

MODEL OF MEASUREMENT ALLOWANCE BUDGET (BUDGET SLACK) TO ACHIEVING A PROPORTIONATE MANAGERIAL PERFORMANCE IN LOCAL GOVERNMENT IN INDONESIA (EMPIRICAL STUDY ON ALLOWANCE BUDGET LEVEL OF WEST JAVAPROVINCIAL GOVERNMENT)

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ABSTRACT: *The purpose of this study is to examine the effect of budget slack on managerial performance; based on the strong or weak, then the budget slack created measurement model for the achievement of proportional managerial performance. The analysis is based on primary data from 26 respondents that local governments collected through questionnaires, and secondary data from the budget report and its realization in 26 districts / cities in West Java region. The results showed that the budget slack and significant positive effect on managerial performance and their relationship is at magnitude 66, 8%. Budget slack measurement models can be created although it is still a tentative model for partially tested and has not been validated by the stakeholders or users. Researchers found that budget slack measurement model quantitatively improve managerial performance in the range of 40 % and the qualitative performance can be pursued. Increase in the budget that is not offset by an increase in managerial performance will actually increase the budget slack.*

KEYWORDS: Budget slack, the measurement model, managerial performance, proportionally, local government

INTRODUCTION

The economic crisis experienced by Indonesia since mid 1997, and the monetary crisis of 2008 resulted in decreased performance of government institutions financial and non-financial services, particularly in the West Java Provincial Government. The impact of economic crisis also lead to changes in the behavior of individuals in the institutions of government towards the development of the parasite culture; attitudes that lead to more rational utility maximized, namely the rational attitude of seeking to maximize the benefits for its own sake. Even this attitude emerged when performance is measured echelon leaders of the achievement levels set budget, because budgets are the planning and control tools can also be used as a gauge of performance. Rational utility maximize attitude is, generally directed through the creation of budget slack either through acts of mark-up or mark-down spending with revenue implications that could be measured at the time the budget is realized.

Budget slack is a deliberate action by subordinates in the leadership echelon of participatory budgeting in the form of the proposed budget estimates that are inconsistent with the resources needed so that the budget would be more easily realized. Budget slack is detrimental to government institutions. Budgets that are easily achieved will reduce productivity, whereas if they are too difficult to achieve then it would lead to pressure of work, and frustrating for the echelon leaders.

According to Dunk (1993:408) there are some traits that can be used to determine the occurrence of budget slack. And this can be used as a budgeting guide:

1. Standards set in the budget do not encourage increased productivity.
2. Budget set can easily be realized.
3. Absence of restrictions that must be considered, especially the restrictions set for a fee.
4. There are no special demands expected.
5. The budget set does not encourage efficiency.
6. Common targets set out in the budget are easier to achieve.

The subject that encourages author conducted the study, is focused on measuring public sector budget slack in the title of "Budget Slack Measurement Model for Achieving a Proportionate Managerial Performance in Local Government in Indonesia (Empirical Study Allowance Budget Level West Java Provincial Government)". Studies which ever conducted on the looseness Budget Effect Of Managerial Performance Of Public Sector (Survey In Bandung District Government) obtained the following results: Through the *F test* results obtained *F counting* (58.160) > *F table* (4, 1960) which means that the error rate of 5% ($\alpha = 0, 05$) H_0 slack stating that the budget does not significantly affect the managerial performance on public sector - local government district. Bandung before involving stakeholders in the preparation of the budget; rejected. To test the results obtained *F counting* $F (21.950) > F table (4, 1960)$ which means that the error rate of 5% ($\alpha = 0, 05$). Slack H_0 stated that the budget did not significantly affect the managerial performance on public sector - Bandung local government district, after involving stakeholders in the preparation of the budget; rejected. Similarly, the *F test* results obtained *F counting* (36.597) > *F table* (4, 1960) which means that the error rate of 5% ($\alpha = 0, 05$) H_0 stated that the budget slack did not significantly affect the managerial performance on public sector - Bandung local government district before and after involving stakeholders in the preparation of the budget; rejected. While the magnitude of the budget slack impact on the performance of public sector managerial - Pemda Kab. Bandung is 56, 03 %. Or changes in managerial performance of public sector - Bandung local government district caused the budget slack at 56, 03 %. And the involvement of stakeholders in the preparation of the budget will improve the managerial performance on public sector - Bandung local government district by 11, 5 %.

The study referenced above to make measurements of high and low levels of commitment of the echelon leaders of local government as stipulated in the budget and need to set the level of fairness of budget slack. Empirically there is no measurement model budget slack. Based on the above issue, the formulation of the problem in this study expressed as follows:

1. Is the budget slack has positive and significant impact on managerial performance by aggregation at the West Java provincial government?
2. Is the measurement model budget slack on Local Government in Indonesia?

