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Analysis of Factors Influencing Budgetary Slack on Provincial Government of Jakarta, Indonesia

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Abstract
Purpose: This study aims to analyze the factors affecting budgetary slack, namely, budget participation, budget emphasis, and organizational commitment.
Research Methodology: This study uses a quantitative method, and selected samples were chosen based on certain criteria, namely 10 *Satuan Kerja Pemerintah Daerah* (SKPDs) are the largest part of *Satuan Kerja Pemerintah Daerah (SKPD)* of the Provincial Government of Jakarta, Indonesia. There were 80 respondents from 43 SKPDs. Smart PLS ver.4.0 was used to test validity, reliability, and hypothesis testing.
Results: The study outcomes show that budget participation and organizational commitment have significant positive effects on budgetary slack.
Conclusions: All results of this study provide benefits and advantages for the Provincial Government of Jakarta in preparing provincial revenue and expenditure budgets for future years, especially since Jakarta is no longer planned as the Capital of the Republic of Indonesia.
Limitations: The study uses a narrow sample of employees, sometimes focusing only on middle-level managers or specific SKPD, which might not represent the entire organization's behavior at Provincial Government of Jakarta, Indonesia
Contributions: This study proves that budget participation in SKPD has potential budgetary slack if it is not balanced with high SKPD commitment but can be managed by reducing excessive budget emphasis.

Keywords: *Budgetary, Commitment, Emphasis, Expenditure, Participation*

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1. Introduction

Optimal budgeting will not be fully achieved if there is a tendency to create budgetary slack. Government management, as the decision-maker and budget implementer, tends to position itself as the beneficiary party regarding the potential for budgetary slack. This is because government management has the potential to take shortcuts in engineering the budget to produce favorable results in terms of revenue and expenses. One reason government management is willing to implement budgetary slack and succeed is by lowering revenue below the expected level and increasing expenses above the expected levels. A consistently successful budget is also not entirely healthy for the organization, particularly as it can lead to low motivation and a lack of courage to realize the organization's mission and vision. Favorable budget outcomes should provide a certain level of comfort for budget makers, even though they unwittingly sacrifice management's drive to achieve higher results in the future.

The provincial government of Jakarta 2020-2023 the revenue and expenditure budget is suspected to experience similar problems, as the achievement of the provincial government of Jakarta was consistently favorable throughout the 2020-2023 budget period. Nevertheless, the potential for revenue and expenditure in the provincial government of Jakarta is substantial, as shown in Table 1.

Table 1. The Report of Budgetary Realization 2020-2023

Year	Revenues/ Expenditures	Budget (Thousands of Rupiah)	Realization (Thousands of Rupiah)	%
2020	Revenues Expenditures	57,234,618,765 58,579,713,268	55,887,004,239 51,716,860,930	97.65 88.28
2021	Revenues Expenditures	65,209,105,041 69,605,015,911	65,567,009,199 61,231,460,250	100.55 87.97
2022	Revenues Expenditures	77,796,647,728 76,487,403,736	67,290,479,172 64,380,358,560	86.50 84.17
2023	Revenues Expenditures	70,662,936,135 72,144,886,613	72,768,800,487 67,830,125,654	102.98 94.02

Based on Table 1, budgetary slack was indicated in 2020 and 2021, where the revenue budget was greater than the expenditure budget. However, during budget setting, the revenue budget was not significantly higher than the predicted revenue, ensuring that it was easily achieved. Conversely, the expenditure budget was set higher than the budgeted expenditure, making it difficult to achieve and ensure the successful achievement of budget objectives.

The participation of superiors and subordinates in budget implementation determines the outcome of budget implementation (Kusniawati & Lahaya, 2017). The participation of superiors and employees, represented by the budget committee, is essential for more focused and professional work. The budget committee is tasked with preparing and approving the budget. Sometimes, this budget committee lacks ambition in maximizing budget objectives, potentially leading to budgetary slack (Basyir, 2016; Rahman, Rachman, & Irawan, 2025). Budgetary slack can occur due to an imbalance in information ownership between superiors and subordinates, creating tension between them.

Subordinates with a wealth of information do not perform their full functions; they merely perform their duties, which is highly detrimental to the budget system. According to Balkis and Komala (2024), employees work using adequate facilities. With good facilities, employee participation can be maximized. Moreover, inadequate facilities can be used as an excuse for not achieving the budget targets. The broad scope of responsibilities prepares task executors to work without optimism, creating pressure to carry out their duties. This pressure can have a positive or negative impact on budgetary slack, as reflected in final budget report (Muhrayani, Kusumawati, & Mediaty, 2021).

Uniqueness of this study is that it successfully demonstrates that budgetary participation not only has a direct impact on budgetary slack but also an indirect impact, negatively impacting on budgetary emphasis.In cases where budgetary slack occurs, it is typically intentionally created by managers to achieve specific objectives. Managers may deliberately set lower revenue targets and higher cost estimates, thereby increasing the likelihood of achieving favorable budget results. Such behavior reflects a tendency toward inefficiency and suboptimal organizational performance.

