

## Original Research Article

# The Effect of Budget Participation, Locus of Control on Budgetary Slack Moderated by Large Scale Social Restrictions (PSBB) (Empirical Study on Manufacturing Companies in the Korin Metal Arts Area during the COVID -19 Period)

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## Abstract

This study aims to determine the influence of budget participation, locus of control, on budgetary slack moderated by Large-Scale Social Restrictions (PSBB). Based on previous studies, it is known that the budget participation, locus of control influence on budgetary slack. This study took the population and samples from functional managers and senior / junior staff at several manufacturing companies in the Korin Klapanunggal KM 26.5 area. The results of this study indicate that budget participation and locus of control are influential not significant to the budgetary slack but after moderated their Social Restriction Scale Large (PSBB) note that the Large Scale Social Restrictions (PSBB) strengthen and air-significant effect relationship between budget participation and locus of control of the budgetary slack.

**Keywords:** Budget Participation, Locus of Control, Budgetary Slack, Large-Scale Social Restrictions (PSBB).

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## INTRODUCTION

On January 30, 2020 (Centers for Disease Control and Prevention) the World Health Organization (WHO) has designated Corona Virus Disease 2019 (Covid-19) as a Public Health Emergency of International Concern or a public health emergency that is troubling the world [1]. Each country uses different methods of handling or handling in reducing the rate of spread of Corona Virus Disease 2019 (Covid-19), such as in China and Italy which carry out a lockdown or in legislation known as regional quarantine. Indonesia is faced with a situation related to the Corona Virus Disease 2019 (Covid-19) pandemic, namely reducing population mortality and the socio-economic impact of the spread of disease caused by the virus.

Yunus & Rezki [2] stated that Indonesia has experienced a condition where the public's concern about Corona Virus Disease 2019 (Covid-19) is quite large, so that a government policy is needed to carry out a Lockdown, as an effort to break the chain of spreading

Corona Virus Disease 2019 (Covid-19). Currently in Indonesia it is putting forward social restrictions or what is known as the term large-scale social restrictions (PSBB). Based on government regulation (PP) No. 21 Year 2020 About in Order to Accelerate Handling Corona Virus Disease 2019 (Covid-19) and published it on March 31, 2020.

Large-Scale Social Restrictions (PSBB) is restrictions on certain activities of residents in an area suspected of being infected with Corona Virus Disease 2019 (Covid-19) [3]. Large-Scale Social Restrictions (PSBB) are applied to several red zone areas, a term pinned to areas with a high distribution of Corona Virus Disease 2019 (Covid-19) such as Jabotabek. The Large-Scale Social Restrictions (PSBB) in the Bodebek region implemented this starting from April 15, 2020 and extended until August 1, 2020. This was stated in the West Java Governor's Decree (Kepgub) Number:443/kep.398-Hukham/2020 concerning the Second Extension of Proportional PSBB Enforcement in the Bodebek Region [4]. In mitigating the spread of

the virus or other economic impacts, it is necessary to consider providing a reserve fund or bailout which is prepared in the face of a global economic uncertainty whose source cannot be predicted [5].

In summary, the 2020 State Budget up to May 31, 2020 notes that the realization of state revenue was IDR664.32 trillion (37.73 %) of the target, lower than the same period in 2019 which reached IDR730.14 trillion. On the other hand, the realization of state expenditure reached IDR 843.94 trillion (32.29 percent of the ceiling), lower than the same period in 2019 which reached IDR 855.92 trillion (APBN Kita, June 2020). In line with the easing policy at the end of Q2 in several countries, it is hoped that this will provide prospects for improving economic conditions in the future. This is reflected in improved manufacturing Purchasing Manager Index (PMI) data in several countries which showed a return to positive growth in June.

