CHAPTER IV

DISCUSSION

4.1 Description of the Research Object

The results of the research were obtained through a questionnaire that had been distributed to several SKPD in Bengkulu City and District of Seluma. Respondents in this study were heads of division, head of finance, budget staff, and financial staff who played an active role in the budget participation of Bengkulu City and District of Seluma. The SKPD was chosen as a sample because it met the criteria determined through purposive sampling, which is the part that was actively involved in budgetary participation in planning, implementing, controlling, evaluating and reporting activities in the form of budgets and their realization. 50 questionnaires were distributed directly to the respondent's place of work, namely department, agency and sub-district. The number of questionnaires returned and fulfilled the requirements was 40 questionnaires.

The following is a summary of the distribution and return of the questionnaire in this research:

Table 4.1

Recapitulation results of the Questionnaires Distribution

Information	Number of Questionnaires	Percentage (%)
Questionnaires distributed	50	100%
Questionnaires that did not return	4	8%
Returned questionnaires	46	92%
Unusable questionnaire	6	12%
Usable questionnaire	40	80%

Source: Research Data, 2019

Based on table 4.1 above, it can be seen that the rate of return is 92% while 6 questionnaires were not eligible so the return rate used was 80%. In this research, 40 samples were used which equal the minimum number of samples needed. Not all questionnaires can be returned because the object of research is governance where there are more difficult regulations. Researcher cannot supervise respondents directly in filling out the questionnaire due to time constraints and busy respondent. So, when collecting questionnaires at the allotted time not all questionnaires distributed can 100% return. Furthermore, the description of the respondents regarding gender, age, length of work, and position can be explained as follows:

Table 4.2

Respondents' Demographic

Information	Total	Percentage (%)
Gender:		
Female	17	42.5%
Male	23	57.5%
Total	40	100%
Age:		
25-30 years	9	22.5%
31-35 years	6	15%
36-40 years	4	10%
41-45 years	16	40%
>45 years	5	12.5%
Total	40	100%
Job title:		
Head of the field	16	40%
Head of Finance	9	22.5%
Budget staff	10	25%
Financial staff	5	12.5%
Total	40	100%

Last Education:		
High School	0	0%
D3 (Diploma)	4	10%
S1 (Undergraduate)	28	70%
S2 (Postgraduate)	8	20%
Total	40	100%
Group/Rank		
Eselon I	0	0%
Eselon II	2	5%
Eselon III	8	20%
Eselon IV	18	45%
Eselon V	1	2.5%
Others	11	27.5%
Total	40	100%
Work Period:		
<3 years	7	17.5%
3-5 years	8	20%
6-10 years	16	40%
11-15 years	4	10%
>15 years	5	12.5%
Total	40	100%

Source: Research Data, 2019

Based on table 4.2 above, it can be explained that based on the gender of the most respondents are male 57.5% who returned the questionnaire. Based on age, it is estimated that respondents were received 41-45 years. This result shows that the respondent already has a sufficient level of ability to think and act. Meanwhile, based on work period, the majority of respondents already have working experience in current positions for 6-10 years. This result shows that respondents have experienced several policy changes that might occur mainly related to the budget. So, it can be seen that the respondent already has sufficient experience related to budgetary slack that is likely to occur in the respondent's work environment.

Based on the latest level of education, the majority of respondents were S1 graduates as much as 70%. This result shows that respondents have adequate knowledge and competence in their field. The majority of respondents' occupations are echelon IV at 45%. Echelon is a structural position level where echelon I is the highest level then followed by echelon II, echelon III, echelon IV, and echelon V. The position level is related to the position held by the respondents in this research. Respondents with echelon IV position levels are the majority at 45%, which is in accordance with the number of section heads and also the head of financial affairs. Meanwhile, echelon II and echelon III respectively by 5% and 20%. This is also in accordance with the number of heads of fields in this study. Thus, respondents already represent the population and according to the desired sample criteria.

