

Moderation of Information Asymmetry, Self Esteem to the Effect of Participatory Budgeting on Budgetary Slack Government of South Sulawesi Province

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Abstract— Suspected budgetary participation is not always linear effect on budgetary slack. This is because the information asymmetry factor, and self esteem. This study aims to determine whether the asymmetry of information and self-esteem able to moderate Effect of participatory budgeting and budgetary slack. The number of samples in the study were 100 echelons SKPD South Sulawesi Provincial Government selected based on purposive sampling method. The data analysis technique used is moderation regression analysis (MRA). The results obtained are variable participatory budgeting has a positive effect on budgetary slack. Variable self esteem weaken the influence of participatory budgeting in the budgetary slack, while strengthening the influence of information asymmetry variable participatory budgeting in the budgetary slack.

Keywords— *budgetary Slack, Participatory Budgeting, Self Esteem, Asymmetry Information.*

I. INTRODUCTION

Regional autonomy was established, South Sulawesi provincial government is required to realize

good governance. Local governments use performance-based budgeting system which is the process efficient and participatory development, and the use of performance as a benchmark in the achievement of local budgets. However, the assessment of the performance of motivating agents to undertake budgetary slack for the sake of a better career in the future (Suartana, 2010). In addition, the budgetary slack is also common in the planning and preparation phase of the local budget, because it is dominated by the interests of the executive and legislative branches, and less reflective of the needs of society (Kartiwa, 2004). Budgetary slack will result in misallocation of resources and bias in the evaluation of the performance of agents on accountability unit (Suartana, 2010).

For the Government of South Sulawesi province, based on budget data past five years, as a whole has not shown indications of an increase in performance and a significant performance improvement in its implementation as described in the table below:

Table.1: Budget and Realization of Local Revenue and Expenditure strip Povinsi South Sulawesi Fiscal year 2011 -2015 (in millions of rupiah)

| Year | Fiscal revenue (Rp) | Realization Revenue (Rp) | Percentage of achievement (%) | Budget Expenditure (Rp) | Actual Expenditure (Rp) | Percentage of achievement (%) |
|------|------------------------|-----------------------------|-------------------------------------|-------------------------------|-------------------------------|-------------------------------------|
| 2011 | 3.106.899,564 | 3.110.566,841 | 100,11 | 2.703.727,485 | 2.548.690,795 | 94,19 |
| 2012 | 4.665.214,439 | 4.433.963,019 | 95,40 | 3.569.468,407 | 3.388.137,989 | 94,92 |
| 2013 | 4.996.499,327 | 4.867.592,611 | 97,42 | 4.438.230,501 | 4.081.099,922 | 91,95 |
| 2014 | 5.650.575,561 | 5.503.161,406 | 97,39 | 4.981.103,824 | 4.499.032,192 | 90,32 |
| 2015 | 6.445.779,161 | 6.105.815,095 | 94,72 | 5.350.327,153 | 4.973.655,476 | 92,95 |

Source: Regional Financial Management Board of South Sulawesi Province, 2017

Table 1 shows, the number of budgeted expenditure to finance programs / activities indicate that the budget plan set by the realization there is failure in activity budget. It is seen from the difference between budget and actual spending tends to an excess of the budget, it shows in budgeting is not in accordance with applicable regulations and indicated their programs / activities that have not been fully implemented and there tends to be an indication of budgetary slack.

In addition to the above phenomenon there are few previous studies have examined the effect of participatory budget in budgetary slack declared inconsistent results, among others Merchant (1981), Young (1985), Frederick J. DeMicco, Steven J, and Dempsey (1998), Little, et al., (2002) Vincent K, Chong, Kar Ming Chong (2002), Yuhertiana (2004), Hafisah (2005), Falikhatun (2007), Sudarba (2010), Andriyani and Hidayati (2010), Andry Arifin Rahman (2012), Nila Aprila and Selvi Hardiyani (2012), Widiyastuti (2014) Zahirul Haque and Peter Brosnan (2015), states that a high participatory budgeting led to budgetary slack. Unlike the case with Schiff and Lewin (1970), Onsi (1973), Dunk (1993), Minan (2005), Adam S, Maiga and Fred A. Jacobs (2007), Supanto (2010), Martjin and Wiersma (2011), Lislie Kren and Adam S.Maiga (2015), Laura Francis-Gladney, Robert B. Welker and Nace Magner (2015) that the participatory budgeting can lower the occurrence of budgetary slack. Based on data from South Sulawesi Provincial Budgets and inconsistency of these results, the researchers were motivated to examine the effect of participatory budgeting to budgetary slack with asymmetry information and self esteem as a moderating variable at Work Unit (SKPD) South Sulawesi province.

II. OBJECTIVES

The questions that guide the investigation are: how is the moderation of information asymmetry and self esteem on participatory budgetary relationships and

budgetary slack? Therefore, this study aims to explore a new conceptual model that can fill the research gap between Participatory budgeting in pressing the budgetary slack centered on Moderation of Information Asymmetry and Self Esteem.

