THE EFFECT OF PARTICIPATORY BUDGETING ON BUDGET SLACK IS MODERATED BY INFORMATION ASYMMETRY, BUDGET EMPHASIS, ORGANIZATIONAL COMMITMENT AND ETHICAL CONSIDERATIONS

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ABSTRACT
Public sector organizations are established with the aim of providing maximum service to the community. The public sector in order to realize its services, is expected to determine strategies in developing the quality and quantity of its services to the community. The purpose of this study is to measure and provide empirical evidence of the effect of participatory budgeting on budget slack moderated by 4 moderation variables namely information asymmetry, budget emphasis, organizational commitment and ethical considerations. This research is quantitative research using primary data in the form of questionnaire data. The population taken at SKPD Kota Surabaya in the Administration of Development and Procurement of Goods/Services of Surabaya City. The technique used to analyze the data uses multiple regression tests and MRA (Moderated Regression Analysis). This study proves that, participatory budgeting has a significant positive effect on budget slack, while information asymmetry, budget emphasis, organizational commitment, ethical considerations do not moderate the relationship of participatory budgeting to budget slack in the SKPD of the Development Administration and Procurement of Goods/Services of Surabaya City.

Keywords: Participatory budgeting, budget slack, information asymmetry, budget emphasis, organizational commitment and ethical considerations

INTRODUCTION
Public sector organizations are established with the aim of providing maximum service to the community. The public sector in order to realize its services, is expected to determine strategies in developing the quality and quantity of its services to the community. In government efforts to realize a good governance situation consisting of transparency and accountability, a tool is needed to measure the performance of government agencies so as to improve the quality of service to the community.

Good public service can be realized by positioning all elements to be servants and not just to be served. Service is the basis of stewardship theory which states that behavior can be shaped so that it can always be invited to work together in the organization, prioritizing collective or shared interests over personal interests and always willing to serve (Davis et al., 1997). Law number 23 of 2014 concerning regional government, this law regulates regional government about who regulates regional autonomy. In essence, regional autonomy is given to the people as a unit of legal society who are given the authority to regulate and manage their own government affairs given by the central government to the regions, and in its implementation carried out by the regional head and the regional people's representative council (DPRD) assisted by regional officials. This has increased the involvement of various parties in the preparation of regional budgets ranging from regional heads to regional apparatus work units (SKPD) under him.

2312
Based on law number 23 of 2014, the implementation of regional autonomy is able to bring regional financial management, without exception the Surabaya City Government, has changed from the traditional budget system to performance-based budgeting. Performance in public sector organizations is one of the most important points to observe. Since the implementation of performance-based budgeting, all government entities are required to be able to produce good performance. The increasing demand for public accountability in public sector organizations, especially in central and local governments, government work units, departments and state institutions is expected to reduce waste of funds or leakage of funds and detect programs that are not economically feasible.

Budgets have an important role in planning and controlling. In the private sector, the budget is used so that the company's goals and corporate strategy can be implemented properly. Budgets can be used as tools by management for planning and controlling activities. Budgeting in the public sector is a form of planning in which there are goals and targets of public organizations. Budgeting should focus its goals on the welfare of the community. Budgeting is divided into two methods including top-down and bottom-up methods.

Budgeting techniques where upper management prepares budgets and those who implement budgets are middle and lower level management, this technique is called the top-down method. The bottom-up method is the preparation of budgets which at the beginning of the stage is carried out by lower-level management, then middle-level management continues budgeting and continues at the upper management. The purpose of using the bottom-up method is to be able to improve the performance of managers or subordinates through participation in budgeting (Yasa & Dewi, 2014). This method is called participatory budgeting.