4.2 Data Quality Test Results

4.2.1 Validity Test

Validity test was carried out for a sample of 40 respondents who were measured by looking at the significance of the results of the bivariate correlation analysis in the correlation column using SPSS software (Ghozali, 2013). If the significance value is smaller than α (0.05), the data obtained is said to be valid. Based on the data processed, the following recapitulation is produced:

Table 4.3

Validity test

Variables	Indicators	Correlation Coefficient (r)	Significant Value	Conclusion
Budget Slack	SA1	0,878	0,000	Valid
	SA2	0,722	0,000	Valid
	SA3	0,833	0,000	Valid
	SA4	0,724	0,000	Valid
	SA5	0,785	0,000	Valid
Budget participation	PA1	0,890	0,000	Valid
	PA2	0,835	0,000	Valid
	PA3	0,858	0,000	Valid
	PA4	0,769	0,000	Valid
	PA5	0,914	0,000	Valid
	PA6	0,873	0,000	Valid
Budget Emphasis	PNA1	0,811	0,000	Valid
	PNA2	0,793	0,000	Valid
	PNA3	0,724	0,000	Valid
	PNA4	0,641	0,000	Valid
	PNA5	0,715	0,000	Valid
	PNA6	0,764	0,000	Valid
	PNA7	0,692	0,000	Valid
Organization Commitment	KO1	0,923	0,000	Valid
	KO2	0.915	0,000	Valid
	KO3	0,925	0,000	Valid
	KO4	0,903	0,000	Valid
	KO5	0,913	0,000	Valid
	KO6	0.930	0,000	Valid
	KO7	0,837	0,000	Valid
	KO8	0,915	0,000	Valid
	KO9	0,851	0,000	Valid

Source: Research Result, 2019

4.2.2 Reliability Test

Reliability testing was carried out on a sample of 40 respondents.

The recapitulation of the test results is shown as follows:

Table 4.4

Reliability Test

Variables	Number of Itemss	Cronbach's Alpha	Information

Budget slack	5	0,844	Reliable
Budget participation	6	0,928	Reliable
Budget emphasis	7	0,858	Reliable
Organization commitment	9	0,971	Reliable

Source: Research Result, 2019

Based on the data that has been processed, Cronbach's Alpha obtained a budgetary slack variable as much as 0.844, a budgetary participation variable as much as 0.928, a budget emphasis variable as much as 0.858, and an organizational commitment variable as much as 0.971. Based on Ghozali (2013), the data is said to be reliable if Cronbach's Alpha> 0.60. These results indicate that each variable has Cronbach's Alpha> 0.60. So, it shows the data generated is reliable.

4.3 Classical Assumption Test Result

4.3.1 Descriptive Statistics Analysis

Descriptive analysis is used in this study to describe research data regarding the variables studied in the form of averages, standard deviations, minimum scores, and maximum scores.

Furthermore, there will be explained descriptive analysis which explains the data description of all variables that will be included in the research model. For more details can be seen in the following table:

Table 4.5

Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
SA	40	2.40	5.60	4.4450	.73935

PA	40	2.67	6.00	4.3458	.98738
PNA	40	2.67	6.00	4.3893	.80161
KO	40	1.78	6.00	4.2000	1.22963

Source: Research Result, 2019

From table 4.5 above, it can be explained that respondents' assessments of budgetary slack have an average of 4.4450, standard deviation of 0.73935, and a minimum to maximum range of 2.40-5.60. An average value of 4.4450 means that all respondents who provided answers to the budget slack on average gave a high enough assessment score. It means that on average employees believe that budget standards cause high productivity, allow for a budget slack, confident about achieving the budget, and careful about monitoring costs. While the standard deviation of 0.73935 means that the size of the spread and variable budgetary slack is 0.73935 from the 40 respondents studied.