Budgetary slack may become an “optimal” strategy under certain conditions, such as high business uncertainty, fluctuations in market demand, and difficulty in achieving performance targets. The optimal level of budgetary slack depends on contextual factors; the more constrained and uncertain the environment, the more likely slack is justified as a buffer mechanism. However, the level of budgetary slack is highly dependent on the effectiveness of the control systems. Stronger control mechanisms tend to reduce slack incidence. Similarly, well-designed management control systems play a critical role in mitigating opportunistic budgetary behaviors.

Consistently favorable budget performance over several years does not necessarily indicate budgetary slack. However, suspicion may arise when budget targets are repeatedly achieved with minimal variation over time. High levels of budgetary slack are typically associated with artificially strong performance, unrealized profit potential and organizational inefficiency. In contrast, low levels of slack may result in difficulty achieving targets, increased employee stress, and a higher likelihood of financial reporting manipulation. An optimal level of budgetary slack is reflected in achievable targets, motivated employees, and efficient organizational performance. Empirical observations indicate that budgetary slack occurs across several Indonesian provinces, including West Java, North Sumatra, Central Java, South Sulawesi, and Papua, in varying forms and with varying characteristics. For example, in West Java, budgetary slack is reflected in the underestimation of revenues and overestimation of costs, suggesting planning inaccuracies. In contrast, in Central Sumatra, slack is indicated by targets that are consistently easy to achieve, reflecting a significant gap between the budgeted and actual outcomes.

The pattern of budgetary slack in the provincial government of Jakarta differs from that in other provinces due to institutional and administrative differences. In Central Java, for instance, budgetary slack tends to manifest in the form of conservative budgeting, characterized by high efficiency but low performance targets. In Jakarta, however, slack is more likely to arise from excessive budget markups, resulting in targets that are relatively easy to achieve. Budgetary slack is primarily observed at the provincial government level rather than at the municipal (mayoral) level. The five municipalities of Central Jakarta, East Jakarta, South Jakarta, West Jakarta, and North Jakarta primarily function as implementing units responsible for executing programs and budgets determined at the provincial level.

Within the organizational structure of the provincial government of Jakarta, each mayor is responsible for implementing the governor's programs in their respective administrative regions. Therefore, the authority to design and allocate budgets remains largely centralized at the provincial level. Following the relocation of Indonesia's capital to the *Ibu Kota Negara* (IKN), the institutional dynamics between the central and provincial governments in Jakarta have changed. With a reduction in direct interaction with the central government, the provincial government of Jakarta operates more independently. This shift may increase the potential for budgetary slack as oversight and coordination mechanisms become less centralized.

2. Literature Review and Hypotheses Development

2.1 Finance Management for Regional Government

Based on Government Regulation Number 58 of 2005, which regulates Regional Financial Management, specifically the Jakarta Provincial Government, which we are discussing. According to this regulation, the territory of the Republic of Indonesia is divided into 38 autonomous regions, each province headed by a governor, each regency by a regent, each city by a mayor, each sub-district by a sub-district head, and each village by a village head. This is also true for Jakarta. A blessing in disguise, the Jakarta provincial government, which operates daily in Jakarta, is located adjacent to the central government of the Republic of Indonesia, also located in Jakarta. This proximity, based on agency theory, has the potential to create conflicts of interest between the central and provincial governments.

The President, who leads the central government, is assisted by several ministries within his cabinet, all of which are based in Jakarta. Meanwhile, the Jakarta Provincial Government oversees five urban areas and one administrative area: Central, West, South, East, and North Jakarta and the Seribu Islands Administrative Region. Extensive budget discussions have taken place between the regional government and the *Dewan Perwakilan Rakyat Daerah* (DPRD), leading the DPRD to ratify the Draft *Rancangan Anggaran Pendapatan dan Belanja Negara* (RAPBN) as the *Anggaran Pendapatan dan Belanja Negara* (APBN). After the APBN is ratified, the next step is to determine the implementing agency. This implementing agency is known as the Regional Work Unit SKPD, which has received approval from the regional government and the DPRD. According to Law No. 32 of 2004 concerning regional government, a Regional Government Work Unit SKPD is defined as a unit implementing executive functions that must coordinate with the relevant regional government. Governors, deputy governors, regents, deputy regents, mayors, and deputy mayors cannot be included as SKPD units. SKPDs include the Regional Secretariat, Expert Staff, DPRD Secretariat, Services, Agencies, Regional

Inspectorates, other regional institutions reporting directly to the Regional Head, or other units at the same level (Yaser Saleh, Barakat AL-Nimer, & Abbadi, 2023).

The *Anggaran Pendapatan dan Belanja Daerah* (APBD) prepared by the regional government has a high level of accountability because it is created through a process involving the regional government, including all regional government agencies (SKPD) as budget implementers, and the DPRD. This step aligns with agency theory, which states that principals and agents contribute to governance. The regional government carries out the budget preparation process through approval using a bottom-up management work scheme involving 43 SKPDs within the Jakarta provincial government. Regarding governance, the *Petugas Pengelolaan Keuangan Daerah* (PPKD) informs all Heads of *Satuan Kerja Pemerintah Daerah* (SKPD) to prepare and submit draft SKPD Budget Implementation Documents (DPA-SKPD) no later than three working days after the APBD is approved. The draft DPA-SKPD contains details of the targets to be achieved, functions, programs, activities, the budget allocated to achieve these targets, the planned disbursement of funds for each work unit, and estimated revenues (Susenayanie, 2023). The SKPD Head then submits the prepared DPA-SKPD draft to the PPKD.