Concept of Budget Allowance

According to Siegel et al. (1989:140) budget slack is: "Slack is the difference between the resources that are Actually Necessary to efficiently complete a task and the larger amount of resources that are earmarked for the task, or in other words is slack budget padding." While Nouri and Robert J. Parker (1996:76) stated: 'Budgetary slack is defined as the intentional submission of estimates that, if incorporated into the organizational submission of estimates, it makes Easier for subordinates to achieve the budget. " Hansen and Mowen (2005:633) stated that budgetary slack is the process of padding the budget by underestimating revenues and overestimating the cost. The Article of Fiscal Slack and Counter-Cyclical Expenditure Stabilization: A First Look at the Local Level by Justin Marlowe ¹ stated that the findings suggest different fund balance portions have marginal but nonetheless important effects on expenditures. The Article of Budget Slack, Institutions, and Transparency by Shanna Rose Daniel L. Smith, New York University ² ; stated that the results suggest that budget stabilization funds (BSFs) have the unintended effect of increasing fiscal transparency. The Article of The Role of Slack in Local Government Finances by Rebecca Hendrick ³ stated that The results show that ending balances, expenditures (size), and long-term fiscal conditions have the greatest effect on fund balances, and that slack and current fiscal conditions have the greatest effect on ending balances and changes in revenues and spending. The Article of A Gender Perspective of Budgetary Slack in East Java Local Government by Indrawati Yuhertiana ⁴ stated that The research found that ethical behavior has a positive significant influence inbudgetary slack Another finding is that males and females have differences in budgetaryslack ethical behavior. The above definitions of slack and results of the article concluded that the budget is a deliberate action undertaken by the echelon leaders and its subordinate in participatory budgeting to give budget proposals and estimates that are inconsistent with the capacity and capabilities institution, so that the budget becomes easier to achieve.

Some Type of Budget System

Budget system is a logical order, systematic and standard of work procedures, work guidelines and work procedures of inter-related budgeting. This type of budgeting system includes:

1. Participatory budgeting that is based on and from which sources of funds (revenue items) and to what is spent (expenditure items).
2. In incremental budget expenditure and revenue systems that allow revisions during the year, so as the basis for determining the proposed budget period of years to come.

3. Performance-based budgeting is techniques of budgeting that based on consideration of workload and the unit cost of each activity is structured.

Concept of Managerial Performance

Managerial performance is defined as the systematic integration of business, financial and monitoring and evaluation of employee performance in explicit terms that relate to corporate goals (Russell, 1994). Budget as a planning tool and control ultimately comes down to the performance of management targets. Performance measures are grouped into two categories, namely financial performance and non -financial (Horngren, 2000:822), while Kaplan (1996) suggested that performance can be measured on four issues: (1) profitability, (2) consumer satisfaction, (3) efficiency, quality and time, and (4) Innovation.

Concept of the Public Sector Budget

Madiasmo (2002:61) stated that “Budget is a statement about the estimated performance to be achieved during a certain time period that stated in the financial measures, while budgeting is a process or method for preparing a budget. Budgeting in public sector institutions is a stage that sufficient complex and contains political nuances. This budget is an instrument of accountability for the management of public funds and implementation of programs. “This means the budget of the government institutions serve as a measure of government management performance.

Public Sector Performance

Measuring the performance of an organization can reflect whether or not the management of the organization concerned. This is a form of management accountability to stakeholders. Performance measurement is a measurement of results and efficiency of services or programs on a regular basis either fixed or regular (Hatry, 1999). Performance measurement systems can assist management in monitoring the implementation of organizational strategies by comparing actual output with the goals and strategic objectives. In other words, performance measurement is a method for assessing the progress that has been achieved compared with the intended purpose. The performance measures include 1) productivity is measured through the ratio of output to inputs, 2) the effectiveness of which determines the relationship of output produced by the organization with the outcome, 3) that measures the quality of output or process used to produce these outputs, 4) timely evaluate the accuracy time used to produce these outputs (Civil Service Reform Act, 1978).

Government Performance Measurement, Benefits and Limitations

Economic theory states that the activities undertaken by the government in providing public services can not be compared directly with the management of private sector. Provision and management of goods – either the items are different. Therefore we need a concept of government performance measurement that is different and the initial source of the concept

of government performance measurement requires more than just measurement efficiency. A more comprehensive method should be pursued to measure government performance. The existence of a good measurement method will be able to provide benefits to the government as follows:

1. Ensure understanding of the employees in government agencies regarding the size to be used as performance benchmarks.
2. Ensure the achievement of the agreed work plan.
3. Monitor and evaluate implementation performance and compare it with the work plan for the period.
4. Take remedial action against the performance which is considered not in accordance with the institution's work plan.
5. Being a communication tool for the boss with subordinates in order to improve organizational performance.
6. Identify whether user satisfaction, employees, and other stakeholders already met with the government's performance during a certain period.
7. Ensuring decision making relevant and timely to improve institutional performance.

Usefulness of performance information is to assist the drafting and ratification of the budget proposals, and assist managers in managing the organization. Government entities require performance information on a regular basis to assess the degree of success of a program activity or institution, identify significant issues, and motivate employees to work hard for the improvement of public services on an ongoing basis. A good performance measurement system also helps the employee to show the public and policy makers that public services have been held fairly, so that ultimately shape the public's trust (Hatry, 1999). Benefits of performance measurement and management are primarily to improve accountability and provide better public services (Flynn, 1997).

Public sector performance measurement system is a system that aims to help public managers to assess the achievement of a strategy by means of financial and non-financial measures. Performance measurement system can be used as a means of organizational control, because the measurement of performance is strengthened by establishing reward and punishment system. According to Mardiasmo (2002:121), public sector performance measurement has to meet three purposes: 1) help to improve government performance, 2) used for allocating resources and decision-making, and 3) create public accountability and improve institutional communication. Measurement of performance according to Anthony and Young (2003:620) is: "Many different terms are used to classify the output measures According to what They purport to measure. For our purposes, there are three: social indicators, results measures, and process measures."