The budget participation variable has an average of 4.3458, a standard deviation of 0.98738, and a minimum to maximum range of 2.67-6.00. This result means that all respondents who gave answers to budget participation on average gave an assessment of 4.3458, where individuals who participated in each budget participation, could suggest for a budget revision, were active in giving opinions and contributions, about the budget to superiors often asking for opinions in budget proposals. While the standard deviation of 0.98738 means that the size of the spread of the Budget Participation variable is 0.98738 of the 40 respondents studied.

Descriptive results of budget emphasis have an average of 4.3893, a standard deviation of 0.80161, and a minimum to maximum range of 2.67-6.00. This result means that all respondents who gave answers to high budget emphasis, where the leadership has a tendency to occur to achieve budget success in the easiest way, for example pressing subordinates in setting budget targets by offering greater income, to encourage employees' ability to achieve budget targets. While the standard deviation of 0.80161 means that the size of the spreader of the budget emphasis variable is 0.80161 of the 40 respondents studied.

The organizational commitment variable has an average of 4.2000, a standard deviation of 1.22963 and a minimum to maximum range of 1.78-6.00. it means that of all respondents who gave answers to organizational commitment on average included in high organizational commitment, where employees already have the desire to work hard to support the organization, do not retreat from the organization, feel proud to work in this government, have opportunities in improving performance employees and organizations because they care about the future of the organization. While the standard deviation of 1.22963 means that the size of the spread of the organizational commitment variable is 1.22963 from the 40 respondents studied.

4.3.2 Normality Test

Normality test is done using one sample Kolmogorov Smirnov, if the asymp.Sig (2-tailed) > 0.05 then the data distribution is considered to be normal (Ghozali, 2013).

Table 4.6

Normality Test Results

	Standardized Residual
N	40
Asymp.Sig.(2-tailed)	0,297

Source: Research Result, 2019

Based on the results of data processing, it is obtained that all variables have a Kolmogorov Smirnov value > 0.05 which is 0,297. So, it can be said that the data obtained in this research are normally distributed.

4.3.3 Heteroscedasticity Test

Heteroscedasticity test in this study was conducted to find out whether in the regression model there was an unequal variance in residuals between one observation to another. The presence of heteroscedasticity can be detected using Glajser test.

The following are the results of the heteroscedasticity test with the Glajser test:

Table 4.7

Heteroscedasticity Test

Variables	**Sig.**
Budget participation	0,181
Budget emphasis	0,548
Organization commitment	0,873

Source: Data Processed, 2019

Based on table 4.7 above, the level of significance for each variable is bigger than 0.05. Thus, it can be concluded that the regression model used in this study is free from heteroscedasticity.

4.3.4 Multicollinearity Test

Multicollinearity test in this research was conducted to prove that there was no correlation among independent variables. A regression model is said to be good if there is no correlation among independent variables. This testing can be done with Variance Inflation Factor (VIF) using SPSS software. The research data is said to be free of multicollinearity if Tolerance > 0.1 and VIF < 10. The results of multicollinearity testing are as follows:

Table 4.8

Multicollinearity Test

Variable	**Collinearity Statistics**	
Independent	Tolerance	VIF
Budget Participation	0,903	1,107
Budget Emphasis	0,920	1,086
Organization commitment	0,965	1,037
Dependent: Budget Slack		

Source: Data Processed, 2019

Based on the results of the multicollinearity test in the table, it can be seen that the tolerance and VIF values of the budget participation variables are respectively 0.903 and 1.107, for the Budget Emphasis variable of 0.920 and 1.086, and for the Organization Commitment variable of 0.965 and 1.037. These results indicate that the regression model in this research does not have a multicollinearity problem. It can be

said that there is no correlation between independent variables so it is appropriate to be used for further analysis because the tolerance value is greater than 0.1 and the VIF value is smaller than 10.