Based on table 1 of the Surabaya city government's budget realization report, there is a difference between the budget and budget realization, because regional revenue realization shows higher when compared to the budget that has been set reaching 102.81%. Meanwhile, in table 2 the difference in regional budget realization is lower, compared to the regional budget that has been determined, so the budget compared to realization, is smaller than the budget that has been determined at 87.78%. Based on the concept of value for money, namely 3E (economic, efficiency, effectiveness) in performance-based budgets, the non-achievement of budget targets is spending efficiency, when associated with traditional budgets or cash bases, not achieving targets is called the remaining budget or cash balance. The remaining budget is as revenue for the following year called SILPA (Remaining Calculation Over the Previous Year's Budget). Efficiency can be perceived as an increase in performance i.e. savings, while the realization is not the actual realization of spending that has been determined to be higher than the estimate, this indicates a budget gap in spending. This situation can have a bad influence on public sector organizations because government performance becomes less than optimal.

In the preparation and implementation of budgets involve many parties, ranging from top level management to lower-level management (lower-level management) called participatory budgeting. According to Falikhatun (2017), a problem that often arises from the involvement of lower/middle-level managers in budgeting is the emergence of budgetary slack. Budget gaps or slack occur, when subordinates are given the trust to plan budgets, they create revenue budgets smaller than their realization, as well as create higher budget targets and smaller realizations. In this condition, it can predict that the revenue budget target will be easily
achieved, because this achievement is the basis for performance assessment in the current year (Priyetno, 2018 in Biantara 2014).

Conditions like this that cause participatory budgeting are important because subordinates know the direct condition of their part. The budget is a political document or contract between the government and the DPRD as representatives of the people, then the DPRD acts to supervise government performance through the budget. A budget that has function as a performance appraisal tool, a person's performance appraisal is determined based on whether or not the budget target is achieved. So that budget participation or participatory budgeting can affect slack. Accounting research found that budgetary slack is influenced by several factors including subordinate participation in budgeting (Falikhatun, 2017). The purpose of this study is to analyze the effect of participatory budgeting on budget slack, to analyze the effect of participatory budgeting on information asymmetry moderated budget slack, and to analyze the effect of participatory budgeting on emphasized-moderated budget lack. The benefits of this study are theoretically the results of this study are expected to complement references regarding participatory budgeting to budget slack with information asymmetry, budget emphasis, organizational commitment and ethical considerations as moderation variables. The results of this study are expected to expand budgeting knowledge, especially in the public sector environment in government.

**METHOD**

The data used in this study is quantitative data, which is data measured on a numerical scale (number). The type of data collected in this study is primary data. Safitri & Astutik (2019) explained that primary data is data collected from the first source through the results of interviews or filling out questionnaires by individuals. Primary data is obtained by distributing questionnaires containing questions that become variable instruments sent to the SKPD of the Procurement of Goods/Services and Development Administration of the city of Surabaya. This SKPD is in the regional secretariat (sekda) of the city of Surabaya, where in the secretary there are government and people's welfare assistants, economic and development assistants and general administrative assistants.

In relation to the sample to be taken, researchers use the criteria to be used in sampling, using criteria that have been used in Irfan et al.'s research, (2016), namely officials or officials who are directly involved in the preparation, implementation and reporting of budgets. The population in this study is all structural apparatus/officials at the SKPD Procurement Section of the Surabaya City Development Administration / Services. A total of 60 people spread across the sampling technique were carried out by the purposive sampling method, based on the consideration that the sample was an apparatus / technical official involved in the preparation, implementation and reporting of the budget, the number of samples was 60 respondents.

Primary data is obtained by distributing questionnaires to relevant officials containing questions that become variable instruments sent by the Department of Procurement of Goods/Services and the Surabaya City Development Administration. The type of data used is quantitative data, where quantitative data is data in the form of numbers that can represent research objectives and are able to answer the problem under study. The questionnaire is divided in the form of a google form that can be shared with people openly or specifically to Google account owners with accessibility options, such as: read-only (can only read) or
RESULTS AND DISCUSSION
Model Hypothesis Testing 1
1. Test Coefficient of Determination (\( R^2 \))
Test the coefficient of determination to measure how strong the model is in explaining the variation of the dependent model with values between 0 and 1. A small adjusted value of \( R^2 \) explains that the ability of the independent variable to explain the dependent variable is very little. Conversely, if the value is close to 1, it means that the independent variable provides almost all the information needed by the dependent variable. \( R^2 \)

Test results of the coefficient of determination of the first model:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.708(^a)</td>
<td>0.502</td>
<td>0.493</td>
<td>1,26887</td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (constant), Participatory Budgeting

Seen in the test results of the coefficient of determination) determined with ( \( R^2 \) an adjusted R Square value of 0.493 or 49.3%. Explaining that the budget slack variable was influenced by participatory budgeting by 49.3%, the remaining 50.7%, budget slack was influenced by other variables that were not included in this study.