III. THEORETICAL-CONCEPTUAL REVIEW

3.1 Participatory Budget and budgetary Slack

Based on agency theory, participatory budget is a process of cooperation between agents and principals in making decisions related to budgeting. The regional budget prepared by the executive as agent and authorized by the legislature as a principal. Meaning of participatory local governance is SKPD involvement in budgeting. Head SKPD have the opportunity to submit proposals related to the implementation of the Work Plan (RKPD) as a reference in preparing the Work Plan Budget (RKA-SKPD). RKA-SKPD a participatory budget documents in local government are internally related to the determination of budget allocation and performance targets in the next proposed budget into the budget (Abdullah, 2012). However, the performance-based budget system could be expected to lead to budgetary slack. Budgetary slack is degrading acts as agent productivity capabilities through participation in budgeting have a chance to determine his standards (Young, 1985). Based on the above, it can be hypothesized:

H1: Participatory Budget affects the budgetary slack.

3.2 Participatory budget, budgetary Slack and Information Asymmetry

Based on the assumption of agency theory, humans will act opportunistic namely a personal interest rather than the interests of the organization. The principal can not monitor agent activity every day. Instead, agents learn of material information related to the capacity to work, work environment and organizational units. This has caused the asymmetry of information between principals and agents who participate in local budgeting.

This is supported by Young (1985), Utomo (2006), Djasuli and Fadilah (2011) that the interaction of participatory budgeting and information asymmetry positive and significant impact on budgetary slack. According to Anthony and Govindarajan (2001) in Falikhhatun (2007), the executive agency tends to perform budgetary slack to secure his position in the government. Meanwhile, as the principal legislative 5 tend to make false contract with the executive. However, Dunk (1993) states that if a positive communication between the agent and the principal case, then the budgetary slack will diminish. Based on these descriptions, it can be hypothesized:

H2: Asymmetry of information moderating influence on budgetary slack participatory budgeting.

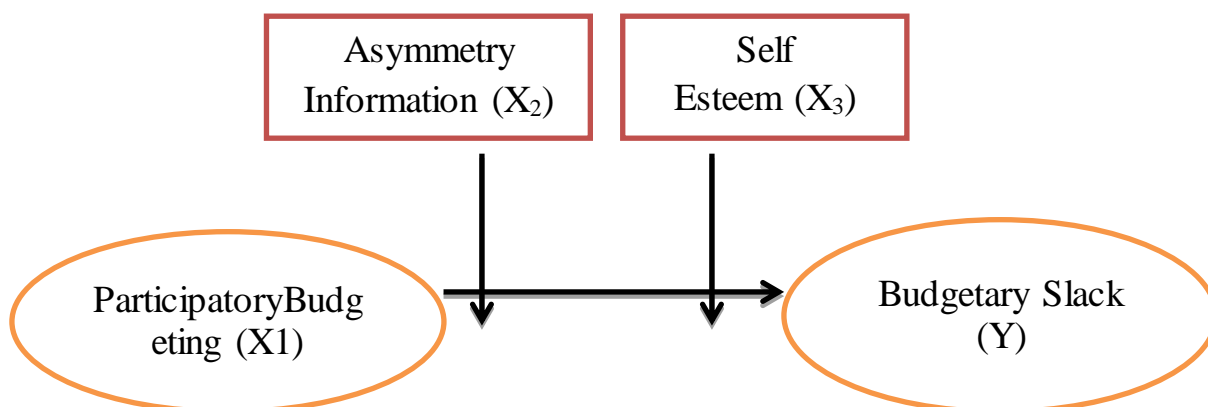
3.3 Participatory budget, budgetary Slack, and Self Esteem

Kreitner & Kinicki (2003) states that a person who has high self esteem tend to think of themselves more than others. Therefore self esteem is able to weaken the influence of participatory budgeting in the budgetary

slack, because if a person feels himself so important, valuable and influential then raised the confidence that what he does will succeed and create optimal results. Conversely, a low Self Esteem means an employee then the resulting incredulity himself that what he did will not be successful and produce results that are not optimal and tend to perform budgetary slack. This is supported by Nouri and Parker (1996). Ikhsan and Ane (2007) states that budgetary slack able to moderate the effect of the participatory budget in budgetary slack. Similarly Desmiyati (2009) that the interaction of participatory budgeting and self esteem and no significant negative effect on the budgetary slack. However, Kreitner & Kinicki (2003) states that self-esteem can not moderate influence on budgetary slack participatory budgeting. Based on the foregoing, it can be hypothesized:

H3: Self Esteem participatory budgeting moderating influence on budgetary slack.

Based on the above it can be presented this study design in Figure 1 below :



The study design in Figure 1 above describe the influence of independent variables, Budgeting participatory (X₁) on the dependent variable is the budgetary slack (Y) with asymmetric information (X₂), Self esteem (X₃) as a moderating variable.