4.4 Multiple Linear Regression Analysis

4.4.1 Regression Equation

Based on the data that has been processed, the results of the multiple linear regression tests are follows:

Table 4.9

Multiple Linear Regression Test Result

Variables	Regression Coefficient	T count	Sig. t	Results
X1	-0.343	-3.602	0.001	Significant
X2	0.347	2.960	0.005	Significant
X1 X3	-0.268	-2.814	0.008	Significant
X2 X3	0.227	2.279	0.029	Significant

Source: Data Output, 2019

Information: X1 : Budget Participation

X2 : Budget Emphasis

X3 : Organization Commitment

Based on table 4.10 above, the regression equation is obtained as follows:

$$Y= 4.411 – 0.343X1+ 0.347X2 – 0.268X1.X3 + 0.227X2.X3 + e$$

From this equation, it can be explained as follows:

1. A constant of 4,411 indicates that if the independent variables namely budgetary participation, budgetary emphasis, and organizational commitment are assumed to be constant or equal to

zero (0) then the value of variable Y (budgetary slack) is equal to 4,411 units.

2. The coefficient of budget participation variable of -0.343 is negative, it indicates that each increase in the budget participation variable is 1 unit, and then the budgetary slack will decrease by 0.343 units assuming the other variables are in constant condition or unchanged.
3. The coefficient of the budget emphasis variable of 0.347 is positive it indicates that each increase in the moderating variable of the budget emphasis is 1 unit, then the budgetary slack will increase by 0.347 units assuming that the other variables are in constant condition or unchanged.
4. The coefficient of budget participation variable with organizational commitment as a moderating variable of -0.268 is negative, it indicates that every increase in the variable of budget participation with organizational commitment as a moderating variable is 1 unit, then the budgetary slack will decrease by 0.268 units assuming the other variables are in constant condition or unchanged.
5. The coefficient of the budget emphasis variable with organizational commitment as a moderation variable of 0.227 has a positive value indicating that every increase in the budget emphasis variable with organizational commitment as a moderating variable is 1 unit, the

budgetary slack will increase by 0.227 units with 1 assumption that is other variables in constant conditions or unchanged.

4.5 Hypothesis Testing

4.5.1 T-Test

T test aims to find out how the ability of each independent variable individually in explaining the dependent variable. The level of significance used in this test is 0.05. The hypothesis in this study was tested by multiple regression analysis with the MRA (Moderated Regression Analysis) method, that is the effect of budgetary participation and emphasis on budgetary slack, which is moderated by the variable organizational commitment. The discussion for each hypothesis is as follows:

1. **H_1: Budget participation has a negative effect on the budget slack**

   Based on hypothesis testing, the budget participation variable has a significance level of 0.001. It shows that the significance value is less than 0.05 (0.001 <0.05) so it can be said that budgetary participation significantly influences budgetary slack.

   The coefficient β for budget participation variables has a negative value that is equal to -0.343. These results support H_1 that budgetary participation has a negative effect on budgetary slack, so H_1 can be accepted.

It means that if the higher the level of budget participation, the lower the level of budget slack. Whereas, the lower the budget participation, the higher the budget slack level. From the results of this research, it can be seen that the existence of budgetary participation does not affect the increasing of budget slack. The large budget participation makes the large involvement of employees in preparing the budget. If the employee involvement in the preparation of the budget is misused to fulfill his personal desires and interests, it will cause a slack, especially if the performance appraisal is determined based on the achievement of the budget.

Based on agency theory, budgetary slack can occur because between the principal and agent information asymmetry occurs. It is arising because agent who participate in preparing the budget, provide biased information to the principal, while agents have information that can be used to make the organization's budget be more accurate. So that the agent's participation in the budgeting process will make the agent take the action he wants to achieve in his own interest, namely by creating budgetary slack. Meanwhile, the purpose of budget participation in the public sector, especially local government, is that it should be able to increase the motivation and responsibility of managers and staff, especially those who prepare and implement the budget towards achieving

budget targets. Based on research SKPD in Bengkulu City and Seluma District, budgetary participation will reduce the tendency for budgetary slack.

It supports the results of Rukmana's research (2013), which stated that participation in planning of budgeting organization be able to create some negative behavior such as, establish the standard or target is too high or too low, the emergence of slack budgeting, and the existence of false participation.