The regional government budget team, together with the heads of relevant regional government agencies SKPD, verifies the draft DPA-SKPD. The approved DPA-SKPD is then submitted to the SKPD head, the head of the regional supervisory work unit, and the *Badan Pemeriksa Keuangan* (BPK) within seven working days from the date of approval. APBD implementation consists of implementing revenue, expenditure, and financing budgets. After the budget has been in effect for one semester, the regional government prepares a report on the realization of the first semester of the APBD and a prognosis for the next six months. The report is submitted to the *Dewan Perwakilan Rakyat Daerah* (DPRD) no later than the end of July, after which it is discussed jointly by the DPRD and regional government.

2.2 Agency Theory
Agency theory states that all relationships within an organization are based on an agreed-upon contract. This contract also governs the relationship between individuals and agreements between two parties, whether they are written or unwritten. A principal is defined as the party that transfers responsibility and authority from one party to another, whereas an agent is defined as the party that receives that responsibility and authority (Masuku, 2021). This agency theory initially discussed the roles of principals and agents when it emerged in the 1970s. As principals began to become overwhelmed by managing their organizations, they gradually began to delegate management rights to other parties, known as agents. These agents then manage the organization in exchange for a fee.

The principal, as the owner of the organization, delegates his or her authority to the agent, and the agent carries out his or her duties as a recognized management professional to manage the organization as professionally as possible. The principal's role is to monitor management activities, both directly and indirectly, to ensure that they align with the organization's goals. In the increasingly rapid development of organizations, it is difficult for organizations to avoid asymmetric information regarding the relationship between principals and agents. This asymmetric information makes principals and agents suspicious and distrustful of one another. According to Triandolla and Herusetya (2025), this condition occurs because (a) both principals and agents prioritize themselves, not the interests of the organization. b. Both parties are proven to avoid risk. Both parties have limited rationality.

The above assumptions indicate the highly opportunistic nature of the principal and agent. Therefore, it is not surprising that whenever an opportunity arises, they always compete for information, as this opportunity rarely comes twice. Meanwhile, regarding the government budget, agents, as staff, tend to prepare a more planned revenue budget than the actual one. Similarly, the predicted expenditure budget is higher than the actual expenditure budget to facilitate achievement. Agents who dislike being perceived as performing poorly will create budgetary slack if they are unable to achieve budget targets.

2.3 Budgetary Slack

Budgetary slack is the action of an agent to prepare a budget by engineering revenue and expense predictions that differ from actual revenue and expense predictions (Wardoyo, Firmansyah, Fauzan, & Rahmawan, 2021). However, according to Sagala et al. (2023), budgetary slack helps employees achieve budget targets more easily. The earliest discussion of the characteristics of budgetary slack, by Karsam (2015), states that: 1. Budgetary slack is used as a barometer for budget implementation, thus discouraging productivity. 2. Budgetary slack makes budgets easier to implement. 3. No constraints, including costs, were considered. 4. There are no special budget requirements. 5. The budget did not increase efficiency. 6. Generally, agreed-upon goals can be achieved without challenges.

Moreover, another opinion states that budgetary slack is considered a problem of dysfunctional employee behavior, including stress, resistance, conflict of interest, disruption, and other behaviors that contribute to budgetary slack. The purpose of budgetary slack practices is to ensure that budgets can be implemented easily, even if they are not optimal. Budgetary slack includes actions taken by subordinates to reduce production capacity when they are challenged to participate in budget implementation. Therefore, budgetary slack prevents an institution from operating optimally because institutional resources are not powered to their full potential.

2.4 Budgetary Participation

Budget participation is an activity that demonstrates personal involvement in budget preparation, which influences the achievement of budget targets (Pratiwi, 2023). The budget preparation process is considered efficient and effective if it produces accurate outcomes. Participation creates a greater opportunity for employees to engage in budgetary slack practices because they begin to lose the motivation required for maximum performance. Meanwhile, Garrison, Noreen, Brewer, Cheng, and Yuen (2015) explain that budget participation is a manifestation of managerial involvement in achieving budget goals. Therefore, higher managerial participation is associated with a lower potential for budgetary slack creation.

Participation of subordinates in budget preparation offers many advantages that budget preparation determined solely by top management lacks. This involvement creates a strong motivation for subordinates to implement the budget and a sense of pride when the budget is achieved, especially when there is no budgetary slack during planning. Budgets prepared by front-line management are sometimes better than those prepared by top management, who lack in-depth knowledge and experience (Garrison et al., 2015). The potential for budgetary slack is revealed in the aspect of subordinate involvement; the stronger the participation of employees in budget planning, the weaker the practice of budgetary slack.

