035		
F-Statistik	2,883		
Sig	0,083		

Table 7
The Fifth Hypothesis Framework Testing

Variabel	Koefisien	t-Statistik	Sig.
Konstanta	0,173	4,882	0,000
ZLOC	0,048	1,358	0,178
R Square	0,018		
Adj. R Square	0,008		
F-Statistik	1,843		
Sig	0,178		