2. **H_2: Budget Emphasis has a positive effect on the budget slack**

Based on hypothesis testing, the budget emphasis variable has a significance level of 0.005. It shows that the significance value is less than 0.05 (0.005 <0.05) so it can be said that the emphasis of the budget has a significant effect on budgetary slack.

The coefficient β for the budget emphasis variable has a positive value that is equal to 0.347. These results support H_2 that budget emphasis has a positive effect on budget gaps, so H_2 can be accepted. It means that budget emphasis will cause an increase in budget slack. From the results of these tests, the Government of Bengkulu City and Seluma District SKPDs can be seen that the existence of budgetary emphasis can increase the budgetary slack. It can occur because of a performance-based budgeting system where the assessment is based on whether or not the budget target has been achieved which will then encourage agents to carry out

slack with the aim of increasing the prospect of compensation going forward.

Based on agency theory that organizational conditions can affect budgetary slack where the principal as the chairman is more concerned with productivity and efficiency by making a cut off on the budget proposed by the agency. On the other hand, the agents have their own interests to facilitate the achievement of their targets. A budget target that is too difficult will then influence the agent to take short-term actions that are easily achieved, by making budgetary slack, so that the budget emphasis can encourage agents to make slack, and the budget that has been prepared in each unit is easily achieved and its performance is good. These results support the research from Kusniawati and Lahaya (2017) supported by Triana and Putra (2012) research that the emphasis of the budget affects budgetary slack.

3. **H_3: Organization Commitment has a negative effect with the relationship between budget participation with budgetary slack**

Based on hypothesis testing, the interaction between budgetary participation variables and organizational commitment has a significance level of 0.008. This result shows that the significance value is less than 0.05 (0.008 <0.05) so it can be said that organizational commitment can moderate budgetary participation on budgetary slack.

Coefficient β for budget participation variables with organizational commitment as a moderating variable has a negative value that is equal to -0.268. These results support H_3 that budgetary participation with organizational commitment as a moderating variable has a negative effect on budgetary slack, so that H_3 can be accepted. It means that partially budgetary participation has a negative and significant effect on budget slack in organizational commitment as a moderating variable. The negative regression coefficient shows that organizational commitment weakens the relationship between budgetary participation and budget slack.

From the result of this test, it can be concluded that the results of these tests represent a negative relationship where organizational commitment has an influence on the relationship between budgetary participation and budget slack. It means that individual commitment to the organization can affect one's desire to do budgetary slack where the higher the organizational commitment will reduce the individual's desire to do budgetary slack, and vice versa. The higher organizational commitment will cause the decreasing tendency of individuals who participate in the preparation of the budget to budgetary slack. The higher the level of organizational commitment, the more negatively influences the relationship between budgetary participation and budgetary slack,

which means that the higher the level of organizational commitment, the lower the tendency of those participating in budgeting to create budget slack.

The results of this study support the research of Apriantini et al. (2014) who found that there was a negative and significant interaction effect between organization commitment on the relationship between budget participation and budgetary slack.

4. **H_4: Organizational commitment has a positive effect on the relationship between budget emphases to budget slack**

Based on hypothesis testing, the interaction between budget emphasis variables with organizational commitment has a significance level of 0.029. This result shows that the significance value is less than 0.05 (0.029 <0.05) so it can be said that organizational commitment can moderate the budget emphasis on budgetary slack.

The coefficient β for the budget emphasis variable with organizational commitment as a moderating variable has a positive value that is equal to 0.227. These results support H_4 that budget emphasis with organizational commitment as a moderating variable has a positive effect on budgetary slack, so that H_4 can be accepted. The results of this study indicate that partially budget emphasis has a positive and significant effect on budget disparities in organizational commitment as a moderating variable.

The results of this study support the research of Apriantini et al. (2014) who found that there was a positive and significant interaction effect between organization commitment on the relationship between budget emphasis and budgetary slack.