The IHS Markit's Indonesian Manufacturing Purchasing Managers' Index™ (PMI™) rose above 10 index points from 28.6 in May to 39.1 in June. Purchasing activity also eased at a dominant rate, although not as badly as in the previous two months. Companies tend to take advantage of inventory to meet production requirements. As a result, input inventories fell sharply again in June. At the same time, stocks of finished goods rose for two consecutive months amid reports of unsold products due to weak demand. The supply chain remained under pressure during June, longer delivery times reported for the fifth consecutive month, although the rate of extension of order fulfillment time decreased from May. In addition, the implementation of the new normal policy will also be able to pave the way for the process of economic recovery.

Meanwhile the company continued to face increases in input prices during the month of June, with the inflation rate steadily accelerating for more than a year and a half. Higher costs are associated with higher raw material prices and a weaker exchange rate. The company only passes part of the cost increase to the customers. Output costs are rising at a moderate rate, and at a much weaker rate than rising costs. Finally, the gradual easing of measures to prevent Corona Virus Disease 2019 (Covid-19) has increased confidence in the manufacturing sector. The Future Output Index, a measure of business sentiment, surged to its highest level since January, with 73% of respondents anticipating an increase in output over the next 12 months [6].

When this phenomenon occurs, the first to face obstacles, especially in manufacturing companies, are company leaders and functional managers. This is due to whether the company has predicted a sudden Corona Virus Disease 2019 (Covid-19) which then applies the

Large-Scale Social Restriction (PSBB) policy and whether the budget that has been prepared is over or under budget.

Nengzih [7] states without the management or governance organized, the purpose of the company certainly can not be maximized and not necessarily going to be achieved. The results studies demonstrate good corporate governance; Environmental Management Accounting (EMA) companies have had little impact on the financial performance of the company concerned. The other study was conducted by Setiyawati and Basar [8] showed that Application of GCG no effect on the profitability in this case obtained from the NPM. The small impact that affects the performance may occur due to inaccuracy in preparing a company's budget.

In the formulation process, budgets have a direct impact on human behavior. It is certainly supported by research conducted by Hidayah *et al.*, [9] study shows that by healthy socialization can be seen the enthusiastic participants in the training because they need to implement in the household budget. Therefore, there are human behaviors that will arise as a result of the budget, both positive and negative behavior. Positive behavior will arise if the personal goals of each manager are aligned, harmonious, and balanced with company goals (goal congruence) and the manager has the willingness to fulfill them. Conversely, negative actions such as budgetary slack [10].

Budgetary slack is the difference between budgets expressed in an honestly predictable best budget estimate. Achievement of the objectives of the company will not be separated from the participation of managers in implementing the budget or may be called with the participation of the budget (Budget Participation). Positive behavior will certainly improve the performance of the principal (superior) and agent (subordinate) because they are motivated by the budget used as the basis for performance. The negative behavior that may arise is to cause slack in budgeting or what can be called budgetary slack, both for the principal (superior) and the agent (subordinate).

Not only budget participation can cause budgetary slack or budgetary slack, but Locus of control is also thought to have an influence on budgetary slack. Locus Of Control is the level where a person accepts personal responsibility for what happens to them (Brownell, 1982). These employees could have done the budgetary slack due to the presence of an impulse certain things in order to reach a budget targets that are too high, to get a good assessment of the employer as well as for practical purposes. Thus employees can be motivated to create a budgetary slack and other deviant actions so that it is possible to achieve organizational goals.

## LITERATURE REVIEW AND DEVELOPMENT HYPOTHESIS

### Budget Pariticipation and Budgetary slack

Based on agency theory, Dunk [11] states that budgetary slack is "... defined as the express corporation of budget amounts that make it easier to attain." Hansen and Mowen [12] translated by Deny Arnos Kwary budget participation is a budgeting approach that allows managers who will be responsible for budget performance, to participate in budget development, budget participation communicates a sense of responsibility to lower-level managers and encourages creativity. "Whitton in Reno Pratama [13] states three main reasons managers do budgetary slack. First, people always believe that the results of their work will look good in the eyes of superiors if they can achieve their budget. Secondly, slack anggara n always used to cope with uncertainty, if no unexpected events, which occurred the manager may exceed or reach its budget. Third, resource allocation will be based on the projected budget, so the budget slack flexible. A budget that is too tight or loose that causes excessive slack will lead to negative managerial attitudes and is very unfavorable for the organization. So it must be noted that the final budget passed will benefit all parties.

