

# The Relation among Budgetary Participation and Budgetary Slack with Organizational Commitment and Leadership Style as Moderating Variable

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**Abstract:** This research aims at analyzing the relation among budgetary participation and budgetary slack with organizational commitment and leadership style as moderating variable. The organizational commitment and leadership style are assumed to increase the impact on relation among budgetary participation and budgetary slack. The respondents of this research are the parties related to participation being on the budgetary arrangement at the industrial companies in Makassar. The research sample are 80 respondents. Data collection is done by direct distribution and employing questionnaire as adopted from previous research, therefore the validity and reliability have been approved. The collected data, after reliability and validity have been tested and classical assumption is satisfied, is further processed by linear regression with moderating variabel and correlation test. The result of this research shows, first, there is not significant influence between budgetary participation and budgetary slack. Second, there is less significant influence of organizational commitment over the relation of budgetary participation and budgetary slack. Third, there is small leadership style influence the relation of budgetary participation and budgetary slack. In other words, the result of this research is not consistent to the previous research. This might be caused by inadequate sampling that could generally represent the result of the research. Moreover, there is other factor or variable which might have significant influence as to increase the relation between budgetary participation and budgetary slack.

**Keywords:** budgetary participation, budgetary slack, organizational commitment and leadership style.

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## I. Introduction

A budget is a plan or estimates of revenues and expenditures to be achieved during a certain period of time that is expressed in monetary units. One of budget functions is as a tool to evaluate the performance of the department of an organisation (Hansen, and Mowen, 2005). In preparing the budget, there are two ways, namely *bottom-up* (participation of stakeholders varieties in the preparation of budgets) and *top down* (the budget is set by the party leadership).

Budgeting participation is necessary, hence, the budget could be made in accordance with the existing reality in the field. In the budgeting participation, collaboration between supervisors and subordinates. And the subordinates were involved in budgeting tend to develop a budget that benefits them in achieving it (not too high, so that subordinates will find it difficult to reach the budget targets). This is called the *budgetary slack*.

*Budgetary slack* or looseness in the budget is one of the problems that arise because of their participatory budgeting (Hansen and Mowen, 2005). Participation in budgeting is that many variables associated with *budgetary slack* and found to contain the influence of inconsistent (Sari, 2006: 2). If the budget is not implemented with the participation of both can encourage subordinates / executors of the budget to do *budgetary slack* (Utomo, 2006 in Ompusunggu and Bawono, 2006: 2).

Accounting researchers found that *budgetary slack* is influenced by several factors including the participation of subordinates in the preparation of the budget. Based on the results Onsi (1973), Camman (1976), Marchant (1985) and Dunk (1993), showed that participation in budget preparation can reduce *budgetary slack*. This happens because subordinates helps provide personal information about future prospects so that the budget is prepared to be more accurate. While the research results Lowe and Shaw (1968), Young (1985) and Lukka (1988), conversely with the research that was conducted by Onsi, Camman, Marchant and Dunk. Their results showed that participation in budgeting can increase the *budgetary slack*.

The results of this study were the opposite may be because there are other factors that also affect the relationship between budgetary participation and *budgetary slack*, so that from the results of these studies concluded that encouragement of managers and people involved in the preparation of the budget for *budgetary slack* still not concluded the cause (Nouri and Parker, 1996). In this study, the proposed variable organizational commitment and leadership style to investigate the influence of these variables on the relationship between budgetary participation and *budgetary slack*.

The commitment of organizational showing the confidence and strong support of the values and goals is to be achieved by the organization (Mowday *et al.*, 1979). Managers who have a high level of

organizational commitment will bring more positive outlook and try to do the best for the sake of the organization (Porter *et al.*, 1974). The commitment given to a high likelihood of *budgetary slack* can be avoided. On the other hand, individuals with low commitment will be selfish or focus on the specific group. The individual has no desire to make the organization towards better, so the possibility of *budgetary slack* when he was involved in the preparation of the budget will be larger.

Style of leadership is a way to influence other people's leader / subordinates such a way that the person is willing to do the will of leaders to achieve organizational goals although personally it might displease (Luthans, 2002: 575). In addition, it is explained that 'style of leadership is a consistent pattern of behavior that is applied to the leader through others, is a pattern of behavior exhibited when the leaders influence others as perceived others'.

