

THE INFLUENCE OF PERFORMANCE BASED BUDGETING, CLARITY OF BUDGET TARGETS, APPARATUS COMMITMENT ON BUDGETARY SLACK AND BUDGET PERFORMANCE WITH FINANCIAL GOVERNANCE AS A MODERATING VARIABLE IN KARANGANYAR REGENCY VILLAGE GOVERNMENT

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Abstract

This study aims to analyze the influence of Performance Based Budgeting, Clarity of Budget goals, Apparatus Commitment to Budgetary Slack and Budget Performance with Financial Governance as a Moderation Variable in Karanganyar Regency Village Government. This research uses quantitative methods with a descriptive approach, with the AMOS SEM analysis tool. The study population was 648 people, using the Slovin formula, a total sample of 248 people was obtained, where respondents consisted of village heads, village secretaries, financial officer and planning officers from 16 villages obtained using proportional random sampling techniques. The results showed that Performance based budgeting has a significant effect on budgetary slack, performance-based budgeting does not have a significant effect on budget performance. Furthermore, clarity of budget targets has a significant effect on budgetary slack, clarity of budget targets has a significant effect on budget performance. Moreover, apparatus commitment has a significant effect on budgetary slack, while apparatus commitment does not have a significant effect on budget performance. Besides, Budgetary Slack has a significant effect on budget performance, budgetary slack has a significant effect on budget performance in moderation of financial governance. In addition, Performance based budgeting has a significant effect on budget performance in budgetary slack mediation, while Clarity of budget targets has no significant effect on budget performance with budgetary slack mediation, Apparatus commitment has a significant effect on budget performance with budgetary slack mediation.

Keywords: Performance-Based Budgeting, Clarity of Budget Targets, Apparatus Commitment, Budgetary Slack, Budget Performance

1. INTRODUCTION

The high demand for aspects of good governance has encouraged the central government, regional governments and village governments to apply disclosure of financial activities and performance to the authorized parties through periodic accountability media (Bastian, 2006). Indonesia is currently prioritizing villages in terms of development. To realize village development, one of the government's efforts is to provide various kinds of disbursement of funds, both from the APBN (State Budget) and from the district APBD (Regional Budget) so that the village can manage it independently. The village government must be able to

implement its governance, in which at the end of every village governance activity it must be accountable to the village community in accordance with applicable regulations.

According to Law no. 6 of 2014 village finances are all village rights and obligations that can be valued in money and everything in the form of money and goods related to the implementation of village rights and obligations (Bender, 2016). In terms of village finances, the village government is required to prepare a Report on the Realization of the Implementation of the APBDes or refers to Village Revenue and Expenditure Budget and the Accountability Report on the Realization of the Implementation of the APBDes (Herlianto, 2017; Sujarweni, 2015). This report is the result of a cycle of village financial management, beginning with planning and budgeting, execution and administration, and concluding with reporting and accountability for village financial management (Kazemian et al., 2020). As one of the village government entities, it is required to perform better in terms of both budget execution and government efficiency.

The budget functions as a tool for planning, controlling and evaluating, therefore the budget can be used as a benchmark for financial performance by calculating how much the budget is realized and the activity program targets achieved (Anggreni et al., 2020). The budget in government organizations has a meaning that is more than just a planning tool, it can even be said that the budget functions as the main controlling tool for the activities of the government organization. The budget is used as a work guide so that in the drafting process it requires a good budget organization, the right approach, and the calculation of the amount of the budget that can improve performance. The existence of a budget can determine the occurrence of deviations that will arise in the framework of activities or programs implemented by comparing the budget with its realization

Budget Performance is the achievement of Budget Performance on the usage of Ministry/Agency budgets as detailed in budget documents. From the stages of budget preparation, discussion, approval, and reporting on accountability, the focus is typically on the amount of budgeted costs, or the amount of the budget that has increased in comparison to the previous year.

