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The Influence of Organizational Commitment on Budgetary Slack with Career Uncertainty as Moderating Variables (In the Context of Participative Budgets Preparation)

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Abstract

This study aims to obtain an empirical evidence about the ability of career uncertainty in moderating the effect of organizational commitment on budgetary slack. This research was conducted at the Regional Government Organizations in the Gianyar Regency where the research sample was echelon III and echelon IV officials. The sampling technique uses non probability sampling with a purposive sampling method. This study uses 163 research samples. The data analysis technique used is Moderated Regression Analysis (MRA). The test results provide empirical evidence that career uncertainty weakens the effect of organizational commitment on budgetary slack. This shows that the lower the organizational commitment of echelon III and echelon IV officials in the Gianyar Regency Government, the budgetary slack will be higher, especially in conditions of high career uncertainty. Based on this, the Gianyar Regency Government is expected to reduce the level of career uncertainty, so that officials involved in participatory budgeting can increase organizational commitment so that budgetary slack can be reduced.

Keywords: Organizational Commitment; Career Uncertainty; Budgetary Slack .

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1. Introduction

Budgetary slack is the difference between the budgeted amount and the costs and expenses that should be. The budget is said to experience a gap if there is a difference in the amount of the budget reported with the best estimate of the organization. The budget is a very important element in the process of planning, coordinating, and controlling the company, containing plans for future activities and indicating activities to achieve company goals [5, 12]. The government makes a series of budgets, known as public sector budgets, in order to provide good services to the public. Gaps that occur in the public sector budget are usually reflected in the realization of revenues higher than the target and the realization of costs lower than the specified target. One thing that can also result in budgetary slack is the desire to hide real capacity, this can be seen from the excess budget financing (SILPA) which generally comes from the realization of revenue greater than the budgeted or the inability to maximize the absorption of the budget [16].

Table 1: Regional Budget and Realization of Revenue and Expenditure in Gianyar Regency Fiscal Year 2012-2016 (in million rupiah)

Year	Regional Budget Revenue (IDR)	Regional Realization Revenue (IDR)	Difference (IDR)	%	Regional Budget Expenditures (IDR)	Regional Realization Expenditures (IDR)	Difference (IDR)	%
2012	1.029.800,5	1.066.239,5	36.438,91	103,54	1.118.800,9	1.006.500,0	(112.300,86)	89,96
2013	1.183.933,3	1.248.415,6	64.482,31	105,45	1.327.183,0	1.192.327,6	(135.155,41)	89,82
2014	1.344.529,0	1.464.193,9	119.664,9	108,98	1.535.666,7	1.417.094,0	(118.572,68)	92,28
2015	1.433.331,9	1.527.797,5	94.465,63	106,59	1.660.809,9	1.504.436,6	(156.373,32)	90,58
2016	1.684.231,1	1.682.778,9	(1.452,18)	99,91	1.974.020,1	1.786.411,7	(187.608,34)	90,54

Based on Table 1., the budget and realization of revenue and expenditure in the Gianyar Regency Government indicated a budgetary slack. Budgetary slack occurs because the determination of income is too low (understated) and costs are too high (overstated) [15] Where, the revenue realization of the Gianyar Regency Government from 2012-2015 was higher than the budget, while the realization of expenditure was lower when compared to the stipulated budget. The realization of the regional budget is always lower than the stipulated regional budget, this is different when compared to the realization of the regional budget which is mostly higher than the specified budget. Budgetary slack in public sector organizations occurs due to participation in budgeting which will reflect the level of organizational commitment held by echelon III and echelon IV officials involved in preparing the budget. Organizational commitment involves three attitudes, namely a sense of identification with organizational goals, a sense of involvement with organizational tasks, and a sense of loyalty to the organization. Increasing or decreasing budgetary slack depends on the extent to which individuals are more selfish or work in the interests of the organization which is the actualization of the level of organizational commitment. Studies examining the effect of organizational commitment on gaps express inconsistent results. References [2,9,14] stated organizational commitment had a negative effect on budgetary slack. Meanwhile, [3,7,13] stated that organizational commitment has a positive effect on budgetary slack. The inconsistency of the