2. Partial Hypothesis Test (t-Test)
The t-test is used to test whether each independent variable is able to explain the dependent variable. The use of this model 1 analysis method is to determine the effect of participatory budgeting independent variables on budget slack.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Std. Error</th>
<th>T</th>
<th>sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>8.996</td>
<td>2.275</td>
<td>3.954</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Participatory budgeting</td>
<td>0.676</td>
<td>0.088</td>
<td>7.639</td>
<td>&lt;0.001</td>
</tr>
</tbody>
</table>

\(^a\) Dependent Variable: Slack budget
Source: Data Management by Researchers

From the results of testing the t test hypothesis in table 26 above, it shows that, participatory budgeting variables with budget slack variables have a calculated t value of 7.639 > t table of 2.00172, with a significance value of 0.001 < \( \alpha \) 0.05 or 5%, then accepted. This means that participatory budgeting affects budget \( H_1 \) slack.
3. Simultaneous hypothesis testing (model feasibility test)

The feasibility test is used to test whether the independent variable of participatory budgeting has an effect on the dependent variable slack of the feasibility test budget used, that is, if it shows a $\alpha$ (significant) level of $< 0.05$, then the relationship between independent variables is significant and can affect the dependent variable. So that the regression model used is considered feasible. The results of model 1 feasibility testing are in table 27.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>93,951</td>
<td>1</td>
<td>93,951</td>
<td>58,353</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>93,382</td>
<td>58</td>
<td>1,610</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>187,333</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: Slack budget

Predictors: (Constant), Participatory Budgeting

Source: Data Management by Researchers

Table 27 shows that the value of $f$ is calculated $> f$ table (58.353$> 4.01$) and significance ($0.001$ $< 0.005$). So that the regression model 1 used in this study is feasible and can meet the feasibility test. This shows that participatory budgeting has an effect on budget slack.

Multiple Linear Regression Analysis Model 2

Moderated Regression Analysis (MRA) is a special application in multiple linear regression, where the regression equation contains elements of interaction (multiplication of two or more independent variables). This analysis is used to estimate or see the effect of participatory budgeting on budget slack moderated by variables of information asymmetry, emphasis budget, organizational commitment and ethical considerations. The results of the regression test model 2 can be seen in Table 28.

<table>
<thead>
<tr>
<th>Coefficientsa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2 (Constant)</td>
</tr>
<tr>
<td>PP</td>
</tr>
<tr>
<td>AI</td>
</tr>
<tr>
<td>BE</td>
</tr>
<tr>
<td>KO</td>
</tr>
<tr>
<td>PE</td>
</tr>
<tr>
<td>PP.AI</td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>PP.BE</td>
</tr>
<tr>
<td>PP.KO</td>
</tr>
<tr>
<td>PP.PE</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Slack Budget

Source: Data Management by Researchers

Based on the calculation results of table 28, the following results can be obtained:

\[
HS = 57.948 - 0.935PP - 0.447AI + 0.018PP*AI + 0.718BE - 0.032PP*BE
\]

\[-0.651KB +0.020PP*KO \quad \text{and} \quad 1.048PE +0.040PP*PE+e\]

With this equation can be explained as follows:

1. PP Moderation Regression Coefficient with AI

The regression coefficient of participatory budgeting with an information asymmetry of 0.018 indicates a positive direction between participatory budgeting variables and information asymmetry. This value indicates that participatory budgeting with information asymmetry with each addition of one unit, then budget slack will have an increasing trend.

2. PP Moderation Regression Coefficient with BE

The magnitude of the regression coefficient of participatory budgeting with a budget emphasis of -0.032 shows a negative direction between participatory budgeting and budget emphasis. This value illustrates that in participatory budgeting with an emphasis budget, every addition of one unit, the budget slack will have a tendency to decrease.