Based on previous studies, it can be concluded that many factors can influence the relationship between budgetary participation and managerial performance or budgetary slack. But the results of these studies have been inconsistent, so we need more research. In this study, the factors expected to determine their budgetary slack is such participation budgets, organizational commitment and leadership style that turned out to be based on the results of the study researchers relations between them are still inconsistent. Indirectly, this gives room for future researchers to continue studying the relationship between budgetary participation and budgetary slack. This means that there are other factors that interact with the participation of the budget and affect their budgetary slack.

Research Purposes are prove empirically that the organization's commitment and leadership style had an influence on the relationship between budgetary participation and *budgetary slack*.

## **II. Agency Theory**

Explanation of the concept of *budgetary slack* can be started from agency theory approach. Practice *budgetary slack* in the perspective of *agency theory* affected by the conflict of interest between the agent (management) with the *principal* that arises when each party seeks to achieve or maintain the level of prosperity it pleases.

*Agency theory* explains the phenomenon that occurs when superiors delegate authority to subordinates to perform a task or authority to make decisions (Anthony and Govindarajan, 1998). If the subordinate (*agent*) who participate in the budgeting process have specific information on local conditions, will allow subordinates provide information in its possession to help the company's interests. However, often desire not the same boss and subordinates, causing conflict between them.

Previous studies indicate that they are conflicting results regarding the relationship between budgetary participation and budgetary slack. Therefore, it is necessary to use other approaches in view of the relationship between the two variables. Other approaches include the use of a model agency (as described previously) or by using a variety of contingent factors as predictors of their budgetary slack (Govindarajan, 1986).

## **III. Contingency Approach**

Contingency theory (Fieldler, 1978) in the field of organization theory has contributed to the development of management accounting, especially in explaining the factors that influence the achievements of the organization. The level of performance of the groups affected by the system of motivation of the leaders and the extent to which a leader can control and affect a certain situations. The application of a contingency approach in analyzing and designing the control system, especially in the field of management accounting system has attracted the interest of researchers.

Research with contingency approach (Riyanto, 2003), is still to be done. The study aims to examine the contextual factors that affect the relationship between the control system with the performance of the organization. Contextual factors that influence the effectiveness of the control system, in general, outside the domain of accounting that involves multidisciplinary. Examples of such contextual factors are employee motivation, organizational commitment, organizational structure, environmental uncertainties and strategy of an organization.

Several studies in the field of management accounting through contingency approach aims to examine the relationship between the variables of contextual design of the system and to evaluate the effectiveness of the relationship between two variables (eg, the relationship between budgetary participation and *budgetary slack*) using the contextual variables as moderating variable.

## **IV. Relationship Between Variable And Development Hypothesis**

### **4.1 Participation Budget, Organizational Commitment and Budgetary Slack**

*Budgetary slack* increase or decrease depending on the extent to which people care more about themselves or working on behalf of the organization that is the actualization of the level of commitment they have. Commitment shows confidence and strong support of the values and goals is to be achieved by the

organization (Mowday *et al.*, 1979). Organizational commitment can be enhanced because people have an emotional attachment to the organization that includes moral support and accept the existing value as well as the determination of the self to the service of the organization (Porter *et al.*, 1974).

Wiener (1982) defines organizational commitment as impetus from within the individual to do something in order to support the success of the organization in accordance with the objectives and prioritize the interests of the organization compared to its own interests. In this view, individuals who have a high commitment will prioritize the interests of the organization rather than personal or group interests (Pinder, 1984). Commitment will make organizations more productive and *profitable* (Luthans, 1998). For individuals with high organizational commitment, organizational objectives are important. In contrast, for individuals or those with low organizational commitment will have a low attention to the achievement of organizational goals, and tend to try to satisfy personal interests. Organizational Commitment which strong within the individual will cause the individual to strive to achieve the organization's objectives in accordance with the goals and interests of the organization (Angle and Perry 1981; Porter *et al.*, 1974) and will have a positive outlook and try to do our best for the sake of the organisation (Porter *et al.*, 1974). High commitment makes people concerned with the fate of the organization and try to make the organization towards better, and the possibility of *budgetary slack* can be avoided.

In connection with the research on organizational commitment, Nouri and Parker (1996) argues that the *budgetary slack* rise or fall depending on whether the individual chooses to pursue self-interest or even work for the benefit of the organization. According to them, the high commitment makes people concerned with the fate of the organization and try to make the organization towards better and, budgetary participation opportunities for subordinates to create *budgetary slack* on their behalf if the employee commitment to the organization is at a low level.