2.5 Organization Commitment

Organizational commitment is defined as the psychological enthusiasm necessary to carry out organizational tasks to achieve desired outcomes. Organizational commitment can grow and develop because individuals have an oversight and coordination mechanisms become less centralized. emotional connection and a strong effort to carry out valuable tasks that contribute to support organizational achievements, not personal interests (Reiper, Hamka, & Silitonga, 2023). High subordinate organizational commitment has implications for avoiding budgetary slack. Committed subordinates certainly try their best to work as well as possible to avoid disappointment.

However, there are also subordinates or employees who are committed to building the organization and sincerely want to maintain membership in it (Hakim, Agustan, & Rangkuti, 2022). Loyal subordinates are committed to achieving the budget and ensuring that there is no budgetary slack. In addition, several studies have revealed that organizational commitment shows subordinate behavior, regardless of whether they like or dislike the organization they work for. As described by Sarwendhi (2021), organizational commitment positively impacts budgetary slack.

2.6 Budgetary Emphasis

Budgetary emphasis is a pressure from management on subordinates to meet budgets and to measure results based on performance. Rewards are given for achieving targets, whereas sanctions are given for failure. Budgetary emphasis can create budgetary slack with the goal of increasing compensation based on great results. Performance measurement based on budget results leads sub ordinates to seek favorable variances to create budgetary slack. Appreciation or rewards are given based on achieving budget targets, so subordinates automatically try to create budgetary slack (Nurhayati, Sari, & Pradesa, 2022). To avoid stress, subordinates strive to create easily achievable budgets. The higher the pressure, the greater the likelihood of budgetary slack creation. Meanwhile, Bunga, Deviyanti, and Pattisahusiwa (2019) stated that high budgetary emphasis also affects high budgetary slack.

Meanwhile, Nurhayati et al. (2022) found that budgetary emphasis has a positive impact on budgetary slack. Leaders under pressure seek to protect themselves from the risk of not achieving their budgets. Super ordinates seek to secure additional budgets, which is a crucial aspect of the budget preparation process. Super ordinates must engage with upper management to understand the budget before deciding on allocations. Managers address budget emphasis by assessing whether budgetary slack is necessary (Putra, Wahyudi, & Z., 2024).

2.7 Hypothesis Design
A bottom-up management system provides information on the extent of subordinates' contributions to supporting organizational activities. Any organizational activity undertaken at any time must be based on the approved budget. This is especially true for government organizations, which are approved through painstaking discussions with the budget committee. All organizational activities, at all times and in all places, must be based on the approved budget, especially after intensive and rigorous discussions with the Budget Committee. The government budget demonstrates a concrete commitment that government management must achieve within a specific timeframe.

Therefore, subordinates can take advantage of the opportunity to participate in budget development (Kusniawati & Lahaya, 2017). The involvement of middle- and lower-level managers in budget design results in more realistic decisions that align better with government budget objectives (Linder & Torp, 2017). Sometimes, budget objectives can be achieved even though the government has not fully utilized its potential. Arista and Syofyan (2019) stated that managers' motivation to create budgetary slack by lowering predicted results to more easily achieve budget objectives is dishonest and irresponsible. Efforts to prepare a secure budget without budgetary slack can also be driven by other reasons, such as asymmetric information. Personal commitment makes a sound and conducive budget plan without the potential for budgetary slack. Procedural justice moderates the relationship between budget participation and budgetary slack.

Therefore, it is reiterated that the impact of budget participation on budgetary slack is moderated by procedural justice. According to Wentzel (2004), the procedures of budget preparation include: 1. Must be consistent 2. Must be timeliness, 3. Free will in drafting the budget, 4. Adherence to ethical and moral procedures, 5. 6. Accuracy of information 7. This must be supported by top managers. Procedure of budget evaluation, 8. Feedback of Budget 9. Procedures of advertising, and 10. procedures for compensation. If you have contributions to budget preparation based on applicable procedures, do we still have time to consider plans for budgetary slack practices? Task complexity creates discomfort in the workplace, especially when there is a lack of support from top management. Subordinates become stressed if they work in uncomfortable situations. Conversely, task complexity combined with budgetary emphasis can lead to subordinates being overworked and unsatisfied with health requirements.

2.8 Research Model and Hypothesis
Referring to the previous description, the research model and hypotheses that can be formulated, as shown in Figure 1, are as follows. Organizational Commitment (OC) influences budget participation (BP), Budget Emphasis (BE), and Budgetary Slack (BS) separately.