Spending on items that are not vital, not even according to the government's performance aims or goals, is prioritized over saving money because of the greater importance placed on absorbing the budget. Performance measurement is a sequential process to provide an assessment of whether a program or activity plan has been implemented properly, and has succeeded in meeting the targets previously determined during planning. Performance measurement begins with setting performance indicators to provide information that enables work units to monitor their performance in achieving outputs and outcomes for the community

In budget management it is measured based on the level of absorption/realization of the budget (Agustina & Wulandari, 2020). The greater the absorption/realization of the budget, the considered successful in managing the budget in the unit. The budget is an important element in the management control system because the budget is not only a financial planning tool, but also a means of control, coordination, communication, performance evaluation and motivation.

Several factors affect performance, including performance based budgeting, clarity of budget targets, apparatus commitment, budgetary slack and financial governance

The principle of performance-based budgeting in theory is a budgeting system that is oriented towards organizational output and is very closely related to the vision, mission and strategic plans of the organization (Bastian, 2006). Performance based budgeting as a budgeting method for management to link any funding outlined in activities with the expected outputs and results, including efficiency in achieving the results of these outputs.

One of the characteristics of the budget is the clarity of budget targets, a budget that links the budget with the desired results (outputs and outcomes) so that every rupiah spent can be accounted for on its usefulness (Dewi et al., 2019). The clarity of budget targets includes the breadth of budget objectives that are stated specifically and clearly in accordance with the objectives to be achieved by an agency and easily understood by anyone who is responsible. Having clear budget targets will make it easier for individuals to set their budget targets.

The achievement of budget performance also needs to be supported by the commitment of the apparatus, which will also take control in achieving performance. Previous findings found empirical evidence that organizational commitment has a strong influence on improving performance (Dharmanegara et al., 2016; Masydzulhak et al., 2016; Thamrin, 2012). In implementing good governance practices, it is very important to develop organizational commitment.

Village governments with higher levels of organizational commitment have a much greater possibility of demonstrating a level of participation, demonstrating compliance to comply with organizational regulations, and providing the best work results for organizational success. The interaction between good governance and organizational commitment is increasingly expected to achieve the performance of the Village Government, and budget performance will be more optimal (Osborne, 2010).

Budget performance is also influenced by financial governance, such as the results of Purnomo & Ulyani (2016) that financial management has a significant effect on budget performance. The purpose of financial governance is to develop a unified understanding of the implementation of financial management. When there is a comprehensive understanding of financial management systems and procedures, it will be easier to implement the budget. The results are different from Sunarti (2013) who found that financial management does not have a positive effect on budget performance.

The research took objects in villages in Karanganyar Regency, which numbered 162 villages, with the realization of accountability that would foster public confidence in the performance of the village government's budget. The existence of village financial management reporting is also increasingly required to be able to realize accountability, but in fact there is still accountability for village financial management which is in the low category. Low accountability can result in administrative failures, and misuse of village financial budgets. The study on Village Financial Management, which came from the Village Fund by the inspectorate, found that there is a potential for misuse in management which can be seen from

governance issues, namely the village budget management cycle time frame is difficult for villages to comply with.

The study of Village Financial Management, which comes from the Village Fund by the inspectorate, found that there is a potential for misuse in management which can be seen from governance problems, namely the time frame of the village budget management cycle is difficult to comply with by the village, the village budget that is compiled sometimes there is still something that is not in accordance with the implementation plan and accountability of the village budget is still low and the accountability report made by the village has not been fully following the standards. To be able to apply the principle of budget performance requires a variety of resources and supporting facilities, including competent human resources and the commitment of the apparatus to its duties, clarity of targets rather than the budget itself.

The disparity between how much was budgeted and how much was actually spent in different villages suggests that there is still room for improvement in Karanganyar Regency, as indicated by the funds available for distribution to villages. There are still some villages in the use of budget ceilings that have not been absorbed all (below 100%), this results in the subsequent period budget receipts being constrained, because the Village has not been able to provide overall reporting.