For example, a study conducted by Fadhli & Indriani [14] where Aceh Provincial Government and Service Officers participated in budgeting where they contributed greatly and participated in budget preparation. The identifies that the high participation in the preparation of the budget will increase the slack in the budget. The results of other studies conducted by Resen [15], Yuen, *et al.* [16], Irfan, *et al.* [17], Macinati, *et al.* [18], Kahar, *et al.* [19], Suriani, *et al.* [20], irawati and Pearl [21], Fadhli and Indriani [22] showed that budget participation affect the budgetary slack or budgetary slack. Therefore, the study predicts Budget Participation has a positive effect on Budgetary Slack, as hypothesized below:

### H1: Budget Participation has an effect on Budgetary Slack

### Locus of Control and Budgetary slack

Previous research conducted by Kriswantini and Ode [23] revealed that locus of control had no effect on budgetary slack but was significant. Managers have the view that the controlling factors are beyond the control of the organization (external locus of control), then the financial managers and financial staff will feel powerless to move the organization to achieve the goals it wants to achieve in the budget. Fadhli and Indriani [24] found that employees in the Aceh Dinas and Government do not yet have a poor locus of control, so that these employees may carry out budgetary slack because of the urge to achieve budget targets, as well as to get good evaluations from superiors. Adi and Mardiasmo [25] found that locus of control affects budgetary slack. S experti research conducted by Triana,

*et al.* [26], Ardianti, *et al.* [27], and Ardin [28] in which the research results that the locus of control negatively affects budgetary slack or budgetary slack. While other studies conducted Nanda [29], Triana, *et al.* [30], Pello [31], Desmayani and Suardhika [32], Raditya and Wirajaya [33] indicates that the locus of control influence positively to budgetary slack or budgetary slack. Therefore, the study predicts locus of control has a positive effect on Budgetary Slack, as hypothesized below:

### H2: Locus Of Control affects Budgetary Slack

### Large-scale social restrictions (PSBB), Budget Pariticipation and budgetary slack

Nasruddin and Haq [34] revealed that the lack of legislation barring Large-scale Social (PSBB), can be adhered to by the people of Indonesia, however communities whose livelihoods informal sector are confused how to meet the needs of daily life-today. The existence of an appeal from the President to work at home, home study, and worship at home has started to intensively conduct. Budget prepares who participate in budgeting felt the impact of the restrictions-restrictions on activities such as on specific sectors including also emphasize to the public for the delay in advance of activities- activities that are collecting a lot of people up in various sectors of the real action begin to enforce it . Depart from it then chances Restrictions Large-scale Social (PSBB) may cause the parties berpart ipasi in the budget could lead to budgetary slack (budgetary slack). Therefore, the study predicts that Budget Participation will affect the Budgetary Slack moderated by Large-Scale Social Restrictions (PSBB).

### H3: Large-Scale Social Restrictions (PSBB) moderate Budget Participation against Budgetary Slack

### Large-Scale Social Restrictions (PSBB), Locus of Control and Budgetary slack

Large-Scale Social Restrictions are restrictions on certain activities of residents in an area suspected of being infected with Corona Virus Disease 2019 (Covid-19) [35]. Many impacts occur due to the existence of Large-Scale Social Restrictions (PSBB) such as declining company profits, shifting of communication media in preparing budgets, layoffs (Termination of Employment Relationships), and other things where this can certainly lead to rewards or sanctions. Meanwhile, Wahyuningsih and Rini [36] stated locus of control as "... one of the variables that is often associated with self-esteem (self-esteem), self-satisfaction, and work ethics or performance." It is suspected to cause budgetary slack (budgetary slack) as a result of having an internal locus of control is not good because it does not believe in his own ability and is pinning its hopes on others and more looking for or selecting favorable situation at the time of their restricted Social our Large (PSBB). Therefore, the study predicts locus of control

affects Budgetary Slack moderated by Large-Scale Social Restrictions (PSBB).