From the research Nouri and Parker (1996), it can be concluded that the level of organizational commitment a person can affect their desire to create *budgetary slack*. High organizational commitment would reduce the individual to perform *budgetary slack*. Conversely, when a subordinate commitment is low, then the personal interests take precedence, and he can do *budgetary slack* so that the budget is easily reached and eventual success in achieving budget targets are expected to enhance the performance evaluation as successful in achieving the goals. Based on the above, then the hypothesis is formulated as follows:

**H 1:** Organizational Commitment have a negative influence on the relationship between budgetary participation and *budgetary slack*.

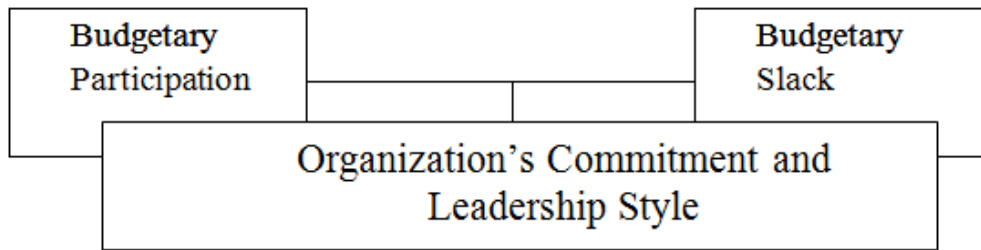
#### **4.2 Budget Participation, Leadership Style, and Budgetary Slack**

The process of planning or budgeting is strongly associated with several factors that appear in a work environment where planning occurs. In the context of an organization it should continue to be directed to an effort to achieve the goals of the organization. One such factor according to Iksan and Ishak (2005: 167) is a style of leadership. Wahyudin (2007) said that effective leadership must give direction to the efforts in achieving organisational goals. Further delivered by Luthans (2002: 575) that the style of leadership is a way to influence other people's leader / subordinates such a way that the person has a willingness to achieve organizational goals although personally it may be unpopular. Fiedler (1978) and Chandler (1986) revealed that the effectiveness of participation is strongly influenced by the leadership style of management. Moreover, Ikhsan and Ane (2007: 6) who found that leadership styles affect the relationship between budgetary participation and *budgetary slack* as well.

Fiedler (1978) suggested that the leadership style one can know whether a task-oriented (*task oriented*) or relationship (*relationship oriented*) through the instrument of the LPC (*least preferred coworker*) are developed. Leadership styles tend to be oriented relationship (*relationship oriented*), budgeting participation expand opportunities for subordinates to create *budgetary slack* for their interest, in these conditions the relationship between budgetary participation and *budgetary slack* is positive (higher), and decline with the decreased participation in the planning budget on a task-oriented leadership style (*task oriented*). Based on the above, then the hypothesis is formulated as follows:

**H 2:** The leadership style has a positive influence on the relationship between budgetary participation and *budgetary slack*

**Picture 1**  
**Relationship Budgetary Participation And Budgetary Slack Model With The Organization's Commitment And Leadership Style As Moderating Variabel**



## V. Research Methodology

This study uses a sample population of industry in Makassar. The data were obtained by questionnaires given to the parties involved in the preparation of the budget of a company. Amount of respondent are 80 managers and those involved in budgeting. In other words, the sampling technique in this research is purposive sampling or judgment sampling. The types and sources of data used in this study are primary data because it is based on the results of questionnaires with Likert scale.

### 1.1 Operational Definition and Measurement of Variables

#### a. Participation Budget

Participation budget is defined as the participation of responsibility center managers in matters relating to the preparation of the budget (Govindarajan, 1986). To measure the level of participation of a manager or subordinate in the budgeting process, used instruments developed by Kenis (1979) with the indicator (a) their influence in determining the targets of budget, (b) their control over budget formulation, (c) cooperation in formulating budget, (d) assessment of the budget, and use a scale of 1 to 5.

#### b. Organizational Commitment

Organizational commitment is defined as the impetus from within the individual to do something in order to support the success of the organization in accordance with the objectives and prioritize the interests of the organization Wiener (1982). To measure organizational commitment, use of indicators as follows: (a) loyal to the company, (b) feel part of the company, (c) the company appreciates what is done by its employees, (d) the remuneration appropriate to achievement, (e) the opportunity to improve performance, (f) to care for the future of the organisation, but it uses 9 items of questions developed by Cook and Wall (1980) with a scale of 1 to 5.