3. PP Moderation Regression Coefficient with KO

The regression coefficient of moderation of participatory budgeting with the organizational commitment of 0.020 illustrates a positive direction, therefore it can be interpreted that in participatory budgeting with organizational commitment, every addition of one unit then the budget slack has a tendency to increase.

4. PP Moderation Regression Coefficient with PE

The value of the regression coefficient of moderation of participatory budgeting with ethical considerations is 0.040, then this value means that if participatory budgeting with ethical considerations, every addition of one unit, then the budget slack will have a tendency to increase.
Model 2 Hypothesis Testing

1. Test Coefficient of Determination (R²)

The results of the coefficient of determination test of model 2 are shown in the following table 29:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.762⁴</td>
<td>0.581</td>
<td>0.506</td>
<td>1.24032</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), PP.PE, KO, AI, BE, PE, PP.AI, PP.BE, PP, PP.KO

Source: Data Management by Researchers

Based on the table above, table 29 shows the results of the coefficient of determination test) determined with (R² an adjusted R Square value of 0.506 or 50.6%, meaning that budget slack is influenced by participatory budgeting and information asymmetry, budget emphasis, organizational commitment, and ethical considerations as moderation variables. The remaining 49.4% was influenced by other variables outside the equation of this study.

2. Partial Hypothesis Test (t-Test)

The use of this model 2 analysis method to determine the effect of independent variables of participatory budgeting on budget slack moderated by information asymmetry, budget emphasis, organizational commitment, and ethical considerations. It can be seen in table 30.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP</td>
<td>-0.935</td>
<td>2.358</td>
<td>-0.989</td>
<td>-0.396</td>
</tr>
<tr>
<td>AI</td>
<td>-0.447</td>
<td>0.890</td>
<td>-0.774</td>
<td>-0.502</td>
</tr>
<tr>
<td>BE</td>
<td>0.718</td>
<td>1.480</td>
<td>0.770</td>
<td>0.485</td>
</tr>
<tr>
<td>KO</td>
<td>-0.651</td>
<td>1.010</td>
<td>-1.250</td>
<td>-0.645</td>
</tr>
<tr>
<td>PE</td>
<td>-1.048</td>
<td>1.734</td>
<td>-1.074</td>
<td>-0.605</td>
</tr>
<tr>
<td>PP.AI</td>
<td>0.018</td>
<td>0.035</td>
<td>0.995</td>
<td>0.523</td>
</tr>
<tr>
<td>PP.BE</td>
<td>-0.032</td>
<td>0.059</td>
<td>-0.930</td>
<td>-0.537</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP.KO</td>
<td>0.020</td>
<td>0.040</td>
<td>1.296</td>
<td>0.499</td>
</tr>
<tr>
<td>PP.PE</td>
<td>0.040</td>
<td>0.069</td>
<td>1.452</td>
<td>0.577</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Slack Anggaran

Source: Data Management by Researchers
The results of the t-test hypothesis in Model 2 can be explained as follows:

1. The effect of participatory budgeting on budget slack moderated by information asymmetry.

   Based on the test results in Table 30, it was found that the effect of participatory budgeting on budget slack moderated by information asymmetry had a significance value of 0.604 with a value of 0.523, a significance value greater than 0.523 of the acceptable error rate of 0.05 or (0.523>0.05). This suggests that information asymmetry cannot moderate the relationship between participatory budgeting to budget slack, hence the assertion that information asymmetry moderates the relationship of participatory budgeting to budget slack is rejected. H2

2. The effect of participatory budgeting on budget slack moderated by budget emphasis.

   The test results in table 30 show a significance value of 0.594 greater than the acceptable error rate of 0.05 or (0.594>0.05). This shows that budget emphasis is unable to moderate the relationship of participatory budgeting to budget slack, hence the claim that budget emphasis is able to moderate that relationship is rejected. H3

3. The effect of participatory budgeting on budget slack moderated by organizational commitment.

   The tests in table 30 produce a significance value of 0.620, a value greater than the acceptable error rate of 0.05 or (0.620>0.05). Proving that the organization's commitment does not moderate the relationship between participatory budgeting and budgeting, then H4 stating that the organization's commitment to moderating the relationship is not accepted or rejected.