#### H4: Large-Scale Social Restrictions (PSBB) moderate Locus of Control against Budgetary Slack

### RESEARCH METHODOLOGY

This section describes the types of data collected, data sources, data periods, and the methodology used to test this relationship

#### Data, Population and Sample

**Data, Population and Sample** The population in this study is the functional managers and senior staff / junior manufacturing company consisting of the principal (employer) and the agent (subordinate) at several manufacturing companies in the Korin Klapanunggal KM 26.5 area. The data used in this study is the technique of observation, interviews (face-to-face interviews, telephone interviews and interviews via electronic media), questionnaire (delivered personally, made electronically using the google form). The sample in this study was taken by stratified sampling. With a questionnaire return rate of 93 responses or 77.5%. The sample selection criteria in this study are:

- Junior/Senior Staff to functional managers, the reason for choosing this sample is because middle-

level functional managers have a big role in the use, management and responsibility of the budget.

- The minimum term of office is 1 year in the field, the reason is that this requirement refers to the manager's experience in preparing the budget for which he is responsible.
- Fill out a complete questionnaire, the reason is in order to obtain information that is relevant to the research objectives and obtain information with the highest possible reliability and validity.

### DATA ANALYSIS

The data analysis method used in testing the relationship between the variables of this study is the Partial Least Square (PLS) method. Data analysis includes testing the validity and reliability of the instrument, evaluating the inner model and outer model and testing the hypothesis.

### RESULTS AND DISCUSSION

#### Evaluation of Measurement Model (Outer Model)

The measurement model is used to test the construct validity and reliability of the research instrument, namely a questionnaire distributed to the research sample. The validity test in this study is convergent validity and discriminant validity, while the reliability test is composite reliability and cronbach's alpha.