#### c. Leadership Style

Leadership style is a pattern of behavior consistently applied leader through other people, is a pattern of behavior that indicated the leader at the time of affecting others as perceived by others. In order to measure the leadership style, use of indicators as follows: (a) the relationship between superiors and subordinates, (b) lack of mutual trust between superiors and subordinates, (c) superiors appreciate subordinates, (d) the existence and open communication between superiors and subordinates, (e) a harmonious relationship between superiors and subordinates, and (f) focus on the job. The presence of 8 items of questions developed by Gibson (1996) with a scale of 1 to 5.

#### d. Budgetary Slack

*Budgetary slack* is defined as the act of a subordinate discouraging productive capabilities when he was given the opportunity to determine his standards (Young, 1985). To measure the *budgetary slack* used instruments developed by Dunk (1993) with the indicator is (a) standard used to increase productivity, (b) the monitoring, (c) their budget targets, (d) the level of difficulty in formulating the budget, and (e) demands on the budget. The indicator consists of six items of questions and the measurement scale of 1 to 5.

### 1.2 Data Quality Test

Reliability and validity testing conducted to determine the consistency and accuracy of data collected from the use of instruments. Results of testing the reliability and validity indicate the level of consistency and accuracy is quite good. On the test of internal consistency reliability coefficient *Cronbach's Alpha* for all variable coefficients indicate that no less than the value of the minimum limit of 0.60 (Hair et al. 1998).

Testing the validity of the homogeneity of data is to test the correlation between the scores of each item with the total score (*Pearson correlation*). Later in testing the validity of the analysis of the factors that are intended to

ensure that each question clarified on variables that have been determined (*construct validity*). *Loading factor* of each varabel is more quite adequate, with a limit of acceptance of 0.40 (Hair et al., 1998).

### 1.3 Classic Assumption Test

The use of regression analysis in the study, means that the data will be processed to be free from classical assumptions such as normality test, multicollinearity and test of heterocedastisity. This test aimed to find and test the feasibility of the regression model used in this study.

**Normality test** aims to test the normality of data and detected by the histogram of the residual. If the data is spread around the diagonal line and follow the direction of the diagonal line or histogram graph showing a normal distribution pattern, then the regression model to meet the assumptions of normality (Ngatemin, 2009).

**Multicollinearity test** aims to determine whether there is a close relationship between the independent variables. Whether or not multikolinearitas statistical colinearity seen from the figures indicated by the variance inflation factor (VIF) or Tolerance (Widodo, 2002). If the number of VIF <10 or Tolerance > 0.10, then the independent variables do not have a problem multicollinearity.

**Heterocedastisity test**, used to test whether a regression model of the residual variance occurs inequality. To detect the assumption heterocedastisity is to use a scatterplot, and if there is a specific pattern, there have been symptoms heterocedastisity.

### 1.4 Analysis Method

To test the hypothesis of this study used statistical methods of linear regression with moderating variables (MRA/Moderating Regression Analysis). *Budgetary Slack* is the dependent variable predicted and influenced by independent variables, namely: budget participation and interaction between budgetary participation and organizational commitment, and the interaction between budgetary participation and style leadership as moderating variable. The use of interaction approach aims to explain that *budgetary slack* is influenced by the interaction between budgetary participation with organizational commitment and leadership style as moderating variabels. The main focus of the regression equation in this study is the significant coefficient index and the nature of the interaction effect of the independent variable (organizational commitment and leadership style) on the relationship between budgetary participation and *budgetary slack*.

## VI. Results And Discussion

This research was conducted using questionnaires circulated to industrial companies in Makassar. Questionnaire data that can be used is 80, out of the 90 questionnaires distributed. Ten questionnaires cannot be used because it does not revealed back.

### 6.1 Descriptive Statistics

The average value of the respondents' answers to the item in question actually construct the participation of the budget range 23.46, it can be concluded that the application of budgetary participation where the respondent worked quite high and good. The average actual respondents' answers on the construct of organizational commitment is 40.64, this case illustrates the survey respondents give a positive image of the organization.

Similarly, the average actual respondents' answers on the construct of leadership style is 31.96, this case illustrates the survey respondents give a positive picture of the leader / or supervisor. This condition describes the leader / supervisor in his leadership style tends to emphasize the leadership style of relationship oriented. Variable *budgetary Slack* has an average range of values actually 21.64, it indicates the likelihood of a high *budgetary slack*.