With the increasingly difficult and complex tasks of village government that occur in the village, the role of performance-based budget planning, clarity of budget goals, commitment of the apparatus, budgetary slack and financial governance are the supports in realizing budget performance are more concerned.

Research on the moderating impact of financial governance on budgetary slack on budget performance and the indirect influence of exogen variables on endogenous, with mediation variables never before conducted by previous researchers, this is the background for this research. In this study, it will be examined with better and planned financial governance, a clear arrangement whether it can be applied by village financial managers with various qualities of human resources that can ultimately strengthen performance, or whether it actually weakens its performance.

As such, in realizing the performance of the budget researcher's use respondents who know directly the problems that exist in the field. Respondents who understand from budget planning to budget reporting are the village head, village secretary, village treasurer, and planning officer.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Performance is work performance in the form of output from activities or programs, and results from programs with measurable quantity and quality. Budget performance is the achievement of performance on the use of an institution's budget as stated in the budget document. Budget Performance Evaluation as a performance-based budgeting instrument for the implementation of the accountability function aims to prove and account professionally to stakeholders for the use of the budget managed by the institution, program unit, or activity work unit concerned.

The quality improvement function aims to measure effectiveness and efficiency, as well as identify supporting factors and obstacles to implementation in order to improve budget performance and input for policy formulation.

Budget Performance Evaluation Results as one of the basis for formulating themes, targets, policy directions, and annual development priorities planned especially for Activity Outputs and Program Outputs that are strategic and priority in nature. Results of Budget Performance Evaluation as one of the bases for preparing annual budget allocations, especially for determining budget eligibility for Activity Outputs and Program Outputs. Budget Performance Evaluation Results as one of the bases for awarding, especially to determine the awarding of appreciation in financial and/or non-financial forms for achieving budget performance.

Achievement of Output is measured by comparing the realization of the indicators of Program Output with the target indicators of Program Output. Budget absorption measured by comparing the realization of the budget with the budget ceiling.

This study emphasizes the discussion of the performance of the village fund budget at the village government in Karanganyar Regency. The results of budget performance will be influenced, among others, by performance-based budgeting, clarity of budget targets, apparatus commitment, and budgetary slack and financial governance.

The results of research on performance have been carried out by Sunarti (2013) that performance is a description of the achievement of implementing an activity/program/policy in realizing the goals, objectives, mission and vision of the organization. Meanwhile, a budget is an estimate of the performance to be achieved over a certain period of time expressed in financial terms, while budgeting is an activity of allocating limited financial resources to finance organizational spending which tends to be unlimited.

The results of the study show that organizational commitment has a positive and significant effect on budget performance at the BPKAD of Palopo City (Sunarti, 2013). Another study from Adi Dwi Purnomo, Ulyani examined the factors that influenced budget performance in the Lebak district government including external pressure, organizational commitment and understanding of financial management systems and procedures (Purnomo & Ulyani, 2016).

Organizational commitment and understanding of financial management systems and procedures have a significant influence on budget performance. Based on the description and conceptual framework of thinking above, the following research framework is created

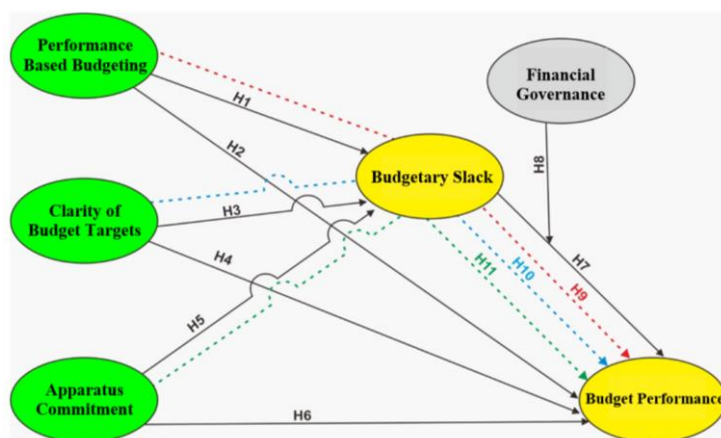


Figure 1: Research conceptual framework

2.1 Performance based budgeting

The term "performance-based budgeting" refers to a method of budgeting that aligns spending with desired outcomes and measures both external and internal efficiencies in reaching those goals (Bastian, 2006). Performance indicators, performance contracts, external and internal control of performance, and management accountability are all used to gauge the efficacy of a performance-based budget.