There are three uses of performance measurement namely: 1) social indicators, 2) outcome indicators, and 3) indicators of the process. In practice, performance measurement requires a clear articulation of the vision, mission, goals and objectives that must be measured thoroughly into all programs. Thus the measurement of institutional performance is a reasonable basis for making decision. According to Indra Bastian (2001:331) performance measurement is usually performed for the following aspects:

1. Financial aspects
2. Customer satisfaction
3. Operations and Internal Market
4. Employee satisfaction
5. Community satisfaction and Shareholders / Stakeholders
6. Time.

Principal criteria underlying the implementation of public management today are: economy, efficiency, effectiveness, transparency and public accountability. Objectives desired by the society include the implementation of accountability in the running government. The efforts made by the finance ministry and interior ministry must work together in the sense that at a certain level of tightening budget slack obtained proportional managerial achievement.

Research Hypothesis

The research was conducted in the West Java provincial government. The hypotheses of this study are:

Ho1: There is no positive and significant influence on the performance of managerial budget slack which is aggregated at the West Java Provincial Government.

Ho2: Models of measurement budget slack on Local Government in Indonesia for the achievement of managerial performance that can not be made proportionately.

RESEARCH METHODS

Population and Sample

The research was conducted in the field of government management; public sector accounting that uses survey methods to study the population. The nature of this study was verification in order to empirically test the first hypothesis and exploratory model for the measurement of budget slack creation. Population for primary data is 26 districts / cities at West Java provincial government. Therefore, the population of only 26 research data in the census was taken. Population data of 300 items is for secondary expenditures / operational / DAU and development / capital expenditure / DAK. Sample determined directly is 30 items (10 % from 300 items), which is a summary of the financial statements Regency / City Government of the Province. Test results from the primary data are used as the basis for making budget slack measurement model, then exploratory tested with secondary data and budget based on real data and data simulated realization.

Data Collection

The experiment was conducted by using surveys; data collection and analysis techniques in the form of: 1) primary data derived from respondents' answers on questionnaires distributed at West Java provincial government covering 26 regencies / cities. When time allows questionnaires are given directly to respondents and conducted interviews. If time is limited, the questionnaires are given directly to the respondent by mail / mail survey. The unit of analysis is the study of regents and mayors of the Provincial Government, and 2) secondary data derived from the budget and realization of the Government including the Regency / City in 2006. The data is requested through a letter / e - mail addressed to the Regional Secretary. The unit of analysis is to study the types of expenditures / operational / DAU and development / capital expenditure / DAK.

Development of Instruments

The approach used was qualitative and quantitative approaches. Qualitative approach derived from questionnaires and / or interviews with respondents of the regents / mayor government. Data processed with five Likert scale included: strongly agree score 5, agree a score of 4, Hesitate score 3, and score 2 Disagree and Strongly Disagree score 1. Ordinal data is transformed into interval data using the method successive interval (MSI) and then test the classical assumption as a condition for applying the regression equation. Quantitative approach to data sourced from the ratio of the budget and realization of district government of the Province. Ratio data can be processed directly in the application of the regression equation. The survey was conducted on the perception of the regent / mayor on budget slack and managerial performance; budget report and its realization is to see the establishment of budget slack and how they affect managerial performance, as seen from the realization of the budget each period.

Hypothesis Testing Techniques

Testing hypothesis 1 is intended to find out how much influence the budget slack on managerial performance using a simple regression equation $Y = \beta_0 + \beta_1 X + \varepsilon$ where:

Y = managerial performance of public sector

β_0 = constant, ie the value of Y if the value of all other variables are zero

β_1 = regression coefficient of X

X = Allowance budget

ε = Error term (measurement error and the influence of other factors)

While the hypothesis of two measurement models intended for the manufacture of budget slack. Formulation tentative budget for the measurement model using a simple regression equation slack $Y = \beta_0 + \beta_1 X + \varepsilon$ where:

Y = Actual Budget

β_0 = constant, the value of Y if the value of all other variables are zero

β_1 = regression coefficient of X

X = Allowance budget

ε = Error term (measurement error and the influence of other factors)

The model can be developed into more complex models tailored to the level of data analysis. Real data and simulated data can be used together to measure the level of budget slack to obtain the exact amount that is proportional to managerial performance.