3. The effect of participatory budgeting on budget slack moderated by ethical considerations.

   The results of the t-test test from table 30 stated that the signification value of 0.566 is greater than the acceptable error rate, which is 0.05 or (0.566>0.05). Ethical considerations do not moderate the relationship between participatory budgeting and budgeting, so it can be said to be H5 rejected.

Simultaneous hypothesis testing (model feasibility test)

The feasibility test used is that if it shows a α (significance) level of < 0.05, the relationship between independent variables is significant and can affect the dependent variable. Then it can be seen in the following table 31:

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>9</td>
<td>11,859</td>
<td>7,709</td>
<td>.000p</td>
</tr>
<tr>
<td>2</td>
<td>Residual</td>
<td>50</td>
<td>1,538</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>59</td>
<td>183,650</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Slack budget
   b. Predictors: (Constant), PP.PE, Organizational Commitment, Information Asymmetry, Budget Emphasis, Ethical Considerations, PP. AI, PP.BE, Participatory Budgeting, PP.KO
The table concludes that the calculated F value is 7.709 with a significance level of 0.000 or < 0.05 so that the regression model 2 used in this study is feasible and meets the feasibility test criteria, that the independent variables together affect the dependent variable at a significant level of 0.05.

DISCUSSION

The following are the results of discussions conducted by researchers to examine the effect of participatory budgeting on budget slack moderated by information asymmetry, emphatic budgets, organizational commitment, and ethical considerations.

The Effect of Participatory Budgeting on Slack Budgeting

The results of statistical analysis in this study found that participatory budgeting has a positive and significant effect on budget slack. This can be seen in the results of the t test model 1 in table 26 which states that the significance value of the good governance variable is 0.001 which means it is smaller than 0.05. So that H1 is accepted and it can be concluded that participatory budgeting has a positive and significant effect on budget slack.

This shows that the higher participatory budgeting in an organization, the more budget slack will increase. Budget participation or participatory budgeting involves all participating in budget setting. Participatory budgeting is a budgeting process that allows lower-level managers to participate significantly in budget formation. So, in this case, it will affect performance appraisal so that the level of participation increases will facilitate the achievement of its goals, it is possible that the scope of subordinates involved in the budgeting process will tend to experience slack, namely by increasing costs and lowering targeted revenues in the budget with the aim that targets can be realized easily, because the initial purpose of budgeting Participatory is to create alignment of the goals of each accountability center with the goals of the organization in general. Therefore, participatory budgeting is expected to improve employee performance, this is based on the idea that when a participatory standard is approved, employees will be serious in achieving the goals that have been set, so that employees have a sense of responsibility.

In this study, the involvement of all employees or participation in the SKPD of the Procurement of Goods/Services of the Surabaya City Development Administration, in preparing the budget, then simultaneously the budget slack increases, because lower-level managers will try to get goals that have been designed together. This is in accordance with stewardship theory, managers will behave according to common interests. When the interests of stewards and owners are not equal, stewards will try to cooperate rather than oppose them, because stewards feel that mutual interests and behaving according to the owner's behavior is a rational consideration because stewards look more at efforts to achieve organizational goals (Jefry, 2018).

Lower-level management feels given the opportunity to create their own budget targets that match their knowledge. Management that participates in the budgeting process has more information about its task environment than upper management, so this causes differences in the information they have in accordance with the resources they should have so that budget targets are easily achieved. Meanwhile, budget participation has not been maximized to improve perceptions of gap control, which then cannot reduce the intention to make gaps. In
the budgeting process, the ability of superiors to detect the intention of subordinate managers in conducting slack (manager's slack intention) is limited.

The results of this study are in line with statements and reinforced by statements (Dunk, 1993) suggesting that participation creates a budget gap. The opinion put forward is that the higher the participation given to subordinates, subordinates will tend to try so that the budget they have made is easily achieved, therefore budget easing or budget slack occurs. These results are also supported by research by (Disty et al., n.d.), in Pamungkas et al., 2014) and Marfuahdan Listiani (2014) said that participation made by employees in budgeting provides a great opportunity for them to slack, which means the greater the level of involvement the greater the budget gap.

