

Influence Self Efficacy, Budgetary Participation, Information Asymmetry, and Emotional Stability of the Budgetary Gap



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ABSTRACT: The budget is an organizational plan, which is written and contains a program of activities expressed in monetary units, which is prepared at a certain time. The process of preparing the budget can trigger the behavior of budget executors to commit budgetary slack due to negative subjective attitudes and norms that are owned by budget executors. Thus, this makes research on the factors that influence budgetary slack important to carry out. The results of the study were tested with multiple linear regression analysis using data collection techniques with a questionnaire. All research statements are valid and reliable. This research is free from the problem of classical assumptions. The results of the analysis show self-efficacy, budgetary participation, and information asymmetry affects budgetary slack. Unlike emotional stability, it has no significant effect on budgetary slack.

KEYWORDS: Self-efficacy; Participation Budget; Information Asymmetry; emotional stability; Budget Gap.

INTRODUCTION

The budget is an organizational plan, which is written and contains a program of activities expressed in monetary units, which is prepared at a certain time. In public sector organizations, the budget refers to the total amount of funds used to implement programs that use funds from each company (Biantara & Putri, 2014). Based on Law no. 24 of 2005, accounting principles are applied in its preparation. The Board of Directors prepares financial reports and at least contains budget implementation reports, balance sheets, cash flow reports and financial report attachments.

Government Regulation Number 71 of 2010 concerning Government Accounting Regulations stipulates that the Government will implement accrual-based SAP which will be carried out in stages from the application of cash-based SAP to accrual-based accounting, namely recording income, expenditure and public funds in cash, can be done. Assets, liabilities and equity will be accrued until the implementation of SAP Accruals. The budget process can result in budget executors taking budget breaks due to negative subjective attitudes and norms from budget executors.

Budgetary slack is the allocation of resources where managers or subordinates reduce budget allocations to maximize benefits that can actually be achieved productively. The difference between budget realization and budget estimates is called budgetary slack. This occurs when agents intentionally budget more costs than they should and less revenue to facilitate budget compliance (Harvey, 2015). The agent's actions are purely for personal gain, setting easily achievable work goals that are perceived as good, even when actual performance may be more optimal than estimates made.

When creating a work plan, everyone is usually measured by how well they can achieve their goals. Just as agents do when planning or preparing a budget, agents then measure how much they can achieve and then make decisions about how large the budget goals are and how easy they are to achieve. A person's belief in his ability to successfully perform certain tasks is called self-efficacy (Kreitner & Kinicki, 2005).

Agents with high self-efficacy believe in themselves that they can achieve the budget goals that have been set. Individuals with high self-efficacy are able to do work or achieve certain goals, they try to set other high goals (Choirunissa et al, 2020). High self-efficacy can reduce the tendency to adopt budget deficit practices (Abdullah, 2013). Unlike agents with low self-efficacy, they are not sure whether they will meet budget targets, so they tend to loosen budgets to make it easier to meet budget targets.

Lately there have been many irregularities in government agencies. Several cases became public and occurred in big cities and it is possible that this anomaly also occurred in Pulau Taliabu Regency. One of the agencies in Taliabu Island Regency is the Regional Development Planning Agency (Bappeda) which was formed based on a Regional Regulation. Bappeda as a regional technical institution is positioned as an institution that carries out regional development planning management, related to the logical consequences of the Regional Development Planning Agency's task of assisting the District Head in formulating development

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planning policies and evaluating the results of their implementation in the field. The Taliabu Island Regency area is an area that has just been given the authority to carry out its regional autonomy.

Based on these conditions, the public sector began to introduce a budget system that can overcome the problem of budget stability through budget participation, where managers must be involved in budget reviews, budget approval and also monitor the results of budget implementation. make a realistic budget, because without the active involvement of superiors, subordinates tend to set budgets that are easy to achieve when the budget is tight. The results of previous research (Melia & Sari, 2019) show that budget participation has a positive effect on budget gaps.

A condition that can also cause budgetary slack is information asymmetry. For planning purposes, the reported budget must match the expected performance. However, because subordinates know better than superiors, subordinates exploit budget divisions by providing biased information about their private information and creating easily accessible budgets. Previous research has shown that information asymmetry has a positive and significant effect on budgetary slack (Bashir, 2016). In conditions of information asymmetry, the budget gap is getting bigger because information asymmetry encourages the budget subject or budget executor to loosen the budget. In theory, information asymmetry can be reduced by making audits more efficient and improving the quality of disclosure.

Basically emotional stability is a person's ability to withstand stress, and it is undeniable that workers will not be far from feeling stressed when doing work. So that emotional stability also had a significant impact on the possibility of a budget deficit emotional stability effect on people who go through the entire work process honestly and with dignity (LI & Ahistrom, 2015). Agents with high emotional stability tend to perform the best, so they don't rip the budget. Conversely, when an agent has low emotional stability, stress resistance is low and they tend to plan budget goals that are easier to achieve.