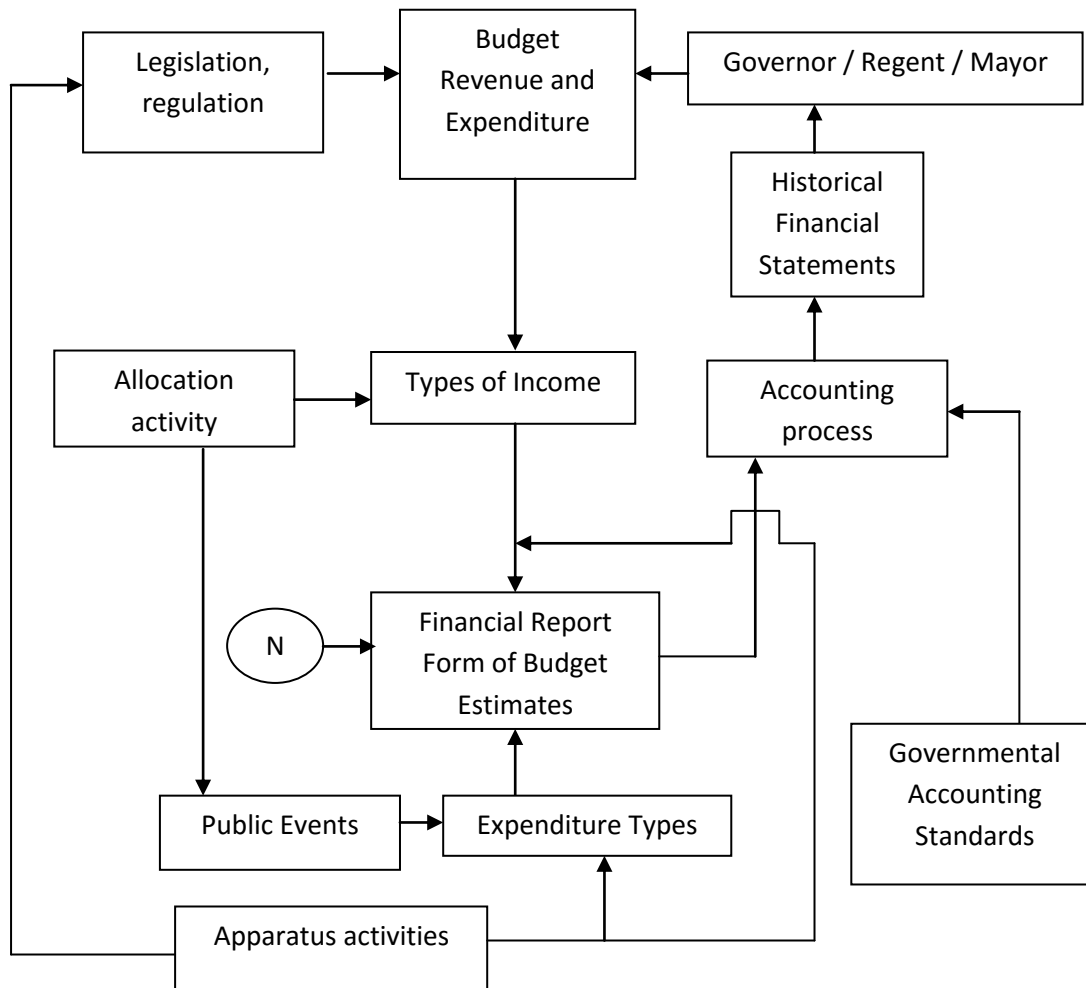
ANALYSIS OF RESEARCH RESULTS

Local Government Budget System Model

The financial statements of West Java provincial government's fiscal year 2006 prepared by the Minister of Home Affairs Decree No. 29 of 2002 on guidelines for Clearance, Accountability, and Oversight of Financial and Expenditure, Finance Administrative Region Implementation, Calculation and Preparation of Budget of the Region as well as the Governmental Accounting Standards which is a comprehensive accounting principles other than accounting principles generally accepted in Indonesia.

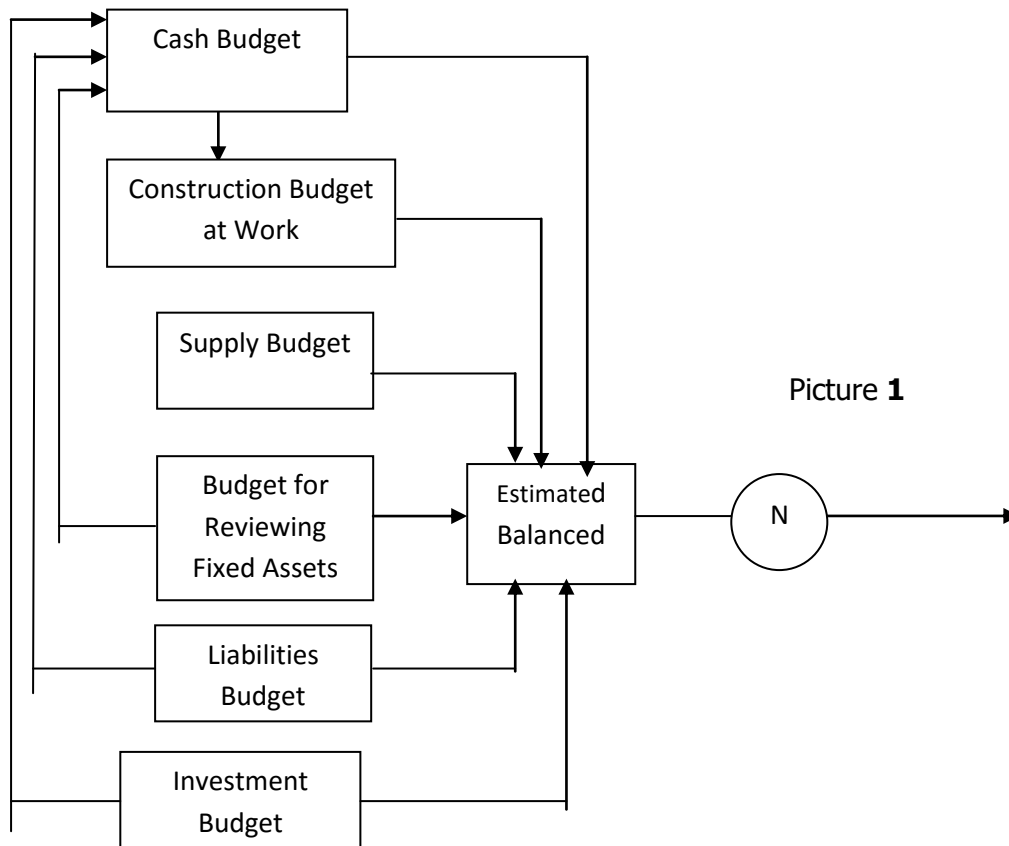
To limit the complexity of the activities of local government, the budget for establishing a model system is limited only by 4 types of budget revenues and 4 types of budget -related legislation & regulation, allocation, personnel, and public, are designed as below:

Figure Model of Budget System for Local Governments



The model produces estimates of financial statements that will be the basis of the accounting process and generate historical financial statements. Under ideal conditions the various types of local government budgets are drawn up on the financial statements derived estimates. But in reality the local government makes no provision for financial statements. In the model system of local government budget estimates also include the balance sheet, as shown in the following figure.

Figure Model System To Balance Budget Estimates



Picture 1

Mathematical Model For Local Government Budgets

Chain rule of differential equations for the kinds of budgets with the following formula:

$$\frac{dy}{dx} = \frac{dy}{du} \frac{du}{dv} \frac{dv}{dx} \quad (\text{the chain can be longer})$$

dy1, dy2, dy3,..... dyn for Cash Budget, Budget Construction In Workmanship, Supply Budget, Budget Changes in Fixed Assets, Liabilities Budget, Budget Investment for the County / City of West Java province.

dx1, dx2, dx3,..... dxn for Cash Budget, Budget Construction In Workmanship, Supply Budget, Budget Changes in Fixed Assets, Liabilities Budget, Budget Investment for the provinces in Indonesia.

du1, du2, du3,..... dun for Actual Cash Budget, Actual Work in the Construction Budget, Budget Realization Inventory, Fixed Assets Change Actual Budget, Budget Actual Obligations, Actual Investment Budget; for the District / cities in West Java province.

DV1, dv2, DV3,..... dvn for Actual Cash Budget, Actual Work in the Construction Budget, Budget Realization Inventory, Fixed Assets Change Actual Budget, Budget Actual Obligations, Actual Investment Budget; to provinces in Indonesia.

Chain rule of differential equations for the types of transactions with the following formula:

$$\boxed{\frac{dy}{dx} = \frac{dy}{du} \frac{du}{dv} \frac{dv}{dx}} \quad (\text{the chain can be longer})$$

dy1, dy2, dy3,..... dyn to Revenue Section, The Balanced Fund, the Legal Acceptance of Others, Local Government loan; for Regency / Municipality in West Java province.

dx1, dx2, dx3,..... dxn to Revenue Section, The Balanced Fund, the Legal Acceptance of Others, Local Government loan; for provinces in Indonesia.

du1, du2, du3,..... dun to Spending Apparatus, Public Expenditure, Expenditure Profit Sharing and Financial Aid, Spending No Suspects; for Regency / Municipality in West Java province.

DV1, dv2, DV3,..... dvn to Spending Apparatus, Public Expenditure, Expenditure Profit Sharing and Financial Aid, Spending No Suspects; for provinces in Indonesia.

Integral equation for the Estimated Financial Statements and Historical Financial Statements by using the formula:

$$LKT = \int_a^b A(x) dx$$

and

$$LKH = \int_a^b T(x) dx$$

Description:

LKT = Estimated Financial Statements

A = Budget, for the kinds of budget revenues Regency / Municipality in West Java province.

X = for the kinds of budgets Regency / Municipality in West Java province.

dx = Budget revenues and expenditures in the provinces of Indonesia.

LKH = Historical Financial Statements

T = Transaction, the transaction data for districts / municipalities in West Java province.

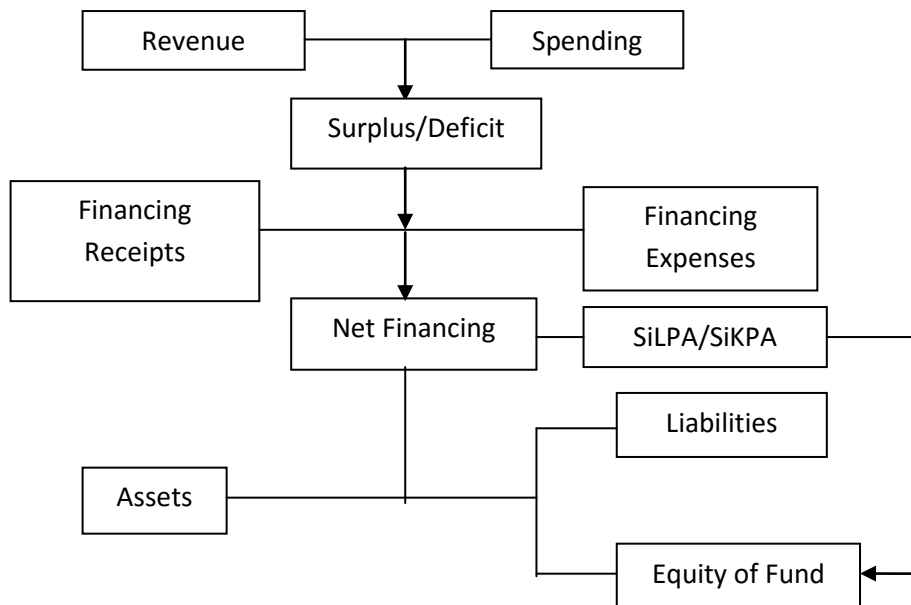
X = Actual Budget Regency / Municipality in West Java province.

dx = Actual revenue and expenditure budget provinces in Indonesia.