2.2 Clarity of budget targets

Targets in a budget are said to be "clear" if they are defined in sufficient detail so that the person in charge of meeting them can understand them (Siverbo et al., 2019). The apparatus must be able to generate a budget in accordance with the aims to be attained by the village administration, thus it is important that these goals be made clear.

2.3 Apparatus commitment

Apparatus commitment seems to be the connection that binds the Village Government to the institution in which its employees work, as demonstrated by the staff's unwavering allegiance to the organization's core principles and its mission and its enthusiasm for its plans to attain those goals (Masruhin & Kaukab, 2019).

2.4 Budgetary slack

The amount by which the projected budget exceeds the best estimate from the village government is known as "budgetary slack" (Mahmudi, 2016). With extra funds available, they present a budget that reduces revenue and raises expenses relative to the best estimate offered, making it simpler to meet their goals.

2.5 Financial Governance

Successful government administrations depend on sound financial management, which entails a variety of tasks from planning and implementation to reporting and supervision (Abdul et al., 2010).

2.6 Budget performance

The term "budget performance" refers to the performance achievements that are contained in budget documents regarding the usage of ministries' and agencies' budgets (Mardiasmo, 2016).

2.7 Hypothesis

- H1: Performance Based Budgeting has a significant influence on budgetary slack in the Village Government of Karanganyar Regency
- H2: Performance based budgeting has a significant influence on budget performance in the Village Government of Karanganyar Regency
- H3: Clarity of budget targets has a significant influence on budgetary slack in the Village Government of Karanganyar Regency
- H4: The clarity of budget targets has a significant influence on budget performance in the Village Government of Karanganyar Regency
- H5: Apparatus commitment has a significant influence on budgetary slack in the Village Government of Karanganyar Regency
- H6: Apparatus commitment has a significant influence on budget performance in the Village Government of Karanganyar Regency
- H7: Budgetary slack has a significant influence on budget performance in the Village Government of Karanganyar Regency
- H8: Budgetary slack has a significant influence on budget performance which is moderated by financial management in the Village Government of Karanganyar Regency
- H9: Performance based budgeting has a significant influence on budget performance mediated by budgetary slack in the Village Government of Karanganyar Regency
- H10: The clarity of budget targets has a significant influence on budget performance mediated by budgetary slack in the Village Government of Karanganyar Regency
- H11: Apparatus commitment has a significant influence on budget performance mediated by budgetary slack in the Village Government of Karanganyar Regency

3. METHODOLOGY

This research was a quantitative research with a descriptive approach. The population in this study were village government apparatus in Karanganyar Regency consisting of village heads, village secretaries, and finance and planning officers from 162 villages in Karanganyar Regency. Hence, the populations were obtained for 648 peoples. The research sample was obtained from the research object, village government apparatus in Karanganyar Regency as many as 248 people divided from 16 villages with a proportional random sampling technique, with respondent criteria that directly affected the village fund budget consisting of the village

head, village secretary, financial officer, and head of planning. Meanwhile, the analysis was done by with AMOS SEM tool. The sampling was determined with the Slovin formula as follows:

$$n = N / (1 + N(e)^2)$$

Information:

n = Sample size/number of respondents

N = Population size

e = Percentage of allowance for accuracy of sampling error which can still be tolerated;

e = 0,05

Based on this formula, the number of samples were as follows.