**The Effect of Participatory Budgeting on Budget Slack with Information Asymmetry as Moderation.**

The results of the analysis from table 30 found that the effect of participatory budgeting on budget slack cannot be moderated by information asymmetry because it has a significance value of 0.604 which means greater than 0.05 so it is rejected. H2 Information asymmetry is a difference in information that occurs when subordinates have more information than superiors about an organizational unit, this occurs because of imbalance or uneven information. But in participatory budgeting, participation from subordinates in preparing the budget can provide local information opportunities so that subordinates can communicate/disclose some of their personal information that can be included in the budget.

The rejection of this hypothesis is because in public sector organizations, especially SKPD, the development administration and procurement of goods/services have carried out regional management openly and transparently, this is evidenced by the existence of the GRMS Government Resource Management System is a government resource management system that is implemented through integration and consistency of steps starting from planning activities/budgets - implementation - the process of selecting goods providers/services, control and monitoring as well as performance evaluation of the implementation of activities/personnel of each regional apparatus.

So that the inequality of information asymmetry is very small, because SKPD has clear regulations regarding duties, functions and authorities in subdivisions that have been regulated by government regulations, so that information asymmetry is unable to moderate the relationship of participatory budgeting to budget slack. Information asymmetry does not strengthen or weaken budget slack in the procurement of goods/services and development administration of the Surabaya city government, because the difference in information between subordinates and superiors is utilized by participatory budgeting. This is evidenced by the results of research on the first hypothesis which shows that participatory budgeting affects budget slack.

This research is not in line with the statements of previous research Armaeni (2012), Rahmiati (2013), Marfuah and Listiani (2014) that budget participation will increase budget gaps in conditions of high asymmetry, on the contrary, budget participation will reduce budget gaps in conditions of low information asymmetry. However, the results of this study are in line with Irfan et al., (2016), Dwisiarasih (2013), and Rani (2016) that information asymmetry does not moderate the relationship of budget participation to budgetary slack. Because this is due
The Effect of Participatory Budgeting on Budget Slack is Moderated by Information Asymmetry, Budget Emphasis, Organizational Commitment and Ethical Considerations

to clear regulations regarding the duties and obligations of each officer, including rules related to information owned by subordinates that must be reported to their superiors.

The Effect of Participatory Budgeting on Budget Slack with Budget Emphasis as Moderation

Table 30 shows a significance value of 0.594 greater than 0.05, indicating that the effect of participatory budgeting on budget slack cannot be moderated by budget emphasis, so it is rejected. Understanding budget emphasis or budget emphasis occurs, if there is pressure from superiors to subordinates to carry out the budget that has been made wisely (Afriyanti, 2016). The condition of rejecting this hypothesis is that budget emphasis does not strengthen or weaken the relationship between participatory budgeting and budget slack because in this condition the SKPD in the procurement of goods/services and development administration of the Surabaya city government there is no pressure or emphasis from the superiors because the lower management has realized that the budget is used as a supervisory tool, besides that every employee has credibility that height as well as good character. The budget provides a detailed plan of government revenues and expenditures so that expenditures made can be accounted to the public.

In addition, another reason is that participatory budgeting that results in budget slack is not influenced by budget emphasis. This is due to the measurement of subordinate performance seen from achieving budget targets in an organization does not always encourage subordinates to slack. So what must be considered in this condition, is participatory budgeting that occurs in budgeting, because actually, this participation is not only pseudo-participation that can cause slack, but really participatory budgeting so as to suppress slack.

The results of this study do not agree with the statement in the previous research of Apriantini et al (2014), which showed significant results between the effect of budget emphasis (budget emphasis), on budget gaps. However, in agreement with the statements of researchers by Dunk (1993), Rani (2015), Kusuma and Hidayat (2018) and Irfan et al., (2016) which show that budget emphasis has no influence on budget gaps.

The Effect of Participatory Budgeting on Budget Slack with Organizational Commitment as Moderation.