IV. METHODOLOGY

The research will be conducted in the regional work units (SKPD) South Sulawesi province. This research took place in May-July, 2017, because the local government will submit the Public Policy budget year 2017 budget by mid-June 2017. The population in this study is structurally composed of officials of Echelon II, III, and IV are still active duty until the month July 2017, amounting to 476 people. Samples are structural officials who participate in local budgeting. The sampling technique used purposive sampling. Criteria for this sample is Echelon II / III / IV (head of the agency / department head / chief / head office / head subpart /

secretary of the regional committee) who participate directly participate in the budgeting process. These criteria are used to avoid sampling error, because not all echelons participate in budgeting.

Based on these criteria obtained 105 respondents as samples. Methods of data collection using a questionnaire survey, a list of written statements related to the research variables. Therefore, this study used a questionnaire then test instrument (validity and reliability) is performed. Answers from respondents who had accumulated (ordinal data) then tabulated and transformed into interval data. As a condition to meet the regression test, the classic assumption test (test for normality and

heteroscedasticity) done first. Analysis of the data to test the hypothesis using MRA (Moderated Regression Analysis).

V. RESULTS AND DISCUSSION

The questionnaire was distributed in this research were 105 questionnaires and 105 questionnaires were returned (Response Rate = 100%). There are 5 questionnaires were aborted because the contents were not complete, so overall there are 100 eligible questionnaires for analysis (Usable Response Rate = 92.7%).

Correlation coefficient entire instrument above 0.30, which means the entire instrument is declared

Results Moderated Regression Analysis (MRA) can be seen in Table 2

invalid. Overall instruments have also been reliable with cronbach's alpha value for each variable of participatory budgeting, information asymmetry, self esteem, and budgetary slack is equal to 0.744, 0.892, 0.655, 0.871. Normality test results showed that the regression model has a normal distribution of data with Asymp value. Sig. (2-tailed) of 0.423. This model is also free of problems heteroskedastisitas with significant value variable participatory budgeting, budgetary slack, asymmetry of information, and self-esteem respectively 0.595, 0.060, 0.457, 0.077, 0.343 and the significant value of participatory budgeting interaction with information asymmetry and self esteem consecutive succession of 0.089, 0.824.

Table.2: Moderated Regression Analysis

| Variabel | Unstandar dized Coeffien B | Sig. |
|----------------------------|-------------------------------|-------|
| (Constant) | -34,916 | 0,002 |
| PA | 3,428 | 0,000 |
| AI | 1,025 | 0,001 |
| SE | 0,689 | 0,005 |
| PA*AI | -0,065 | 0,031 |
| PA*SE | -0,059 | |
| Adjusted (R ²) | 0,610 | |
| Sing F | 0,00 | |

Table 2 Adjusted R Square value of 0.610. This value meaning that 61 percent of the variation changes in budgetary slack capable explained by participatory budgeting, information asymmetry and self-esteem. In Table 2, the significant value of 0,000 F is less than 0.05 means that the model where the value of this research have been worth test.

Results of testing the first hypothesis (H1) indicates bahwa a participatory budgeting affect budgetary slack. The regression coefficient is worth 3.428 indicates that participatory budgeting has a positive effect on budgetary slack. This shows that more and more individuals who participate in the budgeting, the higher the chances of budgetary slack.

Asymmetry of information strengthens participatory budgeting influence on budgetary slack formulated in the second hypothesis (H2). This occurs because the beta value having the opposite direction with the hypothesis that a negative value of -0.065. Based on this, the information asymmetry is not able to strengthen the influence of participatory budgeting in the budgetary slack. This is caused by the possibility of asymmetry of information in public sector organizations are very small because there Regulations, duty, and authority (Falikhaturun, 2007).

The third hypothesis (H3), which is able to moderate the influence of self esteem participatory budgeting in the budgetary slack. The regression coefficient indicates that the variable-value -0.059 self esteem weaken the influence of participatory budgeting in the budgetary slack. If self-esteem is owned by individuals who participated in a high budget, then the possibility of budgetary slack will decline. Kreitner & Kinicki (2003) states that a person who has high self esteem tend consider themselves more than others. Therefore self esteem is able to weaken the influence of participatory budgeting in the budgetary slack, because if a person feels himself so important, valuable and influential then raised the confidence that what he does will succeed and create optimal results.

VI. CONCLUSIONS

Based on the analysis and discussion before it can be concluded that Participatory Budgeting has a positive effect on budgetary slack, as well as strengthen the influence of information asymmetry. This means that in order to reduce the asymmetry of information should South Sulawesi Province, local officials can apply the disclosure of information related to the budgeting (budget) in the province of South Sulawesi. The local

governments can use information media with the maximum and can be accounted for, even provide a contact person from the officials concerned. Instead, Self Esteem weaken the influence of participatory budgeting in the budgetary slack.

Suggestions for further research are able to use the bureaucratic ethics, culture of the Organization, individual characteristics, locus of control, motivation in moderating influence on budgetary slack participatory budget.

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