results of previous studies is thought to be caused by other factors that influence the relationship of organizational commitment to budgetary slack in participatory budgeting. To overcome these differences in results, included variables that affect the relationship of organizational commitment to budgetary slack. In this study using the career uncertainty variable as a moderating variable. Career uncertainty is something that makes individuals feel uncertain about the future of their careers, even some of them decide what to do in an uncertain future, individuals who experience career uncertainty think that there is always something out of control in the career path [6]. The level of career uncertainty in local government is very high, there is no exact measure used by superiors to determine the careers of their subordinates. Career uncertainty will weaken the level of organizational commitment, so that budgetary slack will increase. This is due to career uncertainty which can cause several obstacles, namely individuals who feel career uncertainty will feel doubts about their future so individuals tend to hesitate in completing work, and decrease commitment to the field of work undertaken [10]. Performance appraisal based on achieving targets triggers the desire of echelon III and echelon IV officials to carry out budgetary slack in hopes of overcoming career uncertainty conditions in high enough public sector organizations.

2. Literature Review and Hypothesis

2.1. Agency Theory

Agency theory is a concept that explains the contractual relationship between principals and agents, namely between two or more individuals, groups or organizations [8]. In this study, echelon III and echelon IV officials are agents and the regent is the principal as the highest executive power holder.

2.2. Budget

Budget is a financial plan that is made periodically expressed in financial terms. The budget is prepared using a Performance Based Budgeting (PBK) system, which includes several components in this system that are used to assess the implementation of the budget such as for example performance indicators.

2.3. Public Sector Budget

Public sector budget is a commitment between the executive and the legislature in the use of public funds. The public sector budget not only considers economic factors but also social and political factors. Public sector budget Aspects that must be met in the government budget are the planning aspects, control aspects, and public transparency and accountability aspects.

2.4. Budget Participation

Participatory budgeting in public sector organizations is the level of involvement and influence of Echelon III and Echelon IV officials in the process of determining and compiling the existing budget in the Regional Apparatus Organization, both periodically and annually. Participation in budgeting is needed, because subordinates are more familiar with the situation the field where they works.

2.5. Organizational Commitment

Organizational commitment is commitment as a condition where an individual sits with the organization and its goals and desires to maintain membership in the organization. High and low budgetary slack is a reflection of the level of organizational commitment owned by individuals in the organization.

2.6. Budgetary Slack

Budgetary slack is the difference between the budget reported and the budget in accordance with the actual estimate, the goal is that the target can be more easily achieved by subordinates, because it can be concluded that the budgetary slack is an act of part in preparing the budget tends to reduce the level of sales from the costs that should be achieved, so that the resulting budget is more easily achieved [1].

2.7. Career Uncertainty

Career uncertainty is every factor that makes individuals feel uncertain about their career future. As a result of career uncertainty, there are several obstacles including individuals who feel career uncertainty will feel doubts about their future so that individuals tend to hesitate in completing work, and decrease commitment to the field of work undertaken [10].

2.8. Hypothesis Development

Career uncertainty is a situation where individuals who work in public sector organizations feel uncertain about the future of their careers. As a result of this career uncertainty will reduce the level of organizational commitment held by echelon III and echelon IV officials in their participation in budget preparation. People who have high organizational commitment, tend to prepare the budget properly so that budgetary slack can be minimized. However, in conditions of career uncertainty, organizational commitment will decrease so that budgetary slack will increase. *H1: The lower the level of organizational commitment, the higher the budgetary slack, especially in conditions of high career uncertainty*

3. Research Methods

The population in this study were echelon III and echelon IV officials in the Regency Government of Gianyar. Determination of the research sample used non-probability sampling method with purposive sampling technique. Data were collected through a questionnaire, in which there were 163 study respondents. The research hypothesis was tested through Moderated Regression Analysis (MRA) with the help of SPSS 24 for windows. The processed data was then delivered in the form of discussion, interpretation and conclusions as well as suggestions.