The results of statistical analysis in this study found that in table 30 of the results of the model 2 t test significance value of 0.620, the value is greater than 0.05. Proving that organizational commitment does not strengthen or weaken the relationship between participatory budgeting and budgeting is H4 not accepted.

Organizational commitment can be interpreted as a belief that arises in a person that causes a person or individuals to work hard in order to achieve the best goals of the organization and the interests of the organization. This reason causes the rejection of this hypothesis, in other words, the organizational commitment of the head of the sub-division of procurement of goods/services and development administration of the Surabaya city government is very high, they have a positive outlook and try to do more in the best interests of the organization.

Their belief that a budget that can be realized properly in the public interest can be achieved, it makes a pride in their belief. This result is supported by the research of Rahmiati (2013), Kartika (2010), Fatmawati and Widyaningsih (2014), and Kusuma (2017). However,
it is inconsistent with the research of Mulyani (2012), Marfuah and Listiani (2014), Apriantini et al (2014) which states the commitment of organizations to moderate the effect of participation in budgeting on budget gaps.

**The Effect of Participatory Budgeting on Budget Slack with Ethical Considerations as Moderation**

The results of statistical analysis in this study found that in table 30 of the results of the model 2 t test the significance value of 0.566 is greater than the acceptable error rate of 0.05. Ethical considerations do not moderate the relationship between participatory budgeting and budget slack, so it is unacceptable. H5

The reason for not understanding this hypothesis is that ethical considerations are not variables that moderate the relationship of participatory budgeting to budget slack because the ethics possessed by actors involved in participatory budgeting are good so that each individual can control his person well. Ethics is a basis that contains rules on how to behave and socialize in society so that it can be judged good and bad. Ethics can affect all dimensions of life. Ethics are considered important and should be considered as the basis for managers in acting so as not to go out of their way. Ethics can support managers in improving the quality of reliable and trustworthy decisions. In this condition, these reasons are empowering so that ethical considerations are not moderating variables.

My research is in line with the research of Safitri (2019), Miyati (2014) and Priyetno (2018) which states that ethical considerations do not moderate the relationship between participatory budgeting and budget slack. However, it is not supported by Sihombing's (2017) research which states that ethical considerations are moderation variables. Budget participation by managers with ethical considerations will reduce the manager's behavior in creating slack on the budget, so the hypothesis that ethical considerations moderate the relationship between participatory budgeting and budgetary slack so that H0 is accepted and H5 is rejected.

**CONCLUSION**

Participatory budgeting has a significant positive effect on budget slack in the SKPD of the Procurement of Goods/Services and Surabaya City Development Administration. This means that the higher the participatory budget, the higher the budget slack. Information asymmetry does not moderate the relationship of participatory budgeting to budget slack in the SKPD of the Surabaya City Development and Procurement Administration Section. Because this is because in public sector organizations, especially SKPD for the procurement of goods/services and development administration has carried out regional management openly and transparently, this is evidenced by the existence of the GRMS Government Resource Management System is a government resource management system that is implemented through integration and consistency of steps starting from planning activities/budgets - implementation - the process of selecting providers of goods/services, Control and monitoring as well as performance evaluation of the implementation of activities/personnel of each regional apparatus.

Budget emphasis does not moderate the relationship of participatory budgeting to budget slack in the Procurement Section and Surabaya City Development Administration section. Because in this condition the SKPD, there is no pressure or emphasis from the superiors...
The Effect of Participatory Budgeting on Budget Slack is Moderated by Information Asymmetry, Budget Emphasis, Organizational Commitment and Ethical Considerations

because the lower management has realized that the budget is used as a supervisory tool, besides that every employee has high credibility and good character.

Organizational commitment as a moderation variable cannot strengthen the influence of participatory budgeting on budget slack in the SKPD Procurement of Goods/Services and the Surabaya City Development Administration section. Because high organizational commitment can reduce the desire of a head of development administration who participates in budgeting to create budget slack. The head of the SKPD section who has a high level of organizational commitment will have a positive outlook and try to do more in the best interest of the organization.

REFERENCES