$$n = 648 / (1 + 648(0,05)^2)$$

$$= 248$$

4. RESULTS AND DISCUSSION

4.1 Research Result

4.1.1 Validity and Reliability Test

Validity testing was carried out using confirmatory factor analysis (CFA). Validity testing according to Sekaran & Bougie (2016) aims to determine the accuracy and accuracy of a measuring instrument in carrying out its measuring function. Validity testing was carried out using confirmatory factor analysis (CFA). According to Ghozali (2018), factor loading $\geq 0,50$ is considered significant. The results of data processing show that all question items are valid, because each question item which is an indicator of each variable has been extracted perfectly and has a factor loading $\geq 0,50$. To measure the reliability of this research instrument was carried out using the Cronbach Alpha coefficient. Each Cronbach Alpha value can be seen that the variables productivity, achievement motivation, competence, organizational support, academic culture and paternalistic leadership style have a Cronbach alpha coefficient $> 0,6$ which means that the reliability is said to be good (Ghozali, 2018).

4.1.2 Model Causality Test

Statistical tests were carried out by observing the level of significance of the relationship between variables indicated by the CR which is identical to the t-test in regression and its probability value (P). A significant relationship is indicated by a CR value greater than 1.96 and a P value less than 0,05. Further explanation of the regression weight evaluation analysis can be described and explained as follows:

- 1) The Performance Based Budgeting variable has a significant influence on Budgetary Slack because the significance of $CR = 3,536 > 1,96$ and the probability value $= 0,000 < 0,05$.

Then the first hypothesis H1: Performance Based Budgeting has a significant influence on budgetary slack in the Village Government of Karanganyar Regency.

- 2) The Performance Based Budgeting variable does not significantly affect budget performance because it is significant for $CR = -0,762 < 1,96$ and probability value $= 0,446 > 0,05$. Then the hypothesis H2: Performance-based budgeting has a significant influence on budget performance in the Village Government of Karanganyar Regency, but the truth is not proven.
- 3) The Clarity of Budgetary Targets variable has a significant influence on Budgetary Slack because it is significant for $CR = 2,511 > 1,96$ and a probability value of $0,012 < 0,05$. Then hypothesis H3: Clarity of budget targets has a significant influence on budgetary slack in the Village Government of Karanganyar Regency which is proven to be true.
- 4) The Clarity of Budget Goals variable affects Budget Performance because the significance of $CR = 2,431 > 1,96$ and probability value $= 0,015 < 0,05$. Then the H4 hypothesis: Clarity of budget targets has a significant influence on budget performance in the Village Government of Karanganyar Regency which is proven to be true.
- 5) Apparatus Commitment Variable significantly affects Budgetary Slack because it is significant $CR = 2,751 > 1,96$ and probability value $0,006 < 0,05$. Then the hypothesis H5: Apparatus commitment has a significant influence on budgetary slack in the Village Government of Karanganyar Regency is proven to be true.
- 6) Apparatus Commitment Variable does not significantly affect Budget Performance because significant $CR = 1,362 < 1,96$ and probability value $0,173 > 0,05$. Then the hypothesis H6: Apparatus commitment has a significant influence on budget performance in the Village Government of Karanganyar Regency is not proven true.
- 7) The variable Budgetary Slack has a significant influence on Budget Performance because it is significant $CR = 3,100 > 1,96$ and the probability value is $0,002 < 0,05$. Then the hypothesis H7: Budgetary slack has a significant influence on budget performance in the Village Government of Karanganyar Regency is proven to be true.
- 8) The Interaction Variable (Budgetary slack x Financial Governance) affects Budget Performance because it is significant $CR = -3,830 > 1,96$ and probability value $0,000 < 0,05$. Then the H8 hypothesis: Budgetary slack has a significant influence on budget performance moderated by financial management in the Village Government of Karanganyar Regency is proven to be true.
- 9) The results of testing the Influence of Performance Based Budgeting on Budget Performance mediated by Budgetary Slack are as follows:

The direct Influence of Performance Based Budgeting on Budget Performance is $-0,054$. The indirect Influence of Performance Based Budgeting on Budget Performance through Budgetary Slack is $0,054$. The results of the Sobel test are as follows:

Input:		Test statistic:	p-value:
t_a	2.511	Sobel test:	1.9512074
t_b	3.100	Aroian test:	1.89265237
		Goodman test:	2.01555668
			0.05103238
			0.05840411
			0.04384635
		Reset all	Calculate

The Sobel test results yield a probability value of $0,019 < 0,05$ which indicates a significant situation. So that the H9 hypothesis: Performance based budgeting has a significant influence on budget performance mediated by budgetary slack in the Village Government of Karanganyar Regency is proven to be true.