4. Result and Discussion

4.1. Descriptive statistics

Descriptive statistics provide a description of each variable that shows the minimum value, maximum value, average value and standard deviation. Table 2 presents the results of the descriptive statistical analysis of the data which are the research variables namely Organizational Commitment (X1), Career Uncertainty (X2) and Budgetary Slack (Y).

Table 2: Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
X ₁	163	15.00	28.00	20.69	2.76471
X ₂	163	4.00	20.00	12.07	2.64472
Y	163	15.00	29.00	23.29	2.19126
Valid N (listwise)	163				

The organizational commitment variable (X1) has a range of values from 15-28 with an average value of 20.69. Career uncertainty variable (X2) has a range of 4-20 values with an average value of 12.07. The budgetary slack variable (Y) has a range of values from 15-29 with an average value of 2.19.

4.2. Research Instrumen Test

Validity test

A questionnaire is considered valid if the correlation of factor scores with a positive total score > 0.30. The validity test results can be seen in Table 3.

Table 3: Validity Test Results

Variables	Indicator	Correlation coefficient	Sig. (2-tailed)	Information
X ₁	X _{1,1}	0,674	0,000	Valid
	X _{1,2}	0,610	0,000	Valid
	X _{1,3}	0,513	0,004	Valid
	X _{1,4}	0,538	0,002	Valid
	X _{1,5}	0,406	0,026	Valid
	X _{1,6}	0,710	0,000	Valid
	X _{1,7}	0,539	0,002	Valid
X ₂	X _{2,1}	0,678	0,000	Valid
	X _{2,2}	0,648	0,000	Valid
	X _{2,3}	0,654	0,000	Valid
	X _{2,4}	0,627	0,000	Valid
Y	Y ₁	0,581	0,001	Valid
	Y ₂	0,546	0,002	Valid
	Y ₃	0,484	0,007	Valid
	Y ₄	0,429	0,018	Valid
	Y ₅	0,456	0,011	Valid
	Y ₆	0,594	0,001	Valid

Table 3. shows the research instrument consisting of seven questions for the variable organizational commitment (X1), four questions for the variable career uncertainty (X2) and six questions for the budgetary slack variable (Y) having a correlation coefficient > 0.30. Therefore it can be concluded that the instrument used in this study is valid.

Reliability Test

A construct is considered reliable if it gives a Cronbach's Alpha value > 0.60. The reliability test results can be seen in Table 4.

Table 4: Reliability Test Result

No.	Variables	Cronbach's Alpha	Information
1	Organizational Commitment (X ₁)	0,723	Reliabel
2	Career Uncertainty (X ₂)	0,754	Reliabel
3	Budgetary Slack (Y)	0,743	Reliabel

Table 4 shows that all research instruments have a Cronbach's Alpha coefficient of more than 0.60, so the statement instruments used have met the reliability or reliability requirements so that they can be used to conduct research.

4.3. Classical Assumption Test

Normality Test

The normality test aims to test whether in the regression model, confounding or residual variables are normally distributed. Testing the normality of population data distribution is done using Kolmogorov-Smirnov (K-S). Population data are said to be normally distributed if the Asymp.sig (2-tailed) coefficient is more than $\alpha = 0.05$.

Table 5: Normality Test Result

		Unstandardized Residual
N		163
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	2.18139733
Most Extreme Differences	Absolute	.081
	Positive	.081
	Negative	-.047
Kolmogorov-Smirnov Z		1.035
Asymp. Sig. (2-tailed)		.234

Based on Table 5, the Kolmogorov-Smirnof value is 1.035 and shows the Asymp value. Sig (2-tailed) 0.234 is

greater than the level of significant, which is 5 percent (0.05), so the data tested is spread normally or normally distributed.

Heteroscedasticity Test

To detect the presence or absence of heteroscedasticity performed by the Glejser test, if the significance probability is above the 5% confidence level (0.05), then it can be concluded that the regression model does not contain heteroscedasticity [4]. The results of heteroscedasticity testing can be seen in Table 6.