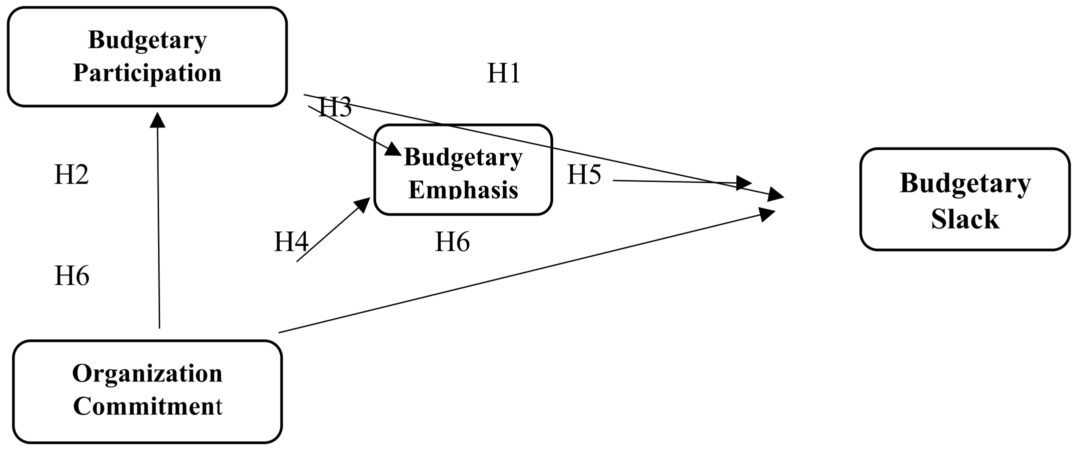

Figure 1. Research model

All hypotheses are presented in detail.

H_1: Impact of Budgetary Participation toward Budgetary Slack
H_2: Impact of Organization Commitment toward Budgetary Participation
H_3: Impact of Budgetary Participation toward Budgetary Emphasis
H_4: Impact of Organization Commitment toward Budgetary Emphasis
H_5: Impact of Budgetary Emphasis toward Budgetary Slack
H_6: Impact of Organization Commitment toward Budgetary Slack

3. Methodology

This study can be grouped as a descriptive study, as one of its objectives is to describe a phenomenon. Data were collected from secondary literature and the Jakarta Provincial Government website. For data analysis, a questionnaire was distributed to a sample selected based on limited criteria. After data collection, the questionnaire responses were scored and tabulated, and the respondents' responses were analyzed using Smart PLS version 4.00. This study used a sample of at least 10% of the population, referring to the sample size requirements from the total population, as outlined (Febriyanto, 2018). Based on these requirements, the sample size was five SKPD (*Satuan Kerja Pemerintah Daerah (SKPD)*), rounded up to 10% x 43 SKPD = 4.3. Considering the uneven budget distribution of the 43 SKPD, the 10 largest and top-ranking SKPD were determined, each with a minimum 2023 budget of one trillion rupiah.

The selected respondents were three managers and five employees with specific duties working in each of the 10 selected regional government agencies SKPD. Owing to time and cost efficiency, the questionnaire was distributed online. Consequently, 10 SKPD were selected, and 80 respondents were surveyed. The names of the 10 SKPD are as follows:1. Education Office, 2. Health Office, 3. Transportation Office, 4. Water Resources Office, 5. Jasa Marga Office, 6. Environment Office, 7. Forestry and City Parks Office, 8. Regional Revenue Office, 9. General and Administration Bureau of the Regional Secretariat, and 10. Regional Financial Management Agency (RFMA).

3.1 Research Variables

This study uses three exogenous variables: budget participation, organizational commitment, and budget emphasis, and one endogenous variable: budgetary slack. Exogenous variables are defined as predictors that affect endogenous variables, which are the results of the influence of exogenous variables on endogenous variables. Table 2 presents an indicator list from the study using the topic questions, as shown below.

Table 2. Indicator List

Variables	Indicators	Questions Topic
Budgetary Slack (BS)	Tendency to create	1. The impact of budgets on productivity motivation 2. The Implementation of Work

Endogenous	Budgetary Slack	3. The Supervision of Budget 4. The Responsibility of Budget 5. The Achievement of Target 6. The Realization of Target
Budgetary Participatory (BP) Exogenous	Manager Participation	1. Participation in Budgeting 2. Opportunity to propose a budget 3. Impact of proposal on the final approved budget 4. Contribution in the phase of revise budget 5. Organizing of top-level managers
	Effect of Participation	6. High contribution in the achievement
Organization Commitment (OC) Exogenous	Affective Commitment	1. The pride of subordinates in others. 2. Have an individual value almost the same as the government values. 3. Have a pride become important person of the company 4. Spirit for the success 5. Spirit to accept any task to create loyalty
	Normative Commitment	6. Prefer this company over other companies. 7. Recognition of the company as the best place to work. 8. Concern for the company's interests
	Continuance Commitment	9. Only one inspiration is required to achieve performance.
Budget Emphasis (BE) Exogenous	Necessity to achieve budget	1. Performance based on budget 2. Compulsion 3. Job tension 4. Employee performance

All respondents were selected with three managers and five employees because one SKPD only has three managers. The five employees were selected based on their contribution to budget proposal and implementation. For SKPD with more than three managers, the managers were selected based on their length of experience and level of formal education. With eight personnel per SKPD of the 10 SKPD, a total of 80 respondents were obtained.

4. Results and Discussions

4.1 Identification of Respondents

Tabulations were created to input the results of respondents' answers, which had previously been grouped based on gender, age, and length of service as follows Table 3.

Table 3. Respondent Identification

Characteristic	Category	Amount	Pencentages (%)
Sex	Male	44	55
	Female	36	45
Age	< 30 years	8	10
	31-45 years	46	57.5
	>45 years	26	32.5
Education	High School	7	8.75
	Diploma 3	13	16.25
	Undergraduate	43	53.75
	Graduate	15	18.75
	Doctor	2	2.5

Length of Work	<5 years	16	20
	6-15 years	34	42.5
	16-25 years	23	28.
	>26 years	7	8.75

4.2 Evaluation of Outer Model

The output of the field data is shown in the outer loading in Figure 2 as follows:

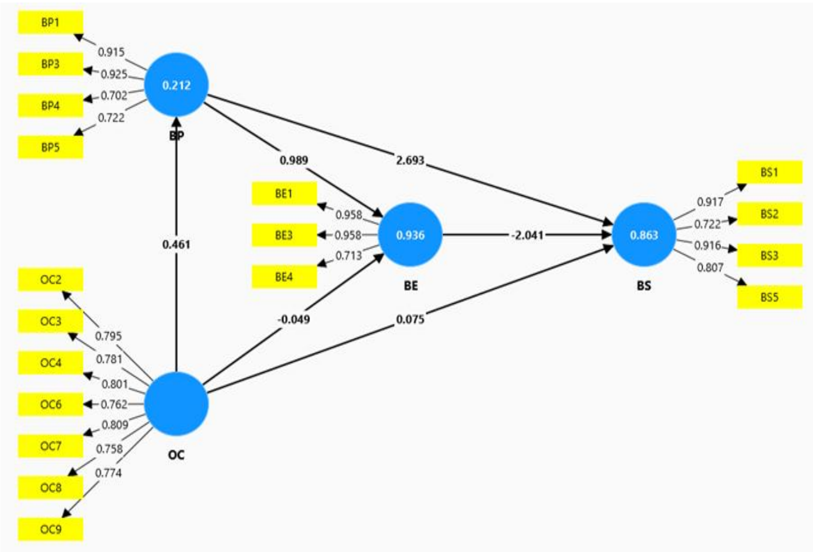

Figure 2. Outer loading

The question items to be asked of the samples were declared valid based on a convergent validity test above 0.700 (Africa, 2018).

Table 4. Cross Loading

	BE	BP	BS	OC
BE1	0.958			
BE3	0.958			
BE4	0.713			
BP1		0.915		
BP3		0.925		
BP4		0.702		
BP5		0.722		
BS1			0.917	
BS2			0.722	
BS3			0.916	
BS5			0.807	
OC2				0.795
OC3				0.781
OC4				0.801
OC6				0.762
OC7				0.809
OC8				0.758
OC9				0.774

Table 4 shows that BE1 and BE3 have the highest factor loadings, at 0.958 > 0.700, meaning that these items are valid for measuring budgetary emphasis. Each change in the budgetary emphasis variable is reflected in the variation in BE1 and BE3 (0.958 × 0.958 = 91.8%). BP3 shows the highest factor loading, at 0.925 > 0.700, meaning that this item is valid for measuring budgetary participation. Each change in the budgetary participation variable is reflected in the variation in BP3 of (0.925 × 0.925 = 85.6%). BS1 shows the highest factor loading, at 0.917 > 0.700, meaning that this item is valid for measuring budgetary slack. Each change in the budgetary slack variable is reflected in the variation in BS1 of (0.917 × 0.917 = 84%). OC7 shows the highest loading factor, at 0.809 > 0.700, which means that this item is valid for measuring the organizational commitment variable. Each change in the organizational commitment variable is reflected in the variation of OC7 (0.809 × 0.809 = 65.4%). The evaluation results of EVA show that a good output is above 0.500. The results are shown in Table 5.

Table 5. Average Variance Extracted (EVA)

	EVA
Budgetary Emphasis	0.781
Budgetary Participation	0.677
Budget Slack	0.713
Organization Commitment	0.613

Table 6. Farnell Lacker Criterion

	BE	**BP**	**BS**	**OC**
Budgetary Emphasis	0.884			
Budgetary Participation	0.966	0.823		
Budgetary Slack	0.591	0.755	0.845	
Organization Commitment	0.406	0.461	0.686	0.783

Table 6 shows all AVE root values > correlation between constructs and other constructs

Table 7. HTMT

	BE	**BP**	**BS**
Budgetary Emphasis			
Budgetary Participation	1.146		
Budgetary Slack	0.690	0.880	
Organization Commitment	0.463	0.520	0.546

Validity is measured with Cronbach's Alpha > 0.700, and the reliability limit for Composite Reliability [rho c] is > 0.700, as follow in Table 8

Table 8. Reliability Test

	Cronbach's Alpha	**Composite Reliability[rho_c]**
Budgetary Emphasis	0.850	0.913
Budgetary Participation	0.834	0.892
Budgetary Slack	0.865	0.908
Organization Commitment	0.895	0.917

4.3 Evaluation of Inner Model

The value of adjusted R-square for Budgetary Slack is 0.857, and mean budgetary emphasis, budgetary participation, and organizational commitment can explain the Budgetary Slack variable by 85.7%. Based on this model can be considered the result is strong (Pertiwi, Rahmawati, Darmawan, & Innayah, 2022) for the strong category, it is 0.67, 0.33 [moderate] and 0.19 [weak].

Table 9. R Square

	R square	R square adjusted
Budgetary Emphasis	0.936	0.934
Budgetary Participation	0.212	0.202
Budgetary Slack	0.863	0.857

Table 9 show analysis indicates that Budgetary Emphasis has an R square of 0.936 and an adjusted R square of 0.934, suggesting that this variable explains approximately 93% of the variance in the model. Budgetary Participation shows an R square of 0.212 and an adjusted R square of 0.202, indicating a relatively low contribution of around 21% to the model. Meanwhile, Budgetary Slack has an R square of 0.863 and an adjusted R square of 0.857, meaning it explains about 86% of the model variance, reflecting a substantial impact.

Table 10. F square

	BE	BP	BS	OC
Budgetary Emphasis			1.956	
Budgetary Participation	11.94		3.211	
Budgetary Slack				
Organization Commitment	0.030	0.269	0.031	

Table 10 show F square analysis demonstrates the effect size of each independent variable on the dependent variable. Budgetary Emphasis (BE) has an F square value of 11.94, Budgetary Participation (BP) is 3.211, and Budgetary Slack (BS) is 1.956, indicating that BE has the largest effect on the model, followed by BP and BS. In contrast, Organization Commitment (OC) shows smaller F square values (ranging from 0.030 to 0.269), indicating a relatively minor effect on the model.

f 1 1.757 > 1.960, or a p-value of 0.000 < 0.050. Therefore, H_0 is rejected and H_1 is accepted, meaning that Budgetary Participation impacts Budgetary Slack. Organizational Commitment has a t-statistic of 6.166 > 1.960, or a p-value of 0.000 < 0.050. Therefore, H_0 is rejected and H_2 is accepted, meaning that Organizational Commitment impacts Budgetary Participation. Budgetary Participation has a t-statistic of 65.572 > 1.960, or a p-value of 0.000 < 0.050. Therefore, H_0 is rejected and H_3 is accepted, meaning that Budgetary Participation impacts Budgetary Emphasis. Organizational Commitment shows a t-statistic value of 1.531 < 1.960 or a p-value of 0.126 > 0.050; therefore, H_0 is accepted, and H_4 is rejected, meaning Organizational Commitment has no impact on Budgetary Emphasis. Budgetary Emphasis shows a t-statistic value of 8.038 > 1.960 or a p-value of 0.000 < 0.050; therefore, H0 is rejected, and H_5 is accepted, namely, that Budgetary Emphasis has an impact on Budgetary Slack. Organizational Commitment shows a t-statistic value of 1.318 < 1.960 or a p-value of 0.188 > 0.050; therefore, H_0 is accepted, and H6 is rejected, meaning Organizational Commitment has no impact on Budgetary Slack. The hypothesis test to produce outcomes from the hypothesis answers that have been submitted in Figure 3

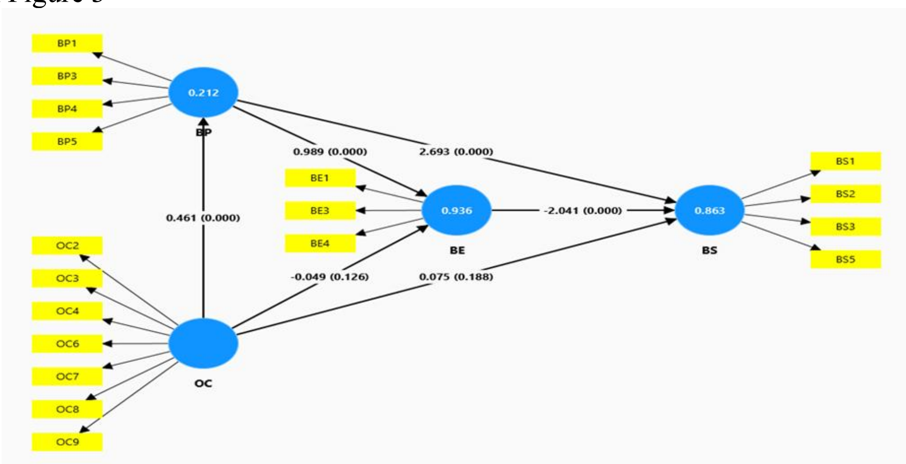

Figure 3. The Graphic of Research Model

Table 11. Hypothesis Test

Path	Path Coefficient	t-statistics	P-value
Budgetary Emphasis ➔ Budgetary Slack	-2.041	8.038	0.000
Budgetary Participation ➔ Budgetary Emphasis	0.989	65.572	0.000
Budgetary Participation ➔ Budgetary Slack	2.693	11.757	0.000
Organization Commitment ➔ Budgetary Emphasis	-0.049	1.531	0.126
Organization Commitment ➔ Budgetary Participation	0.461	6.166	0.000
Organization Commitment ➔ Budgetary Slack	0.075	1.318	0.188

4.4 Discussion

Budget participation significantly impacts budget emphasis (0.989), whereas other forms of budget participation significantly impact budgetary slack (-2.041). This suggests that during budget preparation, pressure exists on all regional government agencies SKPD to achieve targets, not only revenue budgets but also expenditure ones. Alternative measures to address budget targets include practicing budgetary slack creation. Ningsih and Indira (2020) found that budgetary participation in preparation activities involving the Gresik regional government demonstrated a positive impact between budgetary participation and slack. However, Ningsih and Indira (2020) also revealed another finding: budget emphasis had no significant impact on budgetary slack.It can be argued that the problem is a favorable because budgetary slack is practiced regardless of whether or not there is pressure to achieve the intended budget. The Jakarta provincial government's budget realization, especially over the past ten years, has not been a deficit, due to the immense potential for achieving outstanding results in Jakarta, particularly because the decision-making centers of the provincial government and the central government are physically integrated in Jakarta.