- 10) The results of testing the influence of Budgetary Target Clarity on Budget Performance mediated by Budgetary Slack are as follows:

The direct Influence of Clarity of Budget Targets on Budget Performance is 0,207. The indirect Influence of Clarity of Budget Targets on Budget Performance through Budgetary Slack is 0,043. The results of the Sobel test are as follows:

Input:		Test statistic:	p-value:
t_a	2.511	Sobel test:	1.9512074
t_b	3.100	Aroian test:	1.89265237
		Goodman test:	2.01555668
			0.05103238
			0.05840411
			0.04384635
		Reset all	Calculate

The Sobel test results yield a probability value of $0,051 > 0,05$ which indicates an insignificant state. So that H10: Clarity of budget targets has a significant influence on budget performance mediated by budgetary slack in the Village Government of Karanganyar Regency which is not proven true.

- 11) The results of testing the Influence of Apparatus Commitment on Budget Performance mediated by Budgetary Slack are as follows:

The direct Influence of Apparatus Commitment on Budget Performance is 0,103. The indirect Influence of Apparatus Commitment on Budget Performance through Budgetary Slack is 0,043. The results of the Sobel test are as follows:

Input:		Test statistic:	p-value:
t_a	2.751	Sobel test:	2.05762379
t_b	3.100	Aroian test:	2.00022671
		Goodman test:	2.12026359
			0.03962626
			0.04547579
			0.03398382
		Reset all	Calculate

The Sobel test results yield a probability value of $0,039 < 0,05$ which indicates a significant situation. Hence, H11: Apparatus commitment has a significant influence on budget performance mediated by budgetary slack in the Village Government of Karanganyar Regency proven to be true.

4.2 Discussion

1. The Influence of Performance based budgeting on budgetary slack

The results of this study indicate that Performance Based Budgeting has a significant influence on budgetary slack in the Village Government of Karanganyar Regency because the significance of $CR = 3,520 > 1,96$ and the probability value = $0,000 < 0,05$. The results of this study support the research conducted by Saepul Hidayat (2017) which states that the implementation of a performance-based budget affects the accuracy of budget estimates. The results of the research show that the variables indicate good results, but there are still problems. These conditions increase the tendency to commit budgetary slack so that the accuracy of budget estimates is lower. However, empirical evidence suggests that performance-based budgets actually reduce the accuracy of budget estimates in each village government by requiring longer budget cycles in order to produce positive results in end-of-year performance assessments, despite the fact that their implementation is intended to boost budget quality.

2. The Influence of Performance based budgeting on budget performance

The results of the study show that Performance based budgeting has no significant influence on budget performance in the Village Government of Karanganyar Regency. The Performance Based Budgeting variable does not significantly affect budget performance because it is significant for $CR = -0,762 < 1,96$ and probability value = $0,446 > 0,05$. The results of this study support Liza Fajarningtyas's research which shows that performance-based budgeting does not have a significant influence on financial performance (Fajarningtyas & Kahar, 2015), but contradicts the research of Febrina Astria Verasvera (2016); Wongkar et al. (2021) and Purnamasari (2018) which explains Performance based budgeting has a significant influence on budget performance. Performance-based budgeting is a budgeting method for management to link any funding outlined in activities with the expected outputs and results, including efficiency in achieving the results of these outputs. These outputs and results are set forth in the performance targets of each work unit. Meanwhile, how the goal is achieved is outlined in the program followed by financing at each level of goal achievement. Programs on performance-based budgeting are defined as policy instruments that contain one or more activities to be carried out by an agency or institution to achieve goals and objectives and obtain budget allocations or community activities coordinated by that agency.

3. The Influence of Clarity on Budgetary Targets on Budgetary Slack

The results of the study show that the clarity of budget targets has a significant influence on budget performance in the Karanganyar Regency Village Government. The results of this study are supported by the research of Biantara & Putri (2014) and Made et al. (2019) that clarity of budget targets has a significant influence on budgetary slack. The public sector budget is the responsibility of organizational management to provide information about all organizational activities and activities to the owners of the organization for the management of public funds and implementation in the form of program plans financed with public money. If in the organization every individual works well, achieves, is enthusiastic, and makes their best contribution to the organization, then the overall organizational performance will be good. The

success or failure of a budget's implementation may be traced back to the specific actions taken by those tasked with bringing about the budget's stated goals and objectives.

4. The Influence of clarity of budget targets on budget performance

The results of the study show that clarity of budget targets has a significant influence on budgetary slack in the Village Government of Karanganyar Regency Variable Clarity of budget targets affects budget performance because CR significance = 2,431 > 1,96 and probability value = 0,015 < 0,05. Hence, there is a significant influence Clarity of budget targets on budget performance is acceptable

5. The Influence of apparatus commitment to budgetary slack

The results showed that apparatus commitment had a significant influence on budgetary slack in the Village Government of Karanganyar Regency because it was significant that CR = 2,751 > 1,96 and a probability value of 0,006 < 0,05. The results of this study are supported by research carried by (Artini et al., 2014; Pratama, 2013), that organizational commitment has a significant influence on budgetary slack. This is evidenced by the existence of a bond between employees and the organization that has a sense of belonging to the workplace institution, which is evidenced by strong belief and support for the values, goals and objectives that the organization seeks to achieve.

6. The Influence of apparatus commitment on budget performance

The results of the study show that apparatus commitment has no significant influence on budget performance in the Village Government of Karanganyar Regency because significant CR = 1,362 < 1.96 and probability value 0,173 > 0,05.

7. The Influence of budgetary slack on budget performance

The research results show that budgetary slack variable has a significant influence on budget performance in the village government of Karanganyar Regency, because it is significant that CR = 3,100 > 1,96 and a probability value of 0,002 < 0,05. As such, there is a significant Influence of budgetary slack on acceptable budget performance.

8. Interaction variable influence of budgetary slack on budget performance in moderation of financial governance

The results showed that the Interaction Variable (Budgetary slack x financial governance) has a significant influence on budget performance because it is significant CR = -3,830 > 1,96 and a probability value of 0,000 < 0,05. In other words, there is a significant influence of budgetary slack on budget performance in moderation of financial governance is acceptable.

9. The Influence of Performance based budgeting on budget performance mediated by budgetary slack

The research results show that the Performance Based Budgeting variable has a direct effect (direct effect) of -0,054 and an indirect coefficient value of 0,054 with the Sobel test results resulting a probability value of 0,019 < 0,05 which indicates significant. Hence, performance

based budgeting has a significant influence on budget performance mediated by budgetary slack in the village government of Karanganyar Regency which is acceptable

10. The Influence of budget target clarity on budget performance mediated by budgetary slack

The results showed that the clarity of budget target variable has a direct effect coefficient value of 0,207 and an indirect coefficient value of 0,043 with the Sobel test yielding a probability value of $0,051 > 0,05$, so it can be said that the budgetary slack variable cannot mediate the relationship between the Clarity of Budget Targets on Budget Performance significantly. In other words, there is no significant influence of the clarity of budget targets on budget performance mediated by unacceptable budgetary slack.

11. The Influence of apparatus commitment on budget performance mediated by budgetary slack

The results showed that the Apparatus Commitment Variable had a direct effect coefficient of 0,103 and an indirect coefficient value of 0,043 with the Sobel test yielding a probability value of $0,039 < 0,05$, so it can be said that the budgetary slack variable can mediate between Apparatus Commitment to Budget Performance significantly. In other words, there is a significant influence of apparatus commitment on budget performance mediated by acceptable budgetary slack.

The limitations of the results of this study are the constraints of researchers/research in the field, based on the results of the study after testing and analyzing all existing data. It is realized that it has not been able to fully answer the relationship between the influence of performance-based budgeting variables, clarity of budget targets, apparatus commitment, budgetary slack, budget performance and financial governance. In this study, the researchers had no influence over the respondents' sincerity in completing the questionnaire when the research was conducted. Besides, the educational background of the respondents, which may also have an impact on the phenomenon under research, has not yet been investigated and explored.

5. CONCLUSIONS AND RECOMMENDATIONS

This study examines the influence of Performance Based Budgeting, Clarity of Budget goals, Apparatus Commitment to Budgetary Slack and Budget Performance with Financial Governance as a Moderation Variable in Karanganyar Regency Village Government. Based on the results, we concluded that:

- 1) Performance Based Budgeting has a significant influence on budgetary slack in the Village Government of Karanganyar Regency.
- 2) Performance based budgeting has no significant influence on budget performance in the Village Government of Karanganyar Regency.
- 3) The clarity of budget targets has a significant influence on budgetary slack in the Village Government of Karanganyar Regency.

- 4) Clarity of budget targets has a significant influence on budget performance in the Village Government of Karanganyar Regency.
- 5) Apparatus commitment has a significant influence on budgetary slack in the Village Government of Karanganyar Regency.
- 6) Apparatus commitment has no significant influence on budget performance in the Village Government of Karanganyar Regency.
- 7) Budgetary slack has a significant influence on budget performance in the Village Government of Karanganyar Regency.
- 8) Budgetary slack has a significant influence on budget performance which is moderated in financial management in the Village Government of Karanganyar Regency.
- 9) Performance based budgeting has a significant influence on budget performance mediated by budgetary slack in the Village Government of Karanganyar Regency.
- 10) Clarity of budget targets has no significant effect on budget performance with budgetary slack mediation in the Village Government of Karanganyar Regency.
- 11) Apparatus commitment has a significant influence on budget performance mediated by budgetary slack in the Village Government of Karanganyar Regency

Based on the results of the research, several things can be suggested in an effort to reduce Budgetary Slack, it is recommended for:

1. Village government of Karanganyar Regency

Budget participation is the involvement of individuals in the implementation of budget preparation. This is based on the premise that a goal or standard is designed in a participatory way for all apparatus, then the apparatus will be serious in achieving the set goals or standards, and the apparatus has a sense of personal responsibility to achieve them because they are involved in their preparation and avoid budget slack.

2. Village apparatus

Provision of information for village officials based on achieving budget targets. The quality of human resources must be considered because it will involve the quality of the output produced. Preparation of the right budget requires planning in advance, to see and develop the right strategy, hence someone who is competent in their field is needed. Participatory budgeting really requires competent and qualified human resources in making and deciding budget plans. With the existence of higher quality resources, it is expected to minimize budgetary slack and be able to plan budgets properly and effectively. Clarity of budget objectives is the extent to which budget objectives are set clearly and specifically with those budget objectives that can be understood by those responsible for achieving the budget. Clarity of budget targets can avoid budgetary slack because it provides certainty to budget executors to be accountable for success or failure while carrying out their duties and also commitment and loyalty to the organization are very supportive in minimizing budgetary slack.

3. Further researcher

For further researcher, they can use the same variables with different indicators from this study in the hope of seeing more concrete results in assessing budget performance. This study analyzes the influence of performance-based budgeting variables, clarity of budget targets, apparatus commitment to budgetary slack and budget performance with financial governance as a moderating variable in the village government of Karanganyar Regency so it is suggested that further research to examine more deeply the variables outside the model which are likely to produce different effects.

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