

ORGANIZATIONAL CULTURE MODERATES ORGANIZATIONAL COMMITMENT AND PARTICIPATION OF BUDGET DEVELOPMENT ON BUDGET SLACK

Ni Nengah Seri Ekayani
Ni Ketut Sariani
AA Ketut Jaya Warsa
I GST B. NGR. P.Putra
Ni Kadek Sinarwati

ABSTRACT

This study raises Organizational Culture with the indicators using the Sapta Bayu Culture indicator which has never been studied by previous research. The purpose of this study is to test empirically the ability of Organizational Culture to moderate the effect of Organizational Commitment and Participation in Budgeting on Budgetary Slack. The research was conducted at the Bali Provincial Korpri Welfare Foundation. Research respondents 100 respondents. Primary data were collected using survey methods and processed using the Warp PLS application. The results of the analysis found that Organizational Commitment has no effect on budgetary slack, on the other hand, Budget Participation and Organizational Culture have a negative effect on budgetary slack. Organizational Culture is unable to moderate the effect of Organizational Commitment on Budgetary Slack. On the other hand, Organizational Culture is able to moderate the influence of Budget Participation on Budgetary Slack. The limitations of this research are the object of this research is still in one organization, so the results cannot be generalized, it is hoped that further research will be extended to the same organization or to other industries. The research implications are for the Bali Provincial Korpri Welfare Foundation, it is hoped that it will increase motivation and continue to urge employees to improve their performance through regular meetings, giving rewards to high achievers, providing regular leadership training, with the hope of increasing their commitment to advancing the institution so that budgetary slack can be achieved. minimized. For further research, it is expected to re-examine organizational culture in moderating the effect of organizational commitment on budgetary slack on other objects because it is still minimally implemented.

Key words: Organizational; Commitment; Budgetary; Slack

INTRODUCTION

The budget is a plan that describes future organizational goals and activities that are quantitative in nature and are expressed in monetary units (Sinaga, 2013). According to Anthony and Govindarajan (2007), budgetary slack is the difference between the reported budget and the budget according to the best estimate for the organization. The estimate in question is the budget that actually occurs and is in accordance with the best ability of the company. There is a difference between the budget and the realization of income and expenditure at the Bali Provincial Korpri Welfare Foundation, this difference is what is meant by budgetary slack.

The budgeting process involves many different individual characteristics, these different characteristics give rise to a different organizational commitment to each individual. Highly committed employees will use the budget to pursue organizational goals while employees with low commitment will use the budget to pursue their own interests. The greater the organizational commitment you have, it will usually minimize the occurrence of budgetary slack. If individuals have low commitment to their organization, the opportunity for budgetary slack to occur is very large (Wardani, 2016). This statement is supported by the results of research by Srimuliani, (2014), Wati et al. (2017), Purba and Kusuma (2017), Sudirman et al (2018), and Wardana (2018) which found that organizational commitment has a negative effect on budgetary slack. And conversely, there are research results that find that organizational commitment has a positive effect on budgetary slack (Irfan et al; 2016), Huseno (2017), and Naim (2019). And there are research results that find that organizational commitment is not able to reduce budgetary slack (Mukaromah, 2015).

The budget preparation process cannot be separated from individual participation in the organization. The existence of participation, will provide space for leaders and employees to appreciate themselves for the targets they have to achieve. High participation can encourage subordinates to create budgetary slack so that their performance looks good and can easily achieve company targets. Another opinion states that participation can reduce the occurrence of budgetary slack due to positive communication between superiors and subordinates. Many studies have been conducted on the causes of budgetary slack, but these studies have found different results such as research conducted by Maharani and Ardiana (2015), Mercury et al (2015), Irfan et al (2016), which state that budgeting participation has a positive effect on budgetary slack. In contrast, research Muffarihah (2016), Rifqi, (2017), Dwija Putri and Ulupui (2018), and Glory Koeswardhana and Saprudin (2019) state that budgeting participation has a negative effect on budgetary slack. Differences in results from previous studies can be resolved using a contingency approach. This is done by including other variables that might influence budgetary participation with budgetary slack. One of the variables estimated to influence this relationship is Organizational Culture.

Organizational culture (Sapta Bayu) is used as a moderating variable because Organizational Culture is an abstraction of the leadership wisdom values of Sri Kesari Warmadewa (Good University Governance) and is the basic assumptions and beliefs possessed by every organization that can influence the way humans act in the organization. Culture is concerned with how a person perceives work, cooperates with colleagues, and views the future, this is because before joining an organization, individuals (workers) have first been influenced by various social institutions or institutions that routinely instill values and norms and shape behavior, such as family, community, nation, education system, ethnicity and religion. Several research results found that

organizational culture has a negative effect on budgetary slack (Wati et al, 2017; Wardana and Gayatri, 2018), on the other hand Mufarriah (2016), Glory Koeswardhana and Saprudin (2019) found that organizational culture has a positive effect against budgetary slack. And there are studies that produce organizational culture that does not affect budgetary slack (Maharani and Ardiana, 2015), and Kalembang (2016). As a moderator, organizational culture is able to weaken the relationship between budget participation and budgetary (Saputra, 2018) and vice versa, organizational culture is not able to weaken the relationship between budget participation and budgetary slack Mercury et al. (2015), Dwija Putri and Ulupui (2018).

This study raises Organizational Culture with the indicators using the Sapta Bayu Culture indicator which has never been studied by previous research. Sapta Bayu comes from two words, namely Sapta and Bayu. Sapta means seven, and bayu means energy, the life force that brings enthusiasm, as a guide in various aspects of the life of the Warmadewa University academic community, which is an abstraction of the values of the leadership wisdom of Sri Kesari Warmadewa in Bali. Another reason is the inconsistency of the results of previous studies so that it provides an opportunity for further research. In addition, there is no research that analyzes the x variable of organizational commitment and organizational culture as moderating variables (Andika (2019). So, the purpose of this study is to examine the effect of organizational commitment and budgetary participation on budgetary slack moderated by the Sapta Bayu Culture.

METHOD

The Bali Province Korpri Welfare Foundation, as an object of research, is a social and non-profit institution oriented towards improving the quality of Human Resources, focusing on three main areas of activity including: education, health, and social activities which are operational carried out through the Activity Implementing Unit (UPK). UPK is an organization formed by the Foundation to carry out programs and activities of the Foundation. The UPK Foundation includes Warmadewa University, PT Puri Raharja Hospital, Warmadewa Clinic, Warmadewa Property and Warmadewa College. having its address at Jalan Anyelir Number 5, Kelurahan Sumerta, Denpasar Timur.

The sample is 100 employees who have structural positions and are directly involved in budgeting. Primary data were collected by survey methods and data were processed using the WarpPLS application. Each variable is measured using a 1–10-point rating scale.

RESULTS AND DISCUSSION

Organizational commitment has a negative effect of -0.138 on budgetary slack, which means that if the organizational commitment is strong, it will motivate individuals to maximize their potential in achieving the set targets/goals of the company, thereby reducing the budget gap. significance of 0.05 so it can be said that organizational commitment has no effect on budgetary slack and the relationship is not significant at the 0.05 level. This is also evidenced by the t-count value of 1.573 which is smaller than 1.96. This shows that hypothesis 1 is rejected. This is in line with the results of research by Mukaromah (2015), Irfan et al, (2016) and Andika (2019). Based on these results, it shows that the individuals involved in budgeting at the Korpri Welfare Foundation are psychologically unable to reduce the budget gap. So individuals/employees do not fully have a strong desire to achieve organizational goals. Facts on the ground show that organizational commitment at the organizational leadership level and at the lower level has not fully had sufficiently good organizational commitment so that it does not directly touch budgetary slack.

The results of this study cannot support the statements of Srimuliani (2014), Wati et al, (2017), Purba and Kusuma (2017), Sudirman et al (2018), and Wardana (2018) who found that organizational commitment has a negative effect on budgetary slack. And it also does not support the results of research which found that organizational commitment has a positive effect on budgetary slack (Irfan et al; 2016), Huseno (2017), and Naim (2019).

Budget participation has a negative effect on budgetary slack by -0.513 and the relationship is significant at the 0.05 level with a t value of 5.589, greater than the t_{table} , which is 1.96. This shows that hypothesis 2 is accepted. This supports the statement by Hansen and Mowen (2009: 448) explaining that budgeting participation can cause three problems, namely: 1) Setting standards that are too high or low. 2) Inclusion of slack (slack) in the budget. 3) pseudo participation. The results of studies that support this statement include: Sinaga (2013), Srimuliani (2014), Muffariyah (2016) who state that budgeting participation has a negative effect on budgetary slack. The application of pre-set goals with the support of high organizational commitment motivates each employee to prioritize organizational interests more than personal interests and strive to achieve predetermined goals so that it has implications for achieving budgetary decisions.

In contrast, research from Maharani and Ardiana (2015), Mercury et al (2015), Irfan et al (2016), who state that budgeting participation has a positive effect on budgetary slack. The coefficient of Organizational Culture is -0.253, meaning that Organizational Culture has a negative effect on budgetary slack, and the relationship is significant at the 0.05 level with a t_{count} value of 2.70, greater than the t_{table} value of 1.96, then hypothesis 3 be accepted. This means that if the leadership or employees involved in preparing the budget, the understanding and implementation of Organizational Culture increases, it can reduce the occurrence of budgetary slack. Organizational culture has an influence on the behavior, motivation and work methods of the leaders and employees of the Bali Provincial Korpri Welfare Foundation to achieve organizational performance that is governed by ideas and intentions so as to influence actions and the consequences of performance Organizations with a strong Organizational Culture will try to implement the budget as it is without any other purpose. The results of this study support the statement (Wati et al, 2017; Purba and Kusuma, 2017; Wardana and Gayatri, 2018) that organizational culture has a negative effect on budgetary slack. On the other hand, Mufarriah (2016), Glory Koeswardhana and Saprudin (2019) found that organizational culture has a positive effect on budgetary slack. And there are studies that produce organizational culture that does not affect budgetary slack (Huda, 2014), (Maharani and Ardiana, 2015), and Kalembang (2016).

The interaction coefficient of Organizational Culture in moderating the effect of organizational commitment on budgetary slack is -0.076, which means that it has a negative effect, but not significant at the 0.05 level, namely (0.503). And the t value of 0.670 is smaller than the t_{table} value of 1.96 so that Hypothesis 4 is rejected. This means that the Organizational Culture is unable to moderate the relationship between organizational commitment to budgetary slack at the Bali Provincial Korpri Welfare Foundation.

The interaction coefficient of Organizational Culture in moderating the effect of budget participation on budgetary shock is 0.322 with a significance level of 0.042, which means that Organizational Culture is able to moderate the effect of budget participation on budgetary spending at the Provincial Korpri Welfare Foundation and hypothesis 5 is accepted. This is in accordance with the existing theory that organizational culture (sapta bayu) is able to strengthen the negative influence between budget participation on budgetary slack. This is in line with the results of Andika's research (2019) which states that organizational culture moderate's budgetary participation in the managerial performance of the Directorate of Disease Prevention and Control, Ministry of Health. So, it can be explained that the stronger the implementation of organizational culture (Sapta Bayu) can strengthen individuals to improve performance or wherever possible the leaders will try to achieve predetermined targets and control costs by minimizing irrelevant costs. This can be applied when the Deliberation on Income and Foundation Activities is held by the Bali Province Welfare Foundation in the budget preparation agenda.

As a moderator, other research shows that organizational culture is able to weaken the relationship between budget participation and budgetary slack Sastri and Datrini, (2018) and Saputra: 2018) and vice versa, organizational culture is unable to weaken the relationship between budget participation and budgetary slack Mercury. et al (2015), Antari and Sukartha (2017). Dwija Putri and Ulupui (2018).

CONCLUSION

The conclusion of this research is organizational commitment has no effect on budgetary slack, budget participation has a negative effect on budgetary slack, organizational culture has a negative effect on budgetary slack, organizational culture is not able to strengthen the negative influence of organizational commitment on budgetary slack, and organizational culture is able to strengthen the negative relationship between budgetary participation and budgetary slack.

Implications of this research are for the Bali Provincial Korpri Welfare Foundation, it is hoped that it will increase motivation and continue to urge employees to improve their performance through regular meetings, giving rewards to high achievers, providing regular leadership training, with the hope of increasing their commitment to advancing the institution so that budgetary slack can be achieved. minimized. For further research, it is expected to re-examine organizational culture in moderating the effect of organizational commitment on budgetary slack on other objects because it is still minimally implemented. The Limitations of this research are the object of this research is still in one organization, so the results cannot be generalized, it is hoped that further research will be extended to the same organization or to other industries.

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Ni Nengah Seri Ekayani
Lecture of Economic Faculty Warmadewa University
Email: seriekayani1965@gmail.com

Ni Ketut Sariani
Lecture of Economic Faculty Warmadewa University
Email: srianiketut217@gmail.com

AA Ketut Jaya Warsa
Lecture of Economic Faculty Warmadewa University
Email: agungjayawarsa@gmail.com

I GST B. NGR. P.Putra
Lecture of Economic Faculty Warmadewa University
Email: ngurahpanji.putra@gmail.com

Ni Kadek Sinarwati
Correspondent author
Economic Faculty of Ganesha University of Education
Email: nikadeksinarwati@undiksha.ac.id