Tentative Budget Slack Model for Local Governments

Various types of budget estimates in the financial statements - only oriented local government to prepare financial statements of the historical results of the application of government accounting standards (GAS). Estimated financial statements are very important in predicting the potential for real, for example in the development of nature reserves for the purpose of reservation and as a natural tourist attraction as well as increased revenue (PAD), then the local governments are required to make the investment budget estimates and leads to a balance sheet (pro forma) and others. On the other hand the extent of budget slack for the investment budget needs to be simulated. Investment activity is part of the revenues, expenditures, surplus / deficit, acceptance financing, financing expenses, net of financing, more use of the remaining budget (Silpa) / residual lack of budget (SiKPA), assets, liabilities, and equity funds. Therefore, it is made the following modeling.

Figure Model of Tentative Measurement Budget Slack for Local Governments



Mathematical model of differential -integral equations in the hypothesis was tested in a tentative model of the measurement of budget slack in the achievement of proportional

managerial performance. But every activity tested partially for example a significant effect of income increase or decrease in activity to changes in asset values that describe the size of managerial performance, or changes in the value of the asset itself that resulted in the achievement of a proportional performance.

Mathematical model mentioned above is relatively easy to implement when it has been converted into a mathematical model of discrete equations as follows.

Mathematical Equations Model Conversion Analog to Discrete Models

Analogous differential equation model:

$$\boxed{\frac{dy}{dx} = \frac{dy}{du} \frac{du}{dv} \frac{dv}{dx}} \quad (\text{the chain can be longer})$$

Discrete differential equation model (using the engineering function in MS -Excel) Function IMSUM the function used to generate the sum or additions to produce the sum of two or more complex numbers, to the literary form

=IMSUM (*Inumber1, Inumber2,Inumber to n*)

Inumber: numbers or addresses of cells containing complex numbers to be summed.

N Inumber to a maximum of 30 numbers.

Integral equation model analogous:

$$\text{LKT} = \int_a^b A(x) dx$$

and

$$\text{LKH} = \int_a^b T(x) dx$$

Discrete integral equation model (using the engineering function in MS -Excel)

1. ERFC function is the function that is used to produce the integration of complementary functions between x and infinity, with a form of writing =ERFC(X); where X is the lower limit or the cell addresses that contains the lowest limit for the integration of the ERF. The data must be positive.
2. ERF function is the function that is used to generate the error function integrated between the lowest and highest limits, to the literary form =ERF (*lower limit, upper limit*); where;
 - lower limit* = the lower limit or the cell address that contains the numbers of the lowest limit for integration of ERF
 - upper limit* = upper limit or a cell address that contains a number of upper limit for integration of the ERF

Model Measurements Budget Slack with Mathematical Equations Differential - Integral

Mathematical model of differential -integral equations for the system of local government budgets need to be simplified as figure 3 with a limit on the 7 (seven) indicators are divided into 4 (four) indicators in the budget system are: Revenue, Expenditure, Revenue Financing, Expenditure Financing; and 3 (three) indicators in accounting are: Assets, Liabilities, Equity of Fund. The indicators can be seen in the logbook; data sourced from the Financial Statements (Audited) 2006 regional governments and some of the Province of West Java. The data is summarized in Appendix 3 and the data processed in such a way as to calculation of the proportions and the results are operationalized by using the engineering function in MS - Excel. Financial Statements (Audited) 2006 Province of West Java and Financial Statements (Audited) 2006 - Aggregation of Local Government Areas of West Java, can be shown as following:

Financial Statements (Audited) 2006 Province of West Java:

Revenue (IDR)	5.047.199.211.374,05
Spending (IDR)	4.907.738.249.011,05
Surplus/Deficit (IDR)	139.460.962.363,00
Financing Receipts (IDR)	1.000.895.098.841,00
Financing expenses (IDR)	1.140.356.061.204,00
Net financing (IDR)	-139.460.962.363,00
SiLPA/SiKPA (IDR)	0,00
Assets (IDR)	
Total Assets (IDR)	14.315.608.744.979,50
Liabilities (IDR)	77.901.974.057,71
Equity of Fund (IDR)	14.237.706.770.921,80
SiLPA/SiKPA (IDR)	0,00
Total Liabilities and Equity (IDR)	14.315.608.744.979,50

Financial Report (Aggregation Local Government) 2006 Province of West Java:

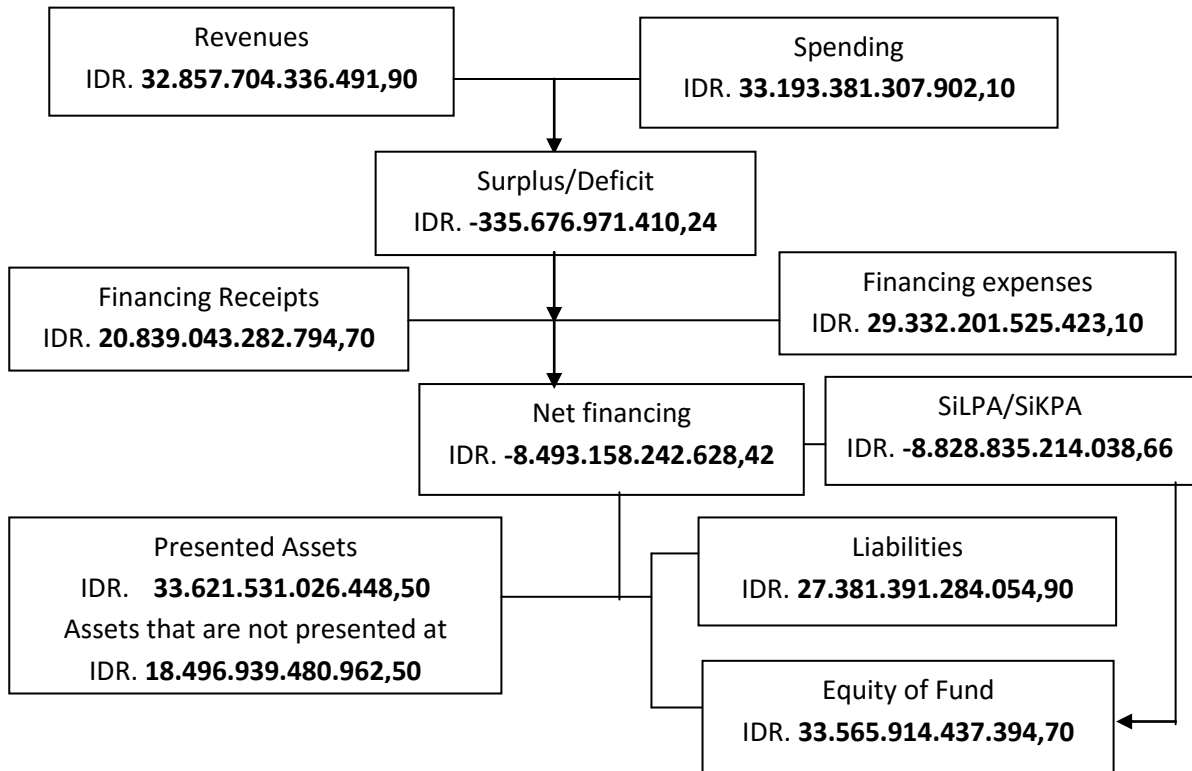
Revenue (IDR)	19.926.852.833.280,20
Spending (IDR)	18.658.391.729.502,60
Surplus/Deficit (IDR)	1.268.461.103.777,59
Financing Receipts (IDR)	1.874.866.129.878,93
Financing expenses (IDR)	2.293.453.172.999,40
Net financing (IDR)	-418.587.043.120,47
SiLPA/SiKPA (IDR)	849.874.060.657,12
Assets (IDR)	
Total Assets (IDR)	62.273.049.956.663,10
Liabilities (IDR)	271.033.396.722,70
Equity of Fund (IDR)	61.152.142.499.283,30

SiLPA/SiKPA (IDR) 849.874.060.657,12

Total Liabilities and Equity (IDR) **62.273.049.956.663,10**

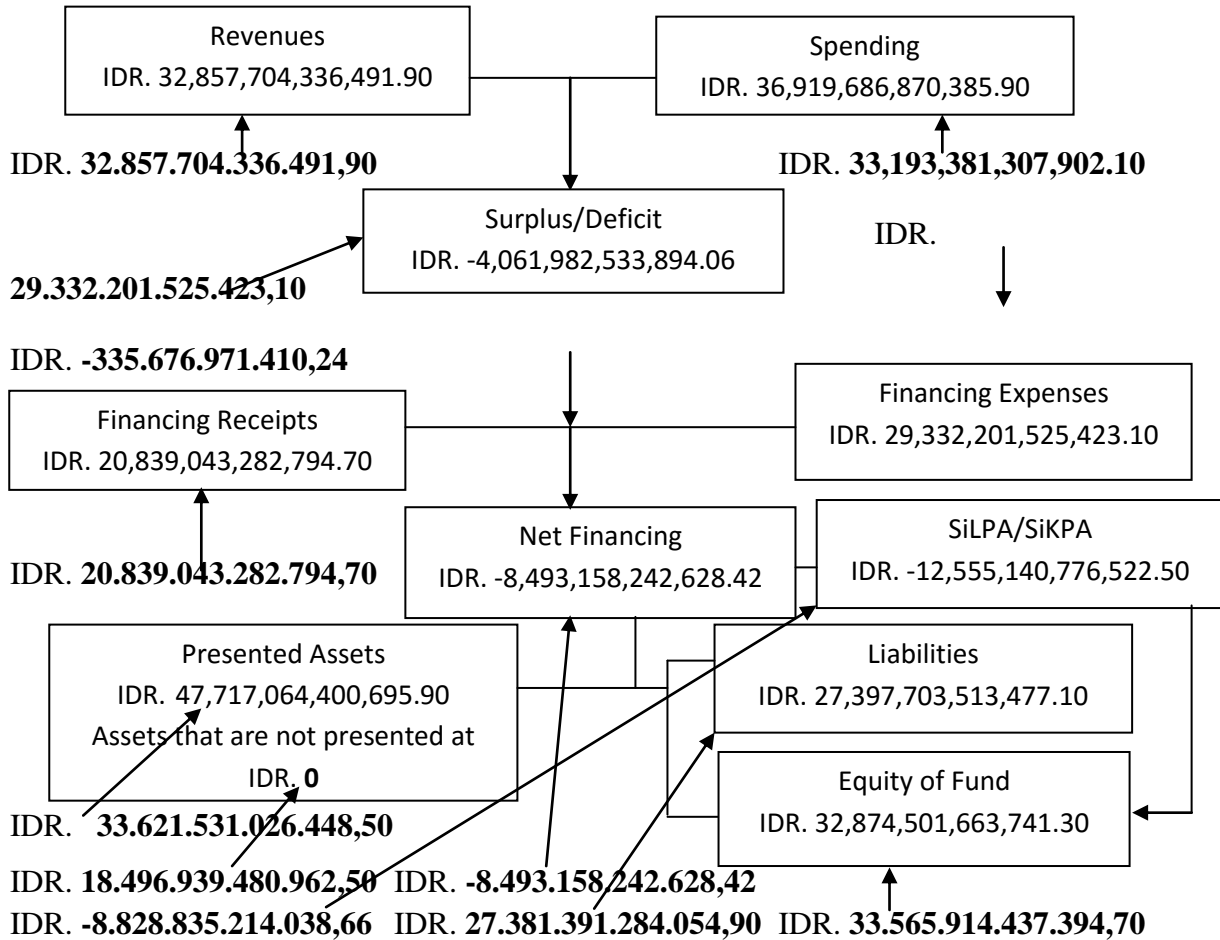
The data presented in financial statements when simulated on a tentative model of the measurement of budget slack for the local government, the form will be is as follows:

Figure Measurement Model Tentative Budget Allowance For Use of Local Government Functions With Results Engineering



It can be assumed that the assets are not presented at Rp. 18,496,939,480,962, 50. This describes the condition of managerial performance drop will be pursued to restore managerial performance on a position that is proportional to perform the reduction or increase in each activity partially. In experimental trials that carried out up to 93 (ninety three) times. The results of 93 trials to be included in the tentative measurement model using the assumption of budget slack increases or decreases in each activity are not simultaneously performed. The trial results can be believed to be simultaneously more accurate and faster.

Figure: Model Measurement Allowance Tentative Budget For Local Government Results Use of Engineering Function After Trial 93 (Ninety-three) times



The trial results indicate that the assets are not presented at IDR. 0. As a measure of managerial performance improvement activities that affect changes in assets are presented at IDR. 47,717,064,400,695.90 increased. So the assets that will be proposed to mathematically misappraisal of total assets reduced by assets other than fixed assets. The real value of fixed assets will always be maintained in proportion to managerial performance. Similarly to the proportion used for other activities. Thus the hypothesis that the measurement model for the achievement of budget slack can be made though is still a tentative model. This will be studied and tested further on the application model of budget slack.

Prospect Application Development Model

Based on the above tentative model, a mathematical model and a relatively slack budget is able to provide a high level of accuracy for mathematical calculation error has been accommodated on the integration error and reduce the value upper limit. For the application

of the model must be supported by real data several years to determine changes in accuracy levels, such as the real data by 3 to 5 years of budgets and financial reports. So the trend changes can be made for each how much reduction in the lowest activity and the highest increase that can be accommodated mathematically.

CONCLUSIONS, IMPLICATIONS, AND LIMITATIONS

Conclusions and Implications

Having tested the effect of budget slack hypostasis of managerial performance, the results revealed a positive and significant effect. Besides it has a fairly close relationship of 0.668 or 66.8 %. If the validity of the model is tested statistically, then it can design budget slack. The results of budget slack designing models which are tested with real data in 2006 and the data is assumed by the percentage increase or decrease in each activity; activity income, expenditure, receipt of financing, spending financing, assets, liabilities, and equity fund activity. The result is a tentative model for testing done partially (experimental research). The quantitative model of budget slack is lower the amount of assets that are not expressed at Rp. 0,- ; which means there is an increase in managerial performance approximately 40%. (IDR. 18,496,939,480,962,50 versus IDR. 52,118,470,507,411,00). Also can present real data mathematically to assets (after removing all the integration errors) of IDR. 47,717,064,400,695.90 and assets of 54.115286070493 % decrease in the mathematical formulation (using the engineering function of ms - excel). Because any increase in assets will reduce the amount of assets that are served and increase the assets that are not presented. Qualitatively this slack budget model will drive towards the achievement of proportional managerial performance.

Limitations

For further research on this budget slack model testing should be performed simultaneously with the technique, how, and certain tools. And also supported by real data budgets and financial reports 3 to 5 periods/years so that it can provide a more detailed and accurate, no supporting data can be simulated in the form of percentage but in absolute magnitude; when slack budget model has been declared valid by stakeholders or users. Model of budget slack is expected to be public domain, because the process of making and testing the mathematical formulation of differential -integral. However, further research provides more accurate results when using a mathematical model of the analog.

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