### 6.2 Results of Data Quality Test

Reliability test results conducted with *Cronbach alpha* test on *budgetary slack* variables has a value of 0.843. This value is above 0.60 as a *cutoff value*, then all the questions about the *budgetary slack* is reliable. Variable participation budget *Cronbach alpha* has a value of 0.720 (above a *cutoff value*) then all the questions regarding the participation of the budget is very reliable. *Cronbach alpha* value for the variable organizational commitments amounting to 0.895, this value indicates that the question of organizational commitment is very reliable. *Cronbach alpha* value for the variable of leadership style at 0.873, this value indicates that the question of leadership style is very reliable.

Validity test is done by *Pearson correlation (bivariate correlation)* between the respective indicator scores with a total score of the construct using *SPSS*. An indicator questions be valid if the correlation between each of the indicators showed a significant result. And all variables in this study declared invalid because of the range of the correlation is 0.488 – 0.865. Additionally, all variables studied show has met the classic assumption test, including normality test (data spread around the diagram and follow the regression model),

multicollinearity test (the tolerance value of more than 0.10 or VIF is less than 10, meaning not happen multicollinearity ), and test of heterocedasticity (the absence of a clear pattern for the points spread above and below the number 0 on the Y axis).

6.3 Hypothesis Test Results

6.3.1 Results of The First Hypothesis Test

To determine the influence of organizational commitment in the relationship between budgetary participation and *budgetary slack* used linear regression test with moderating variables. Based on the results of tests performed obtained the values listed in the tables below, as in the model table summary to one and the second to see the change in R2 from the first to the second regression.

Model Summary			
Model	R	R Square	Adjusted R Square
1	,150 <sup>a</sup>	,023	,010

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,179	,032	-,006	2,052

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	9,190	12,114		,759	,450
Budgetary Participation (X1)	,523	,516	,847	1,013	,314
Organization's Commitment (X2)	,257	,301	,651	,855	,395
X1 * X2	-,011	,013	-,904	-,839	,404

a. Dependent Variable: Budgetary Slack

Summary of the results of the first regression *model* output obtained R2 values of 0.023, or 2.3%, while after moderating variable in output *Model Summary* second regression, the R2 value increased to 0.032 or 3.2%. By looking at these results, it can be concluded that with the commitment of the organization (a moderating variable) will be able to influence or strengthen the relationship between budgetary participation and *budgetary slack*, even though saline relatively small or insignificant. Therefore, the linear regression model with the organizational commitments as moderating variables, namely:

$$Y = 9.190 + 0.523X_1 + 0.257X_2 - 0.011 X_1 X_2$$

From the equation clearly shows that individual variables budgetary participation provides coefficient value 0.523 with probability 0.314, variable organizational commitment gives the coefficient of 0.257 with a significance probability 0.395. Partially variable organizational commitment can be concluded not influence on *budgetary slack*. Variable moderating is interaction with budgetary participation (X1\_X2) was not significantly, with a significance probability 0.404 is much greater than 0.05. This shows that organizational commitment is not proven as a moderating variable. Thus the hypothesis previously rejected. Based on the hypothesis testing, it can be concluded that the effect of budget participation on *budgetary slack* is not moderated by organizational commitment.

6.3.2 Results of The Second Hypothesis Test

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	25,295	12,705		1,991	,050
Budgetary Participation (X1)	-,211	,512	-,341	-,411	,682
Leadership Style (X3)	-,188	,411	-,371	-,458	,648
X1 * X3	,010	,017	,705	,588	,559

a. Dependent Variable: Budgetary Slack

From the results of the first regression output obtained R2 values of 0.023, or 2.3%, while after their leadership style variable as moderating variable at the output of the second regression, the R2 value increased to 0.037 or 3.7%. By looking at these results, it can be concluded that with the leadership style (as moderating variable) will be able to strengthen the relationship between budgetary participation and *budgetary slack*, although still relatively small or insignificant. Therefore, the linear regression models with variable moderating leadership styles, namely:

$$Y = 25.295 - 0.211 X1 - 0.188 X3 + 0,010 X1 X3$$

From the equation clearly shows that individual variables budgetary participation provides probability coefficient -0.211 to 0.682, giving leadership style variable coefficient value of -0.188 with a significance probability 0.648. Leadership Style partially variable can be concluded not influence on *budgetary slack*. Variable moderating is interaction with budgetary participation (X1\_X3) was not significantly, with a probability significance of 0.559 is much greater than 0.05. This indicates that the style of leadership is not proven as a moderating variable. Thus the hypothesis previously rejected. Based on the hypothesis testing, it can be concluded that the effect of budgetary participation on *budgetary slack* is not moderated by leadership style.

#### **6.4 Discussion of Results**

Nouri and Parker (1996), revealed that an employee organizational commitment can affect their desire to create *budgetary slack*. In other words, high organizational commitment would reduce the individual to perform *budgetary slack*. Conversely, when a subordinate commitment is lower, then the personal interests take precedence, and he can do that *budgetary slack* within easy reach budget targets and the eventual success of achieving the budgetary targets are expected to enhance the performance evaluation as successful in achieving the goals. The findings obtained are their little effect on the organization's commitment to the relationship between budgetary participation and *budgetary slack*. In other words, the results of this study are not consistent with the results of research Nouri and Parker, or the hypothesis is rejected. This is due to the fact that there are other several factors. First, because the sample used in this study is relatively small so it can not be used as a means of evidence to accept the hypothesis. Secondly, it is estimated there are still other factors that may affect the relationship between the variables budgetary participation and *budgetary slack variables*.

Fiedler (1978) and Chandra (1978), revealed that the effectiveness of budgetary participation is strongly influenced by the leadership style of management. In line with Ikhsan and Ane (2007: 6) who found that leadership styles affect the relationship between budgetary participation and *budgetary slack*. However, research findings obtained is the influence of leadership style, yet small enough on the relationship between budgetary participation and *budgetary slack*. Therefore, these results do not support previous research that Fielder (1978) and Chandra (1978), because the effect is quite small and insignificant. In other words, the hypothesis is rejected.

Many factors lead to, why this research hypothesis is rejected or not consistent with the previous studies or based on theoretical. One main point is the number of samples is very limited, and less randomness of the population used as the unit of analysis. As well as expected there are several factors that can affect the relationship between budgetary participation and *budgetary slack*.

### **VII. Conclusions, Recommendations, Limitations, And Implications**

#### **7.1 Conclusion**

Based on the research that has been done, the author draws conclusions on the findings in regards with the relationship of budget participation with *budgetary slack where the influence of organizational commitment and leadership style as a moderating variable in industrial companies, is as follows:*

1. Organizational commitment has an effect on the relationship between budgetary participation with *budgetary slack*, although it has shown relatively *small*. This means that the higher the level of participation in budget preparation and influenced by the low organisational commitment, the higher *budgetary slack* caused.
2. Leadership style effect has on the relationship between budgetary participation with *budgetary slack*, although it shows the relatively small relationship as well. This means that the higher the participation in budgeting and leadership style are influenced by the higher *budgetary slack* caused.

#### **7.2 Suggestion**

Based on the findings and conclusions obtained, the advices are needed as follows:

1. Based on the findings obtained, showed a weak association between variables budgetary participation and budgetary slack. Therefore, the leadership of the company should analyze back to other factors that can affect the emergence of budgetary slack. In the other words, they need to do further research on the factors that explain budgetary slack.

2. Nature findings of this study found that organizational commitment and leadership style are influencing with each other, although it has still small relatives to the relationship budgetary participation and *budgetary slack*, but should continue to maintain attention to task structure and productivity as an important part of the organisation's commitment and leadership style that can contribute to the improvement of quality of work performance of an organization or enterprise industry.

### 7.3 Limitation

This research has been carried out to the fullest, but there are still some limitations experienced. It is important to note that there should be taken to generalize the results of research. Some of the limitations that affect these results include:

1. To determine the consistency of the results of this study, it is still need the other researches. The author includes two moderating variables, but it is thought that there are many other factors that moderate the relationship of budgetary participation and *budgetary slack*. From the moderating variables, namely the organization's commitment and leadership style did not prove to be a moderator variable. For further research, it is necessary to add other factors due to the fact that it is expected to strengthen the relationship between budgetary participation and *budgetary slack*, such as *locus of control* and delegation of authority, information asymmetry, and budgetary pressures.
2. The scope of this study is very small and the sample used in this study was too small, so there is a lack of generalizability of research results. Beside that, the sample used only from industrial companies that might result is different if using a sample of others (service companies and non-profit) or on the structural organization of government.

### 7.4 Implication

The results of this study can be input for both practitioners and academics as an important contribution, because when *budgetary slack* tend to be higher, it will create deviant behavior in organizations. *Budgetary slack* should be controlled or predicted earlier in order to improve the effectiveness of the company's budget. For academics, the factors of organizational commitment and leadership style is conditional factors that should be considered and analyzed back in order to improve organizational effectiveness through budget participation associated with *budgetary slack*. It can broaden the factors that may affect *budgetary slack*, because these factors are very important to the sake of conditions of globalization era filled with uncertainty environment.

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