The agent theory and the theory of planned behavior (TPB) are the theoretical foundations of this research. Jensen and Meckling (1976) in (Arianti, P.N et al, 2021) argue that agency theory is a concept that explains the contractual relationship between principal and agent, namely between two or more individuals, groups or organizations. The client is the party that makes decisions and orders other parties (agents) to perform all actions on behalf of the client. The essence of this theory is a well-designed employment contract to balance the interests of the principal and the agent.

Planned behavior theory is a theory that contains perspectives on beliefs that influence a person's level of behavior. This theory is suitable to be used to explain the behavior of someone who has the ability to perform certain actions, this is in accordance with self-efficacy. The high self-efficacy of a person will achieve good performance because the person has positive thoughts. The high self-efficacy possessed by a person will also reduce the occurrence of budgetary slack.

Insufficient budgetary slack in organizations or agencies in budget participation is caused by the large contribution of managers in the budget preparation process. Managers involved in budgeting will provide superiors with biased information to help achieve work goals, even if the manager has information that may contribute to the accuracy of the company's budget. This behavior can be explained by agency theory which explains the phenomenon that a leader (principal) delegates authority to a manager (agent) to be responsible for carrying out tasks and making decisions, but the agent takes this opportunity for his own benefit.

Information asymmetry occurs when there is an imbalance between the information held. In this case, information is only controlled by those who have great power. A state of information asymmetry occurs in agency theory, namely when the principal gives authority to the agent to manage the organization he owns, this triggers dysfunction, namely budgetary gaps, where agent behavior greatly influences this slack. Ayuni (2018) states that information asymmetry has a positive effect on budget gaps.

Emotional Stability in relation to the theory of planned behavior is when the theory reveals control over one's attitudes and behavior. People who are emotionally stable tend to stay calm when faced with problems, are confident and have a strong attitude. This shows that emotions can influence a person's behavior. When someone has a high level of self-confidence, they are also motivated to achieve good results within the budget provided. People with high emotional stability tend to work more efficiently. A person's psychological side can influence the way a person makes decisions. People with good emotional stability make more careful decisions than people with low emotional stability.

Based on the research and description above, the hypothesis built in this study is as follows:

- Self-efficacy negative and significant effect on budgetary slack.
- Budget participation has a positive and significant effect on budgetary slack.
- Information asymmetry has a positive and significant effect on budgetary slack.
- Emotional stability negative and significant effect on budgetary slack.

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RESEARCH METHODS

This research was conducted at the Regional Development Planning Board of Taliabu Island Regency. The objects of research conducted in this study are self-efficacy, budget participation, information asymmetry, and emotional stability. The population in this study were all officials/employees at the Regional Development Planning Agency of Taliabu Island Regency, totaling 68 people. The sampling used is the Purposive Sampling method with sample criteria related to the process of preparation to implementation and accountability of the budget. The data collection method used is by distributing questionnaires. In this study, budgetary slack will be an independent variable consisting of 3 question items with an interval scale of 1-5 as measured using a Likert scale.

The dependent variable of this study is Self Efficacy which consists of 4 question items, Budget Participation with 6 question items, Budgetary Asymmetry with 5 question items, and Emotional stability with 3 question items. Each is calculated with an interval scale of 1-5 which is measured using a Likert scale.

The data analysis test begins with examining the research instrument, namely by verifying the validity and reliability of the instrument. Because the questionnaire is an important tool in this research, a valid and reliable tool is an absolute requirement to obtain relevant research results. Before the regression model is used to test the hypothesis, the classical hypothesis test is first performed. The purpose of this test is to find out the meaning of the relationship between the independent variable and the dependent variable, so that the results of the analysis can be interpreted more precisely and efficiently, and are limited to weaknesses caused by classic presumptive symptoms. In this study, researchers used multiple linear regression analysis. Multiple linear regression is used to test between one dependent variable and more than one independent variable.

$$SJA = \alpha + \beta_1 SE + \beta_2 PA + \beta_3 AI + \beta_4 ES + \epsilon$$

Information:

- SJA : Budget Gap
- SE : Self Efficacy
- PA : Budget Participation
- AI : Information Asymmetry
- ICE : Emotional stability
- α : Constant
- β : Regression coefficient
- ϵ : error

RESULTS AND DISCUSSION

The results of the instrument test showed that all of the question items contained in the questionnaire were valid with a correlation coefficient value greater than 0.5. The results of the normality test also show that the distribution of the data in this study is normal with a significance value of 0.200.