Tabel 6: Heteroscedasticity Test Results

Variables	t	Sig	Information
Organizational Commitment (X ₁)	2,750	0,067	Free of Heteroscedasticity
Career Uncertainty (X ₂)	-0,892	0,374	Free of Heteroscedasticity
Interaction between organizational commitment and career uncertainty (X ₁ *X ₂)	-1,481	0,140	Free of Heteroscedasticity

Based on Table 6. shows that the significance value of each variable in the regression model is greater than 0.05 so it can be concluded that the regression model is greater than the symptoms of heteroscedasticity.

4.4. Moderated Regression Analysis (MRA)

To find out the career uncertainty variable (X2) in moderating the effect of organizational commitment variable (X1) on budgetary slack (Y) the interaction test model (Moderated Regression Analysis-MRA) was used. The results of the interaction test analysis can be seen in Table 7.

Table 7: Moderated Regression Analysis (MRA) Test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	26.601	1.590		16.727	.000
Organizational Commitment	-.853	.083	-1.103	-10.335	.000
Career Uncertainty	.306	.122	.257	2.512	.013
X1.X2	.547	.085	.944	6.420	.000
R Square	0,433				
Adjusted R Square	0,422				
F Counted	40,486				
F Significant	0,000				

Based on Table 7 above, the significance value of P value 0,000 which is smaller than $\alpha = 0.05$, this means that the model used in this study is feasible. This result gives the meaning that all independent variables namely organizational commitment, career uncertainty and interaction variables between organizational commitment and career uncertainty are able to predict or explain the phenomena of budgetary slack in Gianyar Regency

Government. The coefficient of determination aims to determine and measure the ability of the model in explaining the variation of independent variables. The coefficient of determination test results shows the value of adjusted R² is 0.422, this means that 42.2 percent of variation in budgetary slack (Y) is influenced by the interaction of organizational commitment variables (X1) and career uncertainty (X2) while the remaining 58.2 percent is influenced by factors other outside the model. Coefficient value β_1 on the variable organizational commitment (X1) of -0.853 indicates a negative value, meaning that if organizational commitment increases by one unit it will result in a decrease in budgetary slack by 0.843, and vice versa. Coefficient value β_3 on the interaction between variables of organizational commitment and career uncertainty (X1.X2) of 0.547 indicates a positive value. This means that if the interaction of organizational commitment and career uncertainty (X1.X2) increases by 1 unit, then the budgetary slack (Y) will increase by 0.547 assuming the other variables are constant, then H1 is accepted.

4.5. Career Uncertainty Moderates the Effect of Organizational Commitment on Budgetary Slack

Based on the results of hypothesis one (H1) test, career uncertainty weakens the relationship of organizational commitment to budgetary slack, which means that the higher the level of career uncertainty, the organizational commitment will be lower so that budgetary slack will be higher. Budgetary slack will increase in the Gianyar Regency Government if echelon III and echelon IV officials involved in the participatory budgeting process experience high career uncertainty. Career uncertainty is every factor that makes individuals feel uncertain about their career future. As a result of career uncertainty are some obstacles including individuals who feel career uncertainty will feel doubts about their future, so individuals tend to hesitate in completing work, and decreased commitment to the field of work undertaken [10]. The phenomenon of budgetary slack will adversely affect the sustainability of the organization and government. Budgetary slack is a form of budget misallocation to government, so it tends not to reflect the actual conditions and is less efficient.

5. Conclusion and Recommendation

Based on the results of research on the effect of the influence of organizational commitment to budgetary slack with career uncertainty as a moderating variable (in the context of participatory budgeting) in the OPD of the Gianyar Regency Government, it can be concluded: the lower the organizational commitment of echelon III and echelon IV officials in the Gianyar Regency Government budgetary slack will be higher especially in conditions of high career uncertainty. Gianyar Regency Government must reduce the level of career uncertainty felt by echelon III and echelon IV officials through a career certainty system. Performance appraisal is not only based on achieving targets, but also paying attention to participation and the process in achieving the budget. Career certainty will have an impact on increasing organizational commitment so that budgetary slack can be reduced and the budget can be prepared and presented accordingly.

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