#### Validity test

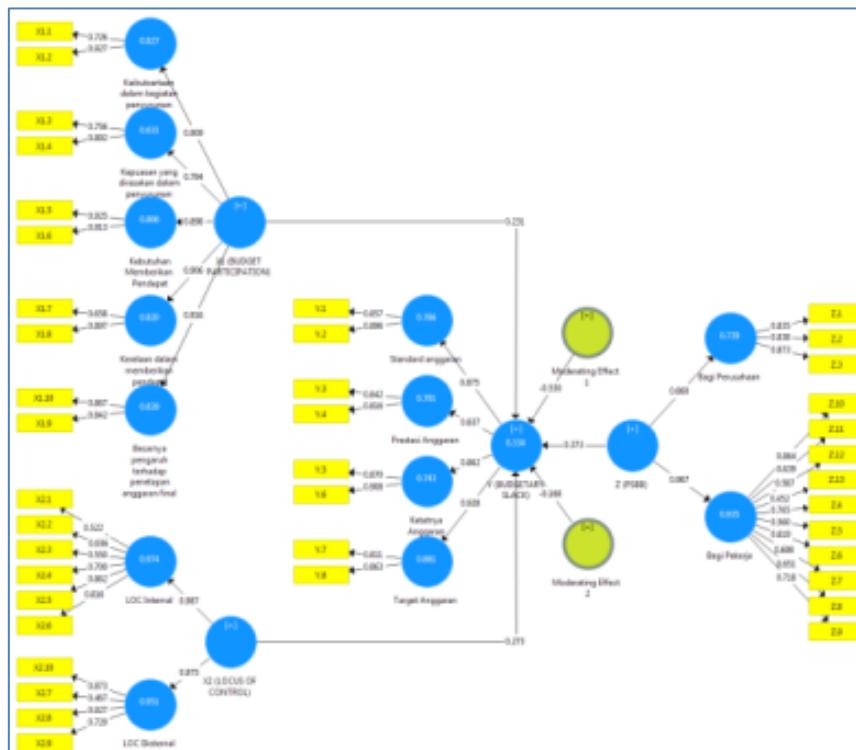


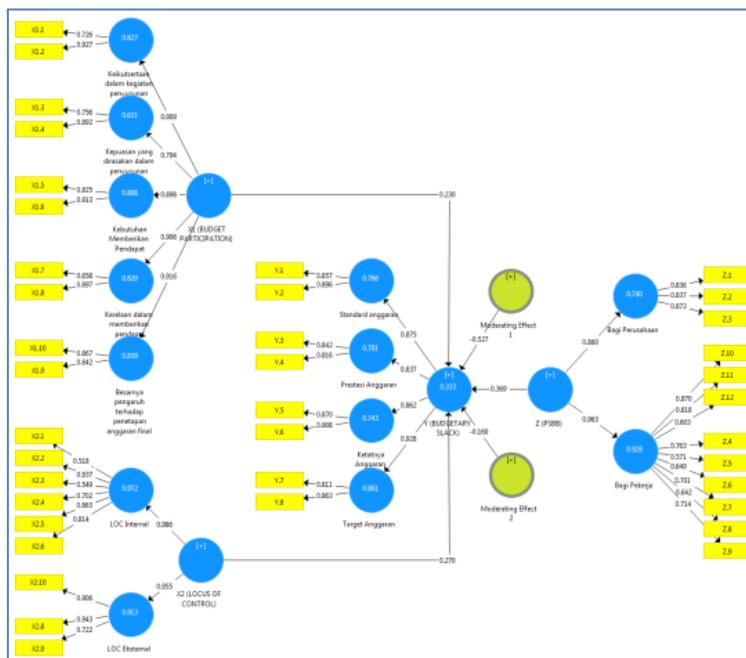
Fig-1: First Outer Loading

Convergent validity and discriminant validity are used to measure indicators of testing validity. Ghozali [37] Convergent validity of the measurement

model with a reflexive indicator is assessed based on the correlation between the item score/component score with the construct score calculated by PLS . The rule of

thumb used for convergent validity is Communality  $> 0.5$ . The results of the analysis can be seen in Figure 1.

Based on research results, it is known that each indicator of the research variables has an *outer loading* value of  $> 0.5$ . However, it appears that there are still several indicators that have *outer loading* values  $< 0.5$ . The data above shows that there is a variable indicator whose *outer loading* value is below 0.5, namely X2.7 & Z.13. This can be seen in table 2.



**Fig-2: Second Outer Loading**

Based on the analysis results, the indicators have a loading factor value  $> 0.50$ . The results of the analysis can be seen in Figure 2. So it can be concluded that all variable items consisting of Budget Participation, Locus of Control against Budgetary Slack moderated by Large-Scale Social Restrictions (PSBB) are valid.

#### Reliability Test

Reliability test on the measurement model (outer model) on the reflective indicator by looking at the value of Composite Reliability, Average Variance Extracted (AVE) and cronbach's alpha. The indicator is declared reliable or has good reliability if the Composite Reliability value is  $> 0.80$ , Average Variance Extracted (AVE)  $> 0.5$  and cronbach's alpha  $> 0.60$  [38]. The results of the Composite Reliability calculation in this study are shown in Table 3 below:

**Table-3: Value Composite Reliability**

Variable	Composite Reliability
X1	0.923
X2	0.920
Y	0.911
Z	0.909

**Tabel-2: The results of the loading factor indicator  $< 0.50$**

Indicator	Loading Faktor $< 0.50$	Information
X2.7	0.467	Drop
Z.13	0.452	Drop

After several indicators have been dropped and can be carried out for further analysis using PLS, the second result is carried out, it can be seen in Figure 2.

**Table-4: AVE value**

Variabel	AVE
X1	0.556
X2	0.549
Y	0.564
Z	0.439

Table 4 above shows that the value RD  $> 0.5$  although there AVE amounted to 0.439 that means below 0.5 but can still be said to be sub-marginal. So can be concluded that all indicators of the construct is reliable or meet the reliability test.

**Table-5: Value Cronbach's alpha**

Variable	Cronbach's Alpha
X1	0.904
X2	0.900
Y	0.888
Z	0.890

Table 5 above shows that the value of Cronbach's alpha  $> 0.70$ , so it can be concluded that all construct indicators are reliