Article Type: Research Paper

The effect of strategy, information asymmetry, and incentive scheme on budgetary slack in family business company

Janet Anneta[1] and Jesica Handoko[2]*

Abstract

Research aims: This research focuses on testing the influence of implementing strategies by the company, the influence of information asymmetry that occurs between parties in the organization, and the incentive system applied in the organization to its employees.

Design/Methodology/Approach: Computerized experimental research was conducted using a 2x2x2 mixed-subject research design, where there were two between-subject variables and one within-subject variable. Participants in this research were employees of family business companies involved in preparing the company budget. This test used the ANOVA analysis tool with Repeated Measurement.

Research findings: This research provides results that the information asymmetry variable had a positive effect on the emergence of budgetary slack, while the variables of strategy, incentive scheme, and the interaction of each variable have not proven to influence the emergence of budgetary slack.

Theoretical contribution/Originality: The experimental findings support the agency problem that arises from information asymmetry.

Practitioner/Policy implication: By using practitioners conditioned in specific budgeting situations in experimental budget studies, this research provides practical implications for budgeting problems in business practice. In particular, it provides an overview of the factors that can influence budget gaps, and in this case, a business can condition its efforts in taking advantage of conditions to create the right budget. Apart from that, this research will be able to provide an overview of what treatments can encourage motivation and increase opportunities for the tendency to create budget slack.

Research limitation/Implication: This study was limited to certain company sectors, and there is the possibility of a gap in understanding and interpreting the experimental scenario.

Keywords: Strategy; Asymmetry Information; Incentive Schemes; Budgetary Slack

AFFILIATION:

[1]Master of Accounting Program, Universitas Katolik Widya Mandala Surabaya, East Java, Indonesia

[2]Department of Acccounting , Faculty of Economics, Universitas Katolik Widya Mandala, East Java, Indonesia

***CORRESPONDENCE:**

jesica@ukwms.ac.id

DOI: 10.18196/jai.v25i2.19857

CITATION:

Anneta, J., & Handoko, J. (2024). The effect of strategy, information asymmetry, and incentive scheme on budgetary slack in family business company. *Journal of Accounting and Investment, 25*(2), 436-459.

ARTICLE HISTORY

Received:
13 Sep 2023
Revised:
29 Apr 2023
07 Nov 2023
12 Nov 2023
Accepted:
14 Nov 2023

JAI Website:

Introduction

Every agency or company cannot be separated from activities in the form of budgeting. In preparing a budget that involves many parties with various interests, it is not uncommon for there to be a gap of interests. Agency theory explains that in an organization or company there will be different parties, namely the agent and the principal (Jensen & Meckling, 2012). The involvement of agents as managers who are directly involved in the daily activities of the organization in preparing the budget is

expected to create a more optimal budget because they have better knowledge about the organization. Budgets must be developed efficiently because enterprises are not always in a situation with abundant resources. From the perspective of control, the budget passes the strategic intent of the organization, has the economic effect after distributing the profit, and is affected by the subjective factors of the upper and lower levels (Sheng, 2019). Participative budget methods can lead individuals to behave dysfunctionally in the form of budgetary slack.

Budgetary slack is defined as a difference that arises in the budget prepared with the best estimate that can be predicted honestly (Anthony & Govindarajan, 2003). In other words, this budgetary slack will create an imbalance between the prepared budgets (Kholmi, 2010). Due to uncertainty regarding future conditions, while each party has personal interests, it does not rule out the possibility that budgetary slack will be implemented to overcome these problems. Hence, the first variable to be examined in this study is the strategy implemented by the organization. Strategy is an organizational effort to achieve its goals. The budget is used as a performance review tool. When the performance achieved is poor, the implementation of the company's strategy will, of course, be reviewed (Handoko et al., 2021). This, of course, will influence the opportunity for budgetary slack to occur when a review of the bad strategy is carried out so that it can achieve better performance. The generic strategy is divided into two, namely differentiation and cost leadership (Porter, 1985). The differentiation strategy focuses on efforts to create unique innovations compared to competitors. In contrast, the cost leadership strategy highlights efforts to control costs to a minimum to create low-cost business processes compared to its competitors. If, in the cost leadership strategy, the organization tries to control the costs incurred, in the differentiation strategy, the organization will tend to focus more on the value of the product compared to the costs incurred. This is what can be a gap in the creation of budgetary slack due to slack in the wastage of costs that occur.

The second variable to be investigated is related to information asymmetry. Information asymmetry as an external factor is a condition where the information held by the agent is better and more complete than the principal because the agent is directly associated with organizational activities. The habit of this information and the involvement of agents in preparing the budget are used to create budgetary slack to fulfill their personal interests above the interests of the organization as a whole (Agung & Sunarto, 2022). The higher the condition of information asymmetry that exists in the organization, the higher the chances of creating budgetary slack in the organization (Efrilna, 2018).

The third variable to be studied is associated with the incentive scheme. Evaluation of the performance of subordinates in achieving predetermined targets and budgets is divided into two schemes, namely the truth-inducing scheme and the slack-inducing scheme (Efrilna, 2018). Although both of these schemes provide incentives if subordinates can exceed the targets set in the budget, in slack inducing, if subordinates do not succeed in achieving the target, they will not be subject to punishment, which will encourage motivation to achieve the budget and will even motivate high slack budget.

Furthermore, this research was conducted after the COVID-19 pandemic. Previously, there was not much research on budgetary slack during this pandemic period (Willyan & Handoko, 2022). In addition, there are still few studies that link strategy to budgetary slack, but many use secondary data or survey approaches. The pandemic condition also encourages individuals to avoid risks that impact their performance, thus encouraging these individuals to create slack (Willyan & Handoko, 2022). For that reason, current experimental research will contribute to extending the body of knowledge, especially the agency theory based on empirical findings and provide a bridge to practice by using employees in a family business involved in budgeting practices.

This study will compare how the behavior of individuals as budget preparers is positioned in the variable conditions that exist during pandemic times, which still leave uncertainty. The motivation for researching the topics of budgetary slack, strategy, information asymmetry, and incentive schemes is not only to add empirical evidence related to research in this field but also to increase the benefits of taking an experimental approach in the field of accounting, especially strategic management accounting. Research using this experimental method provides advantages because it can create scenario conditions according to the research and condition participants in the scenario so that the research results obtained reflect the conditions that the researchers expected. This experimental method also provides the advantage of being directed and focused on the research line since it is conditioned according to the research scenario. In addition, it is hoped that the results of this research can provide guidance and advice for management, specifically for family business companies, in overcoming the phenomenon of budget gaps. Moreover, it is anticipated that the results of this study will serve as guidelines and suggestions for management, particularly for family business companies, in addressing the phenomenon of budgetary slack.

From the explanation described, the formulations of the research problems are: (1) Will strategy affect budgetary slack? (2) Will information asymmetry affect budgetary slack? Also, (3) Will incentive schemes affect budgetary slack? In the next section, a literature review, hypothesis development, and experimental research methods will be explained. This study aims to prove the effect of business unit strategy, asymmetry, and/or incentive schemes on increasing budgetary slack. Proof of this influence is appropriate if it is done with an experimental study, as it is a type of research that involves full intervention and control from the researcher. This intervention is generally carried out by manipulating several variables in a certain setting, and then the researchers will observe how the manipulation impacts the subjects studied (Cooper & Schindler, 2014). The independent variable is the variable manipulated by the researcher, and then it is observed whether the hypothesized dependent variable is affected by the intervention.

The results of this research can hopefully contribute to theory, literature, and practices. Hopefully, the research results can enrich agency theory, which states that the separation between owners and agents (management) can result in potential problems not only during policy execution but also starting from the planning process, which is called the budget gap in this research. It is expected that this research will add empirical evidence to the management and behavioral accounting literature, especially regarding

the allegation that strategy, information asymmetry, and incentive schemes influence budget gaps and complement findings regarding research inconsistencies with the topic of budgetary slack. The sample of employees involved in the budgeting process is also anticipated to provide valuable empirical evidence so that it can provide practical input to management in responding to the budgetary slack phenomenon. It can encourage budgeting activities that can prevent agents from budgetary slack behavior.

Literature Review and Hypotheses Development

Dunk and Nouri (1998), in a more brief explanation, defined budgetary slack as intentionally underestimating income or capacity and overestimating cost or resource when some budget tasks were finished. Many experimental studies have shown that budgetary slack is very common in organizations (Merchant & Manzoni, 1989). Sheng (2019) grouped budgetary slack studies into three groups based on the research theories explanation: (1) research based on agency theory; (2) research based on contingency theory; and (3) research based on organizational behavior and social psychology.

This research is based on the first criteria, which is agency theory and conduct to prove whether private information in the name of strategy factor, information asymmetry factor and/or incentive scheme factor will create more slacks. These factors are selected due to common practice in which managers usually use their private information to affect formulation if all enterprise owners allow managers to have more participation (Young, 1985). Agreeing with Sheng (2019), this research proposes that budget participation is the original factor that creates slack, and practically, some factors increase slack.

Agency theory explains that there is a relationship between the parties in the organization, namely the principal and the agent (Jensen & Meckling, 2012). The agency theory elucidates that each party has its role, where the principal is the superior who gives the task delegation, while the agent as the subordinate is the party who receives the task delegation and is responsible to his superior (Baiman, 1982). Chong and Sudarso (2016) explicate that the consequence of agency theory is the emergence of information asymmetry. Agents often use this situation to create budgetary slack to achieve their personal goals. Agents who are directly involved in organizational activities certainly have special information that the principal does not own. The agent will be compelled to provide information to the principal that tends to be biased, which is not in accordance with the actual situation, which will benefit his personal interests. This creates conditions where the agent's performance will appear good in the eyes of the principal, but in reality, this may not be the case.

Moreover, behavioral theory is needed for research on the topic of budgetary slack (Hudayati, 2002). The intention of the individual influences individual behavior (Syahrir, 2017), where this is influenced by (1) attitude towards behavior, where the individual believes that an action will lead to the desired or unwanted results; (2) perceived

behavioral control, where an action taken has difficulty, ease, and possibility; and (3) subjective norms, where there is a social environment as a controller for individuals to act according to what is desired and not desired.

A budget itself is a financial plan expressed in monetary units that explains the company's efforts to obtain resources, how much funding is needed in a certain period (generally one financial year), how the company will use these funds, and how much the funds are used. The budget is an important component in a plan because it can explain how an activity and company activities can be pursued to achieve goals (Hansen & Mowen, 2017). The process of preparing a budget can be carried out in three ways, i.e., bottom-up, top-down, and mixture. Also, budgetary participation by agents is still needed in the budgeting process since it is hoped that it will produce better information for the principal (Dunk, 1993). In this case, the principal will have the opportunity to gain access to information from the agent. In addition, with this budget participation, it is expected that the agent's performance will be better because when the agent sets a budget target and is approved by the principal, the agent will be serious and responsible in trying to achieve the target that has been made. However, the budget preparation process, which involves the participation of subordinates, has the potential to create budgetary slack (Alfebriano, 2013).

Budgetary slack is a process in which budgeting is done by underestimating revenue (underestimated revenue) and overestimating costs (overestimated expenditure) (Hansen & Mowen, 2017). Budgetary slack is also the difference between the total budget that has been set and the best estimate that can be expressed honestly (Yanti & Sari, 2016). An agent will try to create budgetary slack when they have expectations of getting greater profits in their involvement in the budgeting process and expect rewards for budget achievements that occur (Suhartono & Solichin, 2006).

On the other hand, a strategy is a tool used by organizations to gain a competitive advantage. In addition, strategy is an organizational effort to achieve its goals (Porter, 1985). Strategy is needed to compete in the market because each organization has its advantages and disadvantages (Istianingsih, 2012). In calculating the budget, the company can guide subordinates to have performance standards or align their goals with the company's expectations through strategy (Sheng, 2019). The strategy of the organization can provide a significant influence on the creation of a budgetary gap. Strategy is categorized into differentiation and cost leadership (Porter, 1985). Cost leadership is a strategy that strictly controls costs, where efforts to reduce and minimize costs tend to occur. Differentiation is a strategy that emphasizes the development of a unique innovation. The differentiation strategy tends to encourage the creation of budgetary slack. This is because the differentiation strategy tends to have higher long-term uncertainty over the rewards of product innovation than the cost leadership strategy. One of the factors that encourage individuals to create budgetary slack is the uncertainty that will occur in the future.

Additionally, incentives are generally given to workers as a form of reward for their performance in the organization where they work. Incentives are also referred to as a

tool to stimulate workers to work better and more appropriately, even exceeding the targets that have been set (Efrilna, 2018). Schemes in providing incentives are divided into two types, namely slack-inducing and truth-inducing. In slack-inducing, employees will receive a fixed salary with incentives if they are successful in achieving the target of the set budget (Anneta, 2022). In this case, if the employee is unable to achieve the target that has been set, the employee will not receive punishment. Conversely, in truth-inducing, employees will receive incentives if they succeed in meeting the targets and will receive punishment if they are unable to achieve the targets set.

The Theory of Planned Behavior, in this case, explains that an action taken by an individual is influenced by the intention that the individual has. In relation to budgetary slack, individuals involved in budgeting will try to create gaps in the budget to achieve their personal goals. The strategy adopted by the company also influences budget preparation. Companies can implement a strategy of differentiation or cost leadership. The two strategies have different focuses, and the basis for preparing the budget is also different.

Companies that implement a cost leadership strategy will tend to manage their budgets to avoid leakage and leeway in costs. This means that the budget prepared will be controlled in such a way as to avoid excessive leeway. In contrast to the cost leadership strategy, the differentiation strategy appears to have greater opportunities to create budgetary slack (Fuad, 2018). The main focus of this strategy is on efforts to create innovations that are different from its competitors so that the tendency for cost slack becomes higher (Fuad, 2018). From this explanation, it is suspected that the level of budgetary slack created will be different if the strategies implemented are different. The research hypothesis to be tested is as follows:

***H_1**: The differentiation strategy has the opportunity to create a higher budgetary slack than the cost leadership strategy.*

Agency theory explains the relationship between two parties in the organization, namely the principal and agent. The principal delegates tasks to agents, and agents serve as the party responsible for these tasks to the principal. Agents will be involved by the principal so that the prepared budget can answer and cover all organizational needs (Latuheru, 2006. This is because agents are parties directly involved with information activities so they will have better, more accurate, and complete information than the principal. However, the existence of information asymmetry conditions between principals and agents tends to make agents convey organizational information that tends to be biased for personal gain. Information asymmetry is also a condition where there is hidden information from the agent to the principal (Kholmi, 2010). The difference in interests between the principal and the agent is that the principal has an interest in increasing the profitability of the organization, while the agent has an interest in increasing the incentives he receives.

This conflict of interest leads to the creation of dysfunctional behavior by agents, namely budgetary slack. This condition forces agents to create an appropriate budget and make it easier for them to achieve their interests (Anneta, 2022) by overestimating expenditure and underestimating revenue (Efrilna, 2018). If it is related to the Theory of Planned Behavior, information asymmetry becomes a possible condition that encourages agents to do something to achieve their interests so that the agent's intention to do budgetary slack arises. Research on information asymmetry has previously been carried out (Anneta, 2022) and (Fanani & Saudale, 2019), resulting in the fact that the existing information asymmetry has a positive effect, where the higher the information asymmetry, the higher the budgetary slack that arises. The research hypothesis to be confirmed is as follows:

***H_2**: High information asymmetry creates higher budgetary slack.*

Factors that can encourage budgetary slack are organizational factors, namely the provision of incentives. Incentives are given to employees directly or indirectly in the form of income, money, or goods as a form of reward for services provided by employees (Efrilna, 2018). The company provides incentives for employees with good performance. Providing incentives is also aimed at companies so that subordinates can work by displaying achievements in the form of achieving the targets set (Patricia & Handoko, 2022). By setting provisions for giving incentives, subordinates will tend to do budgetary slack to obtain incentives. Giving incentives to employees also has a positive influence on the emergence of budgetary slack (Efrilna, 2018). A study (Willyan & Handoko, 2022) explains that providing incentives with a slack-inducing scheme has a greater influence on the emergence of budgetary slack because subordinates will be increasingly encouraged to prepare a budget that makes it easier for them to achieve their interests, especially when there is no penalty for not achieving the budget target. The research hypothesis to be investigated is as follows:

***H_3**: The slack-inducing incentive scheme creates greater budgetary slack than the truth-inducing incentive scheme.*

Every company must have goals to be achieved (Adriyani & Sukirno, 2017). In an effort to achieve these goals, the company will prepare a budget as a financial planning effort that describes the company's long-term targets (Patricia & Handoko, 2022). In this case, the company will try to prepare the budget as effectively as possible so that it can provide the best picture of the company. Budgeting efforts can be top-down, bottom-up, or participative. Participatory budgeting efforts will involve agents as subordinates/managers who are directly involved in organizational activities. The involvement of this agent is expected to provide information related to budgeting that covers all the actual needs of the organization.

When associated with agency theory, the existence of an agent and a principal will create a gap in the information each has (Chong & Sudarso, 2016). In addition, because

of a conflict of interest, where the agent has an interest in achieving his personal incentive targets while the principal has an interest in increasing organizational profits, this condition of information asymmetry is often misused. Agents involved in preparing the budget will often convey biased information to the principal so that the prepared budget can benefit the agent (Agung & Sunarto, 2022). Research (Anneta, 2022) elucidates that information asymmetry has a positive effect on budgetary slack. This explains that the greater the information asymmetry that exists, the more it will encourage the creation of budgetary slack. On the other hand, giving incentives can also affect the creation of budgetary slack. Providing incentives will encourage employees to work towards their targets so that incentives can be obtained. In this case, employees often create budgetary slack to make it easier for them to achieve targets and obtain incentives (Propana, 2019).

Companies that implement slack-inducing schemes have the greatest effect on creating budgetary slack within the company (Willyan & Handoko, 2022). In this condition, if the company implements a slack-inducing scheme and is in a state of high information asymmetry, it is suspected that it will further increase the chances of budgetary slack occurring because these two conditions have an influence that increases the chances of budgetary slack. The research hypothesis to be examined is as follows:

***H_4**: In conditions of high information asymmetry and the existence of a slack-inducing incentive scheme, it will create a higher budgetary slack when compared to conditions of low information asymmetry and the presence of a truth-inducing incentive scheme.*

Incentives are given as a form of reward for the performance of each individual. These incentives are generally given to employees with good performance, one of which is the employee's ability to achieve predetermined targets. Giving schemes are classified into two, namely slack-inducing and truth-inducing. In connection with the agent's interest in obtaining incentives, this incentive scheme can have an impact on the creation of budgetary slack (Efrilna, 2018). If it is related to the Theory of Planned Behavior, the existence of interests in the form of obtaining incentives will encourage the agent's intention to take advantage of his involvement in preparing the budget to create a budget that benefits him personally.

A slack-inducing incentive scheme will create conditions for greater budgetary slack than truth-inducing. On the other hand, the company will also implement both differentiation and cost leadership strategies (Patricia & Handoko, 2022). This strategy will, of course, have different implementation and formulation. The differentiation strategy will focus on efforts to create unique innovations so that companies tend to have flexibility in costs (Fuad, 2018). In this condition, if the company implements a differentiation strategy and is in a state of high information asymmetry, it is suspected that it will further increase the chances of budgetary slack occurring because these two conditions have an influence that increases the chances of budgetary slack. The research hypothesis to be verified is as follows:

***H_5**: If there is a differentiation strategy and there is a slack-inducing incentive scheme, it will create a higher budgetary slack when compared to the condition where there is a cost leadership strategy and there is a truth-inducing incentive scheme.*

Companies implement the strategy to gain a competitive advantage. The strategies, namely differentiation and cost leadership, will have their characteristics (Porter, 1985). The differentiation strategy will focus on product innovation, while cost advantage will focus on efforts to minimize costs. In other words, while the differentiation strategy will tend to produce high costs, cost leadership will tend to tighten all costs incurred (Istianingsih, 2012). This is what triggers a higher budgetary slack in the differentiation strategy compared to cost leadership (Saarinen, 2021).

Moreover, agency theory (Jensen & Meckling, 2012) explains that in organizations, there would be agents and principals, having consequences in the form of information asymmetry (Chong & Sudarso, 2016). Information asymmetry, which is a gap in information owned by superiors and subordinates, can be one of the factors influencing the creation of budgetary slack (Fanani & Saudale, 2019). In conditions of high information asymmetry, agents with their interests will tend to take advantage and provide biased information to superiors so that they can create budgetary slack that will benefit them personally (Anneta, 2022). In other words, conditions of high information asymmetry will increasingly affect the creation of high budgetary slack. In this condition, companies that implement a differentiation strategy with high information asymmetry are expected to have an increasingly high budgetary slack. The research hypothesis to be assessed is as follows:

***H_6**: A differentiation strategy and high information asymmetry will create a higher budgetary slack compared to a cost leadership strategy and low information asymmetry.*

Agency theory creates consequences in the form of information asymmetry (Chong & Sudarso, 2016). Information asymmetry is the gap between the information held by the agent and the principal. In the context of participatory budgeting, the information asymmetry that exists is often used by agents to convey biased information for their personal interest (Propana, 2019), thus creating dysfunctional behavior in the form of budgetary slack (Falikhatun, 2008). If related to the Theory of Planned Behavior, budgetary slack efforts can arise if there is an agent's intention to achieve his interests, in this case, related to incentives. Companies can implement incentive schemes as a form of reward for the performance of their employees. Incentive schemes can be in the form of slack-inducing or truth-inducing (Pahala, 2005). Both of these schemes provide incentives in the form of bonuses to agents who can achieve the budget targets set previously.

However, in truth-inducing, agents who are unable to achieve the budget target will be subject to punishment. In other words, agents will tend to want incentives and do not want sanctions. Each company will have its own strategy, both differentiation strategy

and cost leadership. From all the explanations above, it is suspected that when the three research variables are tested against budgetary slack, the research hypothesis to be proven is as follows:

***H_7**: In the presence of a differentiation strategy, there is a high information asymmetry condition, and the presence of a slack-inducing incentive scheme will create the highest budgetary slack when compared to the interaction of strategic conditions, information asymmetry, and other incentive schemes.*

Research Method

The design of this study is a quantitative study. It aimed to examine and analyze the effect of two independent variables, namely two variables between subject strategy and information asymmetry, and one variable within the subject of incentive schemes on the dependent variable, i.e., budgetary slack (as the dependent variable). This study used a 2x2x2 mixed subject factorial experimental research design with purposive sampling (see Table 1).

Table 1 Experiment Design 2x2x2

		Information Asymmetry	
		High	Low
Differentiation Strategy	*Slack inducing*	Cell A	Cell C
	Truth inducing		
Cost Leadership Strategy	*Slack inducing*	Cell B	Cell D
	Truth inducing		

Budgetary slack is defined as the difference from the budget expressed by the best budget estimate that can be predicted honestly (Anothony & Govidaradjan, 2003). Agents will make estimates of the best budget according to their version, which will make it easier for them in terms of achieving targets and for the purpose of protecting their prospects and operational performance in the future, namely creating overvalued expenditure and undervalued revenue. This research tested three independent variables (Porter, 1985). The first variable was strategy, where every company would definitely have a strategy for running its business. The strategy itself can influence the preparation of the company's budget (Saarinen, 2021). The existing condition of information asymmetry will also often be used by the agent to compile biased information for the principal, where this condition will benefit the agent in terms of the budget that will be achieved (Fanani & Saudale, 2019). The provision of incentives implemented by the company is also a factor that can influence agents in determining the budget. In this case, agents involved in preparing the budget and trying to obtain profitable incentives will take advantage of their participation to prepare a budget that does not reflect the actual situation to achieve their targets more easily and avoid the imposition of sanctions that may arise due to unpredictable events in the future (Patricia & Handoko, 2022).

Research was conducted to determine the greatest influence that can cause budgetary slack, and then an experiment was carried out in the form of tasks to be carried out by participants related to independent variables. The task was performed by the participants three times, with each task having a working time of two minutes. The results obtained from each task would be measured by calculating the difference between the actual production and the expected production target, which was then divided by the expected performance. The budget slack formula is as follows:

$$Budgetary\ Slack = \frac{Task\ result\ 3 - Production\ target}{Expected\ performance} \dots (1)$$

$$Expected\ performance = \frac{Task\ result\ 1 + Task\ result\ 2}{2} \dots (2)$$

This study also provides seven manipulation questions to ascertain whether the participants understood the experimental assignment given. The answers to these questions included true/false for the statements given to each experimental cell. The manipulation questions are presented in Table 2

Table 2 Manipulation Questions List

Question
Based on the cases you have read, you are asked to determine production targets based on your performance capabilities in completing production tasks.
You are in a company with a differentiation/cost leadership strategy.
Your company prioritizes product innovation/cost control.
You are in a company with information asymmetry conditions (high/low).
Information that you know about the company (far more and more accurate / not much different, even the same) than your boss.
You were initially in a company that implemented a slack-inducing scheme.
In the next period, your company will switch to implementing a truth-inducing scheme.

The type of data in this study is quantitative data in the form of scores obtained from participants for each experimental scenario. The source of data from this research is primary data. It was categorized as primary data because researchers obtained research data by distributing experimental scenarios directly to research participants, i.e., employees of family business companies involved in the budget preparation process. In addition, the data collection method in this study is primary data obtained from experiments. Data collection in this study used the scenario method prepared and made in the form of case questions. The scenario results aimed to see the response of each variable studied. The variables to be manipulated were information asymmetry and ethical work climate. The variable to be observed regarding the effect was the dependent variable, namely budgetary slack.

This research was conducted using a computer base. Data were then shared with participants using a link. The population of this study were employees of family business

companies involved in preparing the budget. Sampling from this population employed a convenience sampling technique with the following criteria: (1) Employees who worked in family business companies; and (2) Involved in preparing the company budget.

The research participants involved were practitioners because there is debate surrounding the use of students as representatives of accounting practitioners, especially due to concerns about external validity (Saarinen, 2021). Thus, practitioner use is more fulfilling regarding external validity.

The assignments were made randomly (random assignment) even though participants were obtained by convenience sampling with the aim of reducing demand bias. The study used a 2x2x2 research design consisting of four cells with 15-20 participants in each cell. In addition, the selection of this sample was chosen because it wanted to prove that the theory previously described was correct so that it could be said that the experimental subjects selected in this study had fulfilled the research needs. This research was then carried out by distributing scenarios or experimental material.

The experimental research procedure is as follows: (1) In the first stage, the researchers gathered the participants and explained the purpose of the experiment to the participants; (2) After explaining the purpose of conducting experimental research, the researchers distributed demographic data forms and asked participants to fill them out; (3) At this stage, participants were asked to read related company information, and after that, participants were given one of four scenarios that had been given special treatment, namely strategy, information asymmetry, and incentive schemes; (4) After reading the case scenarios, participants were asked to fill in a manipulation check of six numbers to find out the participant's understanding of the given scenario. Fill in the manipulation check by ticking (v) in the true or false column; (5) Researchers explained in advance regarding the work on production tasks and ensured that all participants understood. The production task was in the form of translating letters into numbers; (6) Then, participants were asked to work on production task 1 for two minutes and then asked to write down the number of tasks that were successfully completed. The researchers explained briefly about the next production task under pandemic conditions, and participants were asked to determine how many targets were set for the next production task; (7) Participants were then asked to work on production task 2 for two minutes and then asked to write down how many were successfully completed. At this stage, the researchers explained in advance the results of production task 2 with predetermined targets in production task 1, which were related to the given scenario; (8) The researchers then explained that the next production task was a condition where the company changed its incentive scheme, and then participants were asked to determine production targets for production task 3; and (9) Participants were given one manipulation question and then asked to work on three production tasks for two minutes. Participants were then asked to write down the number of production tasks that were successfully carried out and write down the production targets proposed for the future.

The testing technique for the research hypothesis used a statistical tool, two-way ANOVA (Analysis of Variance). The ANOVA is used with the aim of knowing the relationship between the independent variables and the dependent variable (Ghozali, 2016: 68). In testing ANOVA, several assumption tests must be met, such as: (1) *Box test* to test the MANOVA assumption, which requires that the variance/covariance matrix of the dependent variable is the same/not different (with a significance level above 5%); and (2) *Lavene's Test of Equality of Error Variance* to test the MANOVA assumption, which requires that each dependent variable has the same variance (with a significance level above 5%).

Result and Discussion

This research is an experimental study in which the participants who were the subjects were employees who worked in family business companies and were involved in compiling the company's budget. The selection of participants was carried out to test and analyze the behavior of employees in family business companies towards their tendency to create a budgetary slack in the conditions studied in this study, namely the company's strategy, information asymmetry conditions within the company, and the incentive scheme system implemented by the company. Each participant involved was placed randomly (random assignment) in one of four cells with different treatments. Each participant had the same opportunity to participate in this experiment.

The participants involved in this study totaled 66 (sixty-three) people who were randomly distributed into four different scenario cells (Table 3), where each in cell A totaled 16 participants, cell B totaled 17 participants, cell C totaled 16 participants, and cell D totaled 17 participants. The experiment distribution was carried out computerized, and the collection period for experimental data took place from June 18, 2023, to June 21, 2023. Each participant had the same opportunity to participate in this experiment. The table below shows the distribution of participants into four different experimental cells.

Table 3 Distribution of Participants Based on Experimental Cells

		Information Asymmetry	
		High	Low
Differentiation	Slack inducing	16	16
	Truth inducing	24.2%	24.2%
Cost Leadership	Slack Inducing	17	17
		25.8%	25.8%

Any data obtained during the experiment would be subject to manipulation check before it could be processed. This manipulation check was carried out with the aim that each experiment carried out was completely and accurately known by the participants so that the objectives and execution of the experimental scenario could represent the conditions that best suited the participants. This manipulation check was performed by

providing a total of seven-point statements about the experimental case. Participants were first asked to read the experimental case, and the participants were then asked to determine whether the statements put forward about the case were true or false. If there is at least one wrong answer to the statement given, the participants and experimental data are considered not eligible to be processed in this study. If the participant can answer all of these statements correctly, the participant is considered to fulfill the experimental requirements, and the data will be processed into research data in this experiment.

Of the 66 (sixty-six) participants who took part in this experiment, there were three participants whose data did not meet and passed the manipulation check, thus leaving 63 participants whose data could be processed in this study. If detailed, the number of data that passed and could be processed in cell A totaled 15 participants; in cell B, it totaled 15; in cell C, there were 16 participants; and in cell D, there were 17 participants. Table 4 presents the amount of data that passed the manipulation check and did not pass the manipulation check for each research cell.

Table 4 Manipulation Check

Cel	Participants	%
A		
Qualitfied	15	93.75
Not Qualified	1	6.25
Total	**16**	**100**
B		
Qualitfied	15	88.24
Not Qualified	2	11.76
Total	**17**	**100**
C		
Qualitfied	16	100
Not Qualified	0	0
Total	**16**	**100**
D		
Qualitfied	17	100
Not Qualified	0	0
Total	**17**	**100**

This experimental research utilized an analytical tool in the form of ANOVA with the IBM SPSS (Statistical Package for the Social Sciences) 23 application program. Before data could be further processed, research data that had been successfully collected would go through a homogeneity test to assess whether the data met the ANOVA testing requirements. The requirement for research data to meet the ANOVA test is if the independent variance is homogeneous (has similarities) with other variances. To find out whether the research data is homogeneous can be seen in the results of Levene's Test of Homogeneity of Variance, where if the significance/probability results are above 0.05 (probability > 0.05), a conclusion can be drawn that the research data is homogeneous

and has fulfilled further testing requirements using ANOVA (Ghozali, 2016). Table 5 reveals the test results from Levene's Test of Equality of Error Variance.

Table 5 Levene's Test of Equality of Variances

	F	df1	df2	Sig.
Slack Inducing	.703	3	59	.554
Truth Inducing	1.731	3	59	.170

The results of Levene's Test of Equality of Error Variances for slack-inducing and truth-inducing showed a significance of 0.554 and 0.170, respectively. This indicates that the research data collected for further processing was homogeneous because it was not significant at 0.05 (> 0.05), so it met the requirements of the ANOVA test.

Table 6 Test of Within Subjects Contrast

Source	Scheme_ Incentive	Type III Sum Square	df	Mean Square	F	Sig.
Skema_insentif	Linear	.042	1	.042	1.392	.243
Skema_insentif*Strategi	Linear	.063	1	.083	2.771	.101
Skema_Insentif*Asimetri	Linear	.059	1	.058	1.937	.169
Skema_Insentif*Strategi* Asimetri	Linear	.005	1	.005	.182	.671
Error (Skema_Insentif)	Linear	1.767	59	.030		

After Levene's Test of Equality of Error Variances revealed results that met the requirements, the processing of research data could be carried out with the next test, namely ANOVA analysis (Analysis of Variance). This research itself was a mixed subject, where two independent variables were used between subjects, namely strategy (differentiation and cost leadership) and information asymmetry (high and low), and one independent variable was used within the subject (slack-inducing and truth-inducing). The three independent variables were then tested for their interaction with the dependent variable of this study, namely budgetary slack. Table 7 shows the test of between subjects' effects, and Tables 8-14 present the mean from each experiment conditions category.

Table 7 Test of Between Subjects Effects

Source	Type III Sum Square	df	Mean Square	F	Sig.
Intercept	2.986	1	2.986	64.137	.000
Strategy	.004	1	.004	.087	.769
Asimetri	.236	1	.236	5.058	.028
Strategy*Asimetri	.067	1	.067	1.429	.237
Error	2.747	59	.047		

The mean values of the differentiation strategy and cost leadership strategy described in Table 8 were 0.148 and 0.160, respectively. The existence of a difference of 0.012 indicates that the cost leadership strategy tends to create higher budgetary slack than

the differentiation strategy because the mean value of the cost leadership strategy exhibited a higher value. However, Table 7 presents that the differentiation strategy had a p-value of 0.769 (greater than 0.05), so the first hypothesis (H_1) in this study was rejected.

Table 8 Strategy Categorical Mean

Strategy	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Differentiation	.148	.027	.094	.203
Cost leadership	.160	.027	.106	.214

Table 9 reveals that the mean values of low information asymmetry and high information asymmetry were 0.111 and 0.197, respectively. These results denote that conditions of high information asymmetry are more likely to create budgetary slack than conditions of low information asymmetry. This is because the mean value for high information asymmetry was higher than the mean value for low information asymmetry. Also, in Table 6, the F-value on the information asymmetry variable was 5.058, and a significant value was 0.028. It can be said that the second hypothesis (H_2) in this study was accepted.

Table 9 Information Asymmetry Categorical Mean

Information asymmetry	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Low	.111	.027	.058	.164
High	.197	.028	.142	.253

Hypothesis 3 in this study states that the slack-inducing incentive scheme creates greater budgetary slack than the truth-inducing incentive scheme. In the table, it can be seen that the F-value was 1.392, and the significant value was 0.243 (greater than 0.05). In Table 10, it can be seen that the mean value of the slack-inducing incentive scheme was 0.172, which was higher than 0.136 (mean value of the truth-inducing incentive scheme), but because the p-value was insignificant, H_3 in this study was rejected.

Table 10 Incentive Schemes Categorical Mean

Incentive schemes	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Slack inducing	.172	.022	.128	.217
Truth inducing	.136	.027	.082	.189

Table 6 shows the interaction of information asymmetry, and the incentive scheme produced an F-value and a significance of 1.937 and 0.169, respectively (p-value greater than 0.05). Table 11 also shows the mean value from the interaction of information asymmetry and incentive schemes and indicates that low information asymmetry interaction and the truth-inducing incentive scheme had the highest budget slack value compared to other cells. Because of the insignificant p-value, the fourth hypothesis (H_4) in this study was rejected.

Table 11 Information Asymmetry * Incentive Schemes Categorical Mean

Information asymmetry	Incentive schemes	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
Low	*Slack inducing*	.151	.031	.089	.212
	Truth inducing	.071	.037	.003	.145
High	*Slack inducing*	.194	.032	.129	.259
	Truth inducing	.201	.039	.123	.278

Table 6 reveals that the F-value of the interaction of strategy and incentive schemes was 2.771, and the p-value was 0.101 (p-value greater than 0.05). The largest mean value is shown by the interaction between the cost leadership strategy and the slack-inducing incentive scheme, which was equal to 0.204 (Table 12). Due to the insignificant p-value, the fifth hypothesis (H_5) of this study was rejected.

Table 12 Strategy * Incentive Schemes Categorical Mean

Strategy	Incentive schemes	Mean	Std. Error	95% confidence interval	
				Lower Bound	Upper Bound
Differentiation	*Slack inducing*	.141	.032	.077	.205
	Truth inducing	.156	.038	.080	.232
Cost leadership	*Slack inducing*	.204	.031	.141	.267
	Truth inducing	.116	.038	.041	.191

Table 7 demonstrates that the interaction of strategy and information asymmetry produces an F-value and a significance of 1.429, and the significance value was 0.237, respectively (p-value greater than 0.05). Table 13 also exhibits that the mean value between the differentiation strategy interaction and low information asymmetry was the highest, which was equal to 0.215 compared to other cells. Because of the insignificant p-value, the sixth hypothesis (H_6) in this study was rejected.

Table 13 Strategy * Information Asymmetry Categorical Mean

Strategy	Information asymmetry	Mean	Std. Error	95% confidence interval	
				Lower Bound	Upper Bound
Differentiation	High	.082	.038	.006	.158
	Low	.215	.039	.136	.294
Cost leadership	High	.140	.037	.066	.214
	Low	.180	.039	.101	.259

Table 6 displays that the interaction of strategy, information asymmetry and incentive schemes produced an F-value and a significance of 0.182, and the significance value was 0.671, respectively (p-value greater than 0.05). In Table 14, it can be seen that the highest mean value is indicated by the interaction between differentiation strategies, conditions of high information asymmetry, and truth-inducing schemes (0.237). This is certainly not in line with the proposed hypothesis, so the seventh hypothesis (H_7) proposed in this study was rejected.

Table 14 All Variables Categorical Mean

Strategy	Information asymmetry	Incentive schemes	Mean	Std. Error	95% Confidence Interval	
					Lower Bound	Upper Bound
Differentiation	High	*Slack inducing*	.090	.044	.001	.178
		Truth inducing	.075	.053	-.031	.181
	Low	*Slack inducing*	.192	.046	.101	.284
		Truth inducing	.237	.055	.128	.347
Cost Leadership	High	*Slack inducing*	.212	.043	.125	.298
		Truth inducing	.068	.051	-.035	.170
	Low	*Slack inducing*	.196	.046	.104	.288
		Truth inducing	.164	.055	.055	.274

Discussion

The hypothesis states that in the presence of a differentiation strategy, there is a condition of high information asymmetry, and the existence of a slack-inducing incentive scheme will create the highest budgetary slack when compared to the interaction of strategic conditions, information asymmetry and other incentive schemes. The first hypothesis in this research is that a differentiation strategy has the opportunity to create higher budgetary slack than a cost leadership strategy. An organization implements strategy in an effort to gain a competitive advantage over its competitors (Istianingsih, 2012). Strategies are grouped into differentiation and cost leadership strategies, and Fuad (2018) explains that budgetary slack is more influenced by differentiation strategies than cost leadership strategies due to long-term uncertainty regarding the rewards of product innovation compared to cost control. This is also reinforced by Falikhatun's (2008) statement that one of the factors influencing budgetary slack is uncertainty about the future.

This research uncovers different results compared to the proposed hypothesis, where a cost leadership strategy is actually more likely to create budgetary slack than a differentiation strategy. This is because there is uncertainty about the future, so employees involved in preparing the budget will try to create slack so that the possibility of waste that will occur on fixed costs can be controlled based on the previously prepared budget. Saarinen (2021) states that a cost leadership strategy is an effort to control costs related to the emphasis given. This pressure will make employees feel worried about their performance, so they will tend to create slack in the budget to give a good impression of their performance. This shows that strategies for budget control will encourage employees to create slack as an effort to overcome worries, and companies must also pay more attention to the possibility of budgetary slack.

The second hypothesis proposes that high information asymmetry creates higher budgetary slack. In agency theory (Jensen & Meckling, 1976), it is explained that there are two parties in the organization, and this condition will create consequences in the form of information asymmetry. Agents who are involved in daily organizational activities will have better information than principals (Puspita & Andriansyah, 2017).

This information asymmetry itself is also often used to create budgetary slack to achieve the agent's personal interests (Agung & Sunarto, 2022).

Studies by Fanani and Saudale (2018) and Meirina and Afdalludin (2018) exhibited that conditions of information asymmetry apparently influence the creation of budgetary slack. Furthermore, the higher the existing information asymmetry, the greater the budgetary slack that occurs. The results of this research, which used family business company employees as subjects, gave the same results. The results of statistical tests showed that budgetary slack arose due to the influence of the existing information asymmetry conditions in the company. If the information asymmetry is higher, the agent will increasingly take advantage of this condition to create higher budgetary slack that focuses on his personal interests above the interests of the organization (Irfan et al., 2021). In the context of family business companies, agency conflicts are generally relatively small, so the consequences for budgetary slack also tend to be lower. However, in this research, the concept of information asymmetry being tested was the information gap between company employees and company leaders. Company employees are the parties with daily contact with the company's business activities, while leaders tend to receive accountability information from related employees.

The third hypothesis states that the slack-inducing incentive scheme creates greater budgetary slack than the truth-inducing incentive scheme. Incentives themselves are given to employees who perform well for the services and achievements they achieve (Efrilna, 2018). Schemes for providing incentives to employees are classified as slack-inducing and truth-inducing (Nugrahani, 2005). What is different is the application of sanctions, where in slack-inducing inducing, there are no sanctions, whereas in truth-inducing sanctions will be imposed if employees fail to achieve targets. The existence of this incentive itself will encourage the creation of budgetary slack because employees want to receive incentives and avoid sanctions (Propana, 2019).

The results of this research demonstrated that the slack-inducing incentive scheme is indeed more likely to create budgetary slack compared to truth-inducing, so this aligns with the proposed hypothesis. Willyan and Handoko (2022) asserted that the existence of a slack-inducing scheme would encourage employees to create budgetary slack due to conflicts of interest so that employees will focus on efforts to increase their incentives. On the other hand, in a truth-inducing scheme, employees will tend to be careful according to their abilities in preparing the budget so that they avoid being subject to sanctions. However, the significant results showed that the incentive schemes implemented by the company, both slack-inducing and truth-inducing, did not influence the creation of budgetary slack. If it is related to the condition of the company in the interviews conducted, it can be concluded that the incentive system is not one of the factors influencing the occurrence of budgetary slack. This is because the company has not fully implemented the incentive system in its divisions. Incentives are only applied to the company's marketing division, so they do not have a significant influence on the occurrence of budgetary slack in the company as a whole.

Based on the test results for each variable, this research revealed that only the information asymmetry variable had a positive effect on budgetary slack, meaning that the higher the asymmetry, the higher the budgetary slack that appears. H_4-H_7 tested the interaction of the three independent research variables. The hypothesis states that in conditions of a differentiation strategy, there are conditions of high information asymmetry, and the existence of a slack-inducing incentive scheme will create the highest budgetary slack when compared with the interaction of strategy conditions, information asymmetry and other incentive schemes. The results of data processing showed no significant influence of these interactions on the emergence of budgetary slack. The results of this research apparently indicate that the asymmetric conditions that interacted with the incentive scheme did not influence the creation of budgetary slack. Even though information asymmetry has been proven to have a positive effect, i.e., that the higher the information asymmetry, the higher the budgetary slack, the lack of influence of the incentive scheme implemented means that the interaction of these two variables did not affect budgetary slack.

Nevertheless, this research could not prove support for the proposed hypothesis. The interaction between differentiation strategy and slack-inducing actually ranked third among the interaction variables that most influenced budgetary slack. The interaction of cost leadership strategies and slack-inducing schemes creates the highest budgetary slack compared to other interactions. This is because, in a cost leadership strategy, employees will tend to create slack to prepare the smallest possible cost budget. In addition, setting costs as small as possible will be able to minimize employee concerns regarding the uncertainty of product innovation in the future. If the information asymmetry variable itself in budgetary slack is proven, the higher the asymmetry, the greater the occurrence of budgetary slack. However, apparently, in research conducted on employees of related companies, information asymmetry interacted with strategy and did not influence the creation of budgetary slack. This was also influenced by testing the strategy variables, which turned out to show that there was no influence on budgetary slack. Furthermore, the interaction proposed as the most influential interaction on budgetary slack in the hypothesis actually exposed the smallest mean value, where the interaction of differentiation strategy and high information asymmetry had the least influence on budgetary slack**.**

The results also could not prove the interactions of all three variables: the interaction between differentiation strategy, low information asymmetry, and incentive schemes actually produces the highest average, thus indicating that this interaction is most likely to create budgetary slack. This is triggered because information asymmetry that occurred in the companies studied was highly likely to occur, especially since the information that tends to be conveyed to superiors was only in the form of outlines. This denotes that, basically, detailed daily information is not fully conveyed to the principal, so the tendency for asymmetry to occur is quite high and has an impact on budgetary slack. The strategy itself did not have a significant influence. Even though the company was more inclined towards creating value for guests, apparently, the strategy was not the company's main focus in preparing the budget, so the strategy implemented did not have a significant influence. Apart from that, the incentive scheme also did not have a

significant influence on budgetary slack. This is because the company that is the object of research only applied an incentive system in some divisions, so it did not have a significant influence on the emergence of budgetary slack.

Conclusion

Based on the research that has been done, the conclusions that can be drawn are that the strategic variables consisting of differentiation strategy and cost leadership have been proven not to affect the creation of budgetary slack. First, neither the company implementing a differentiation strategy nor cost leadership had a significant effect on the creation of budgetary slack. Second, the information asymmetry variable consisting of high information asymmetry and low information asymmetry has been confirmed to have a positive effect on budgetary slack. The greater the information asymmetry in the company, the more influential it will be on the amount of budgetary slack created by the company's employees involved in preparing the budget. Last, the incentive scheme variable has been proven not to affect the creation of budgetary slack. This verifies that the slack-inducing scheme and the truth-inducing scheme implemented by the company did not have a significant influence on the creation of budgetary slack practices. The interaction of every single variable did not affect creating *budgetary slack*. This indicates that a company with a combination, whether with two or these three variables, did not affect creating slack in creating a budget.

This research is still far from perfect. The limitations of this research include: (1) This research was only limited to family business companies, and (2) there was the possibility of differences in interpretation of the case scenarios between participants and researchers, thereby allowing for an influence on the answers of research participants. Based on the research results, future research can further develop this experimental research. Subsequent research can be conducted at non-family business companies and even public companies (Tbk.). Therefore, it can assess the behavior and tendencies of employees at different company scales. Researchers can also improve and develop more realistic case scenarios that are more capable of approaching the actual situation so that participants can understand and interpret cases more precisely.

References

Adriyani, F. (2017). Pengaruh Self Efficacy, Reward and Punishment, Dan Asimetri Informasi Terhadap Budgetary Slack: Studi Eksperimen Pada Konteks Penganggaran Partisipatif. *Nominal Barometer Riset Akuntansi dan Manajemen*, *6*(1), 66-80. https://doi.org/10.21831/nominal.v6i1.14333

Agung, D. W., & Sunarto, S. (2022). Pengaruh Partisipasi Anggaran, Tekanan Ketaatan dan Asimetri Informasi Terhadap Kesenjangan Anggaran. *Jurnal Mirai Management*, *7*(2), 313-320. https://doi.org/10.37531/mirai.v7i2.2145

Alfebriano. (2013). Faktor-Faktor Yang Mempengaruhi Slack Anggaran Pada PT BRI di Kota Jambi. *e-Jurnal Binar Akuntansi, 2*(1), 10–18.

Anneta, J. (2022). Pengaruh Asimetri Informasi dan Iklim Kerja Etis terhadap Budgetary Slack. *Jurnal Bisnis Dan Akuntansi*, *24*(1), 101-116. https://doi.org/10.34208/jba.v24i1.1147

Anthony, R., N., & Govindarajan, V. (2003). *Management Control System (11 ed.)*. McGraw-Hill.

Baiman, S. (1982). Agency research in management accounting: A survey. *Journal of Accounting Literature*, *1*(1), 154-210.

Chong, V.K., & Sudarso, D. (2016). The effect of organisational ethical climate and peer monitoring control systems on budgetary slack: An experimental study. *Asia-Pacific Management Accounting Journal (APMAJ)*, *11*(2), 41-64.

Cooper, D. R., & Schindler, P. S. (2014). *Business Research Methods (Ed. 12th)*. McGraw-Hill.

Dunk, A. S. (1993). The effect of budget emphasis and information asymmetry on the relation between budgetary participation and slack. *Accounting review*, 400-410. https://www.jstor.org/stable/248408

Dunk, A. S., & Nouri, H. (1998). Antecedents of Budgetary Slack: A Literature Review and Synthesis. Journal of Accounting Literature, 17, 72-96.

Efrilna, P. (2013). Pengaruh Skema Pemberian Insentif dan Tanggung Jawab personal Terhadap Budgetary Slack. *Jurnal Akuntansi, 6*(1). https://ejournal.unp.ac.id/students/index.php/akt/article/view/2960

Falikhatun, H. (2008). Interaksi Informasi Asimetri, Budaya Organisasi, dan Group Cohesiveness dalam Hubungan Antarapartisipasi Penganggaran dan Budgetary Slack (Studi Kasus pada Rumah Sakit Umum Daerah Se Jawa Tengah). *Media Riset Akuntansi, Auditing & Informasi*, 65-84. https://doi.org/10.25105/mraai.v8i1.743

Fanani, Z., & Saudale, G. E. K. (2019). Influence of Information Asymmetry and Self-Efficacy on Budgetary Slack: An Experimental Study. *Jurnal Akuntansi dan Keuangan, 20*(2), 62–72. https://doi.org/10.9744/jak.20.2.62-72

Fuad, F. (2018). the Effect of Innovativeness on the Relationship Between Diversification and Slack. *EKUITAS: Jurnal Ekonomi dan Keuangan, 16*(3), 263–277. https://doi.org/10.24034/j25485024.y2012.v16.i3.348

Ghozali, I. (2016). *Aplikasi Analisis Multivariate dengan Program IVM SPSS* 23 *(8th Ed.)*. Semarang: Badan Penerbit Universitas Diponegoro.

Handoko, J., Narsa, I. M., & Basuki, B. (2021). Role difference and negativity bias relevance in strategy review : An experiment Role difference and negativity bias relevance in strategy review : An experiment. Cogent Business & Management, 8(1), 1–19. https://doi.org/10.1080/23311975.2021.1938928

Hansen, D. R., & Mowen, M. M. (2017). *Akuntansi Manajerial. Jakarta* (Kwary, D.A., Trans). Salemba Empat.

Hudayati, A. (2002). Perkembangan Penelitian Akuntansi Keperilakuan: Berbagai teori dan pendekatan yang melandasi. *Jurnal Akuntansi dan Auditing Indonesia*, *6*(2), 81–96.

Irfan, M., Santoso, B., & Effendi, L. (2016). Pengaruh Partisipasi Anggaran terhadap Senjangan Anggaran dengan Asimetri Informasi, Penekanan Anggaran, dan Komitemen Organisasional sebagai Variabel Pemoderasi. *Jurnal Akuntansi dan Investasi*, 17(2), 158-175

Istianingsih, I. (2012). Peran Strategi Bersaing Dalam Memoderasi Hubungan Antara Intellectual Capital Dan Kinerja Perusahaan. *Universitas Tarumanagara Journal of Accounting*, *16*(2), 74553.

Jensen, .M. C. & Meckling, W. H. (1976). Theory of The Firm: Managerial Behavior, Agency Cost And Ownership Structure. *Journal of Financial Economics, 3*, 305-360. https://www.sfu.ca/~wainwrig/Econ400/jensen-meckling.pdf

Jensen, M., & Meckling, W. (2012). Theory of the firm: Managerial behavior, agency costs, and ownership structure. The Economic Nature of the Firm: A Reader, Third Edition, 283–303. https://doi.org/10.1017/CBO9780511817410.023

Kholmi, M. (2011). Akuntabilitas dalam perspektif teori agensi. *Journal of Innovation in Business and Economics*, *2*(02), 357–369. https://doi.org/10.22219/jibe.v2i02.4694

Latuheru, B. P. (2006). Pengaruh Partisipasi Anggaran Terhadap Senjangan Anggaran Dengan Komitment Organisasi Sebagai Variabel Moderating (Studi Empiris Pada Kawasan Industri Maluku). *Jurnal Akuntansi dan Sistem Teknologi Informasi*, *5*(1).

Meirina, E., & Afdaluddin, A. (2018). Pengaruh Partisipasi Anggaran, Informasi Asimetris Dan Budget Emphasis Terhadap Slack Anggaran. *Jurnal Pundi*, *2*(3). https://doi.org/10.31575/jp.v2i3.106

Merchant, K. A., & Manzoni, J. F. (1989). The achievability of budget targets in profit centers: A field study. In *Readings in Accounting for Management Control*, 496-520. Springer US.

Nugrahani, T. (2005). Pengaruh Kompensasi dan Asimetri Informasi Pada Kesenjangan Anggaran. *Simposium Nasional Akuntansi XVIII*. Medan: Ikatan Akuntan Indonesia.

Pahala. (2005). *Akuntansi Yayasan dan Lembaga Nirlaba Sejenis*. PT Radja Grafindo Persada.

Patricia, P., & Handoko, T. J. (2022). Pengaruh skema pemberian insentif dan harga diri terhadap budgetary slack. *Jurnal Akuntansi Bisnis*, *15*(2). https://doi.org/10.30813/jab.v15i2.3185

Porter, M. (1985). *Competitive Advantage Creating and Sustaining Superior Performance (1st ed.)*. Three Free Press.

Propana, F. (2019). Pengaruh Pemberian Insentif, Tanggung Jawab Personal, dan Nilai Personal Terhadap Budgetary Slack. *Thesis*. Universitas Katolik Widya Mandala.

Puspita, L. M., & Andriansyah, B. (2017). Pengaruh Pemberian Insentif dan Tanggung Jawab Personal Terhadap Budgetary Slack. *Simposium Nasional Akuntansi XX*. Jember: Ikatan Akuntan Indonesia.

Saarinen, J. (2021). Budgetary Slack Creation and Control Methods: a literature review. *Management Accounting Journal, 01*(02), 14–35.

Sheng, S. (2019). Literature Review on the Budget Slack. 96(Icemse), 206–209. https://doi.org/10.2991/icemse-19.2019.47

Suhartono, E., & Solichin, M. (2006). Pengaruh Kejelasan Sasaran Anggaran Terhadap Senjangan Anggaran Instansi Pemerintah Daerah Dengan Komitmen Organisasi Sebagai Pemoderasi. *Prosiding Simposium Nasional Akuntansi (SNA) 9 Padang 23-26 Agustus 2006*.

Syahrir, A. D. (2017). Pengaruh Penganggaran Partisipatif Terhadap Budget Slack dengan Sikap sebagai Variabel Moderating. *InFestasi, 13(1)*, 243. https://doi.org/10.21107/infestasi.v13i1.3046

Willyan, D. C., & Handoko, J. (2022). Pengaruh Skema Pemberian Insentif dan Reputasi terhadap Budgetary Slack (Eksperimen di Masa Pandemi). *Inventory: Jurnal Akuntansi*, *6*(2), 125-141. http://doi.org/10.25273/inventory.v6i2.14256

Yanti, N. W. M., & Sari, M. M. R. (2016). Asimetri informasi sebagai pemoderasi pengaruh partisipasi penganggaran dan kejelasan sasaran anggaran pada senjangan anggaran. *E-Jurnal Akuntansi Universitas Udayana*, *15*(1), 257-285.

Young, S. M. (1985). Participative budgeting: The effects of risk aversion and asymmetric information on budgetary slack. *Journal of accounting research, 23(2)*, 829-842. https://doi.org/10.2307/2490840

About the Authors

Janet Anneta (J.A.) is student of Master Programme in Accounting, Universitas Katolik Widya Mandala Surabaya, Indonesia. Her research interests cover management accounting and experimental study; email address: janetanneta20@gmail.com

Jesica Handoko (J.H.) is a lecturer at Department of Accounting, Universitas Katolik Widya Mandala Surabaya, Indonesia. Her research interests cover management accounting, strategic management, behavioral accounting and experimental study; email address: jesica@ukwms.ac.id

Author Contributions

Conceptualisation, J.A. and J.H.; Methodology, J.A. and J.H.; Investigation, J.A.; Analysis, J.A.; Original draft preparation, J.A.; Review and editing, J.H.; Visualization, J.A.; Supervision, J.H.; Project administration, J.A.; Funding acquisition, J.H.

Conflicts of Interest

The author declares no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.