Table 1. Data Analysis Test

No	Variable	Cronbach's Alpha	Collinearity Statistics		hetero Sig.
			tolerance	VIF	
1	<i>self-efficacy</i>	0.789	0.765	1,846	0.436
2	budget participation	0.845	0.123	3,876	0.314
3	information asymmetry	0.986	0.434	2,746	0.846
4	<i>emotional stability</i>	0.697	0.240	1,334	0.985

Source: Research Data, 2023

Based on the results of the data test in the table above, it shows that the entire instrument is reliable with a Cronbach's alpha value greater than 0.60. So, on the results of these tests all instruments are declared valid and reliable, so they can be used in research. This research is free from multicollinearity problems. This is shown from the tolerance value of all variables is greater than 0.1. The VIF value in the table also shows a value below 10. With this, this study is free from heteroscedasticity problems with a significance value of more than 0.05. Then do the data analysis using multiple linear regression analysis. The results of multiple linear regression analysis are shown in Table 2 below.

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Table 2. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients		standardized Coefficients	t	Sig.
	B	std. Error			
(Constant)	-2.345	2.009		-1.119	0.501
Self-efficacy	0.345	0.078	0.286	2,764	0.005
Budget Participation	-0.198	0.164	-0.381	-2,123	0.014
Information Asymmetry	0.436	0.343	0.345	2,984	0.011
Emotional Stability	-0.172	0.226	-0.112	-1.021	0.174
Adjusted R Square	0.742				
Sig. F	0.000				

Source: Research Data, 2023

Based on Table 2, the results of multiple linear regression analysis show that the value of the adjusted R square is 0.742. These results indicate that 74.2% of the budgetary slack variable is influenced by the variables of self-efficacy, budgetary participation, information asymmetry, and emotional stability. As much as 25.8% of the slack variable is influenced by other variables outside of this study. Based on the results of the analysis, the significance value of the self-efficacy variable is 0.005 and the regression coefficient is 0.345. This shows that self-efficacy has a positive and significant effect on budgetary slack. This is not in accordance with the hypothesis that was built, namely self-efficacy has a negative effect on budgetary slack. Self-efficacy is a person's assessment of his ability to achieve the desired work results. Individuals with high self-efficacy tend to perform better than individuals with low self-efficacy. This is reflected in the individual's confidence in achieving the set budget targets. When carrying out the budget process, this person usually believes in his own and his team's abilities first before deciding what budget goals should be. The results of this study are in line with Abdullah's research (2013) that self-efficacy can reduce the impact of instability from budgetary slack. When carrying out the budget process, this person usually believes in his own and his team's abilities first before deciding what budget objectives should be. The results of this study are in line with Abdullah's research (2013) that self-efficacy can reduce the impact of instability from budgetary slack. When carrying out the budget process, this person usually believes in his own and his team's abilities first before deciding what budget objectives should be. The results of this study are in line with Abdullah's research (2013) that self-efficacy can reduce the impact of instability from budgetary slack.

In Table 2, the significance value of the budget participation variable is 0.014 and the regression coefficient is -0.198. This shows that budgetary participation has a negative and significant effect on budgetary slack. This result is in accordance with the hypothesis that was built, namely budget participation has a positive effect on budgetary slack. Darlis (2002) notes that budgeting is mostly done by middle-level managers who have a center of responsibility, emphasizing their involvement in the preparation and goal setting of the budgets under their responsibility. Through budgeting for supervisors and employees, those involved will definitely understand and know the goals and objectives to be achieved. This participation is believed to give birth to positive communication patterns thanks to good and open exchange of information. This is believed to reduce the gap in the budget. Appreciating the participatory budgeting process is seen as a necessary motivation to achieve budget goals. The results of this study are in line with Sari (2019) stating that budget participation has a significant positive effect on budget gaps.

The significance value of the information asymmetry variable shown in Table 2 is 0.011 with a regression coefficient of 0.436. These results indicate that information asymmetry has a positive and significant effect on budgetary slack. The results of this study are in accordance with the hypothesis built in this study. The pattern of a particular organization will cause budgetary slack in an organization where information asymmetry is the difference in information obtained during economic activities. Lower level managers generally have a better understanding of local conditions and processes than higher level managers. This information gap certainly contributes to different understandings between top and bottom level executives. When top managers have more complete information than lower level managers, top managers have high aspirations and demands on lower level managers. On the other hand, when lower-level managers have more comprehensive information, lower-level managers set lower goals than they should achieve (Piliandani & Astika, 2016).

Furthermore, in Table 2, the significant value of the emotional stability variable shown is 0.174 and the regression coefficient value is -0.172. These results indicate that emotional stability has no significant effect on budgetary slack. Emotional stability is the extent to which a person is able to control his emotions during activities. In (LI & Ahistrom, 2015) said that this personality is also related to how individuals make decisions, adapt to work and adapt to existing changes.

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CONCLUSION

In this study the variables of self-efficacy, budgetary participation, and information asymmetry have a positive influence on budgetary slack. In contrast to emotional stability, it does not have a significant effect on budgetary slack.

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