This proximity promises significant financial and non-financial benefits for both parties, particularly for Jakarta's economic growth, both as the provincial and national capitals.This proximity also demonstrates that large-scale projects designed by the central government require a large and experienced workforce, and the local government can readily provide immediate solutions.Activities in the trade and construction sectors significantly support economic progress in Jakarta and its surrounding areas. This progress supports the cosmopolitan city of Greater Jakarta. Furthermore, as the capital of the Republic of Indonesia, Jakarta is a city that can be relied upon to implement any budgetary plan. By engineering a revenue budget that is smaller than the expected revenue and designing an expenditure budget that is larger than the expected expenditure, this policy can be grouped as a budgetary slack action. Budget participation, measured based on the performance of each regional government agency SKPD, automatically puts pressure on subordinates to manage budget allocations to avoid deficits, a practice that has been empirically implemented in many other provinces. Consistent with Jayawarsa, Purnami, and Saputra (2020), budget participation has a positive and significant impact on budgetary slack.

However, a dissenting study by Zhang, Song, and Zhao (2017) found that budget participation negatively impacts budgetary slack. However, this negative impact was actually due to the moderating effect of organizational commitment. Another finding related to organizational commitment is that it has no impact on budgetary slack. There was no relationship between organizational commitment, either within the provincial government of Jakarta or within the SKPD teams, and the practice of budgetary slack in Jakarta Province. Based on the above explanation, budgetary slack occurs because of the negative impact of budgetary emphasis and the positive impact of budgetary participation. The accumulated pressure and participation encourage the budget team to implement budgetary slack with convincing performance because of the potential for achieving budget targets and the significant effort required to achieve budgetary slack.

Budget emphasis from superiors on subordinates negatively impacts budget slack, indicating that the stronger the budget pressure, the weaker is the likelihood of budget slack. Meanwhile, another study on organizational commitment by Islami and Nahartyo (2019) found that medium management with high organizational commitment produces less budgetary slack and management with low organizational commitment. Empirically, leadership style moderates the impact of budget participation on budgetary slack. The latest regulation relates to Jakarta, which is no longer the capital of the Republic of Indonesia since the issuance of Law 2024 on March 24, 2024, which replaced Law No. 29 of 2017 concerning the Jakarta Provincial Government.

The relocation from Jakarta to Ibu Kota Nusantara negatively impacted the Jakarta provincial government's ability to achieve the expected realization. The 2023 budget realization report was reported in 2024 as the final budget realization for Jakarta. The 2024 budget realization poses a challenge for the provincial government of Jakarta, as it has lost its distinctive significance in achieving its predetermined budget targets (Eierle, Hartlieb, Hay, Niemi, & Ojala, 2022). However, a recent statement from Supratman Andi Agus, Speaker of the 2024 Legislative Body *Dewan Perwakilan Rakyat* (DPR), revealed that the Provincial Government of Jakarta still has 15 special authorities. According to Hajerah, Achmad, Afif, and Firmansyah (2025), Jakarta, as a metropolitan city, still has the potential to engage in budgetary slack practices, and this trend appears to continue in the coming years, even though Jakarta is no longer the nation's capital.

5. Conclusions

5.1 Conclusion

This study finds that budget participation has a positive impact on budgetary slack, while budget emphasis has a negative impact on budgetary slack. Therefore, budget participation has a positive impact on budgetary slack. Involvement in the budget committee provides an important opportunity to participate in designing budgetary slack, while organizational commitment has not had a significant impact, based on the results of this study. Organizational commitment significantly affects budget participation, whereas budget emphasis and budgetary slack have no significant effects.

5.2 Research Limitations

The Jakarta provincial government is working to implement budgeting practices to ensure year-over-year budget performance certainty. However, the results will differ from 2024 onward because of the relocation of the national capital.

5.3 Suggestions and Directions for Future Research

The proximity of the Jakarta state and provincial governments ended in 2024, and business and construction activities automatically declined, as all activities experienced a significant decline. A recommendation for further study is that exogenous variables, such as task complexity, can be added to impact budgetary slack, as this factor is thought to react to budgetary slack after the state government transitions. Furthermore, another exogenous variable, asymmetric information, is suspected to impact budgetary slack.

Author Contributions

LI was responsible for conceptualization, methodology, data collection and curation, formal analysis, and writing the original draft. GNT contributed to supervision, validation, reviewing and editing the manuscript, and project administration. HR handled data collection, investigation, resource provision, and visualization. YI contributed to software management, formal analysis, visualization, and reviewing and editing the manuscript. MW supported the literature review, methodological guidance, editing, and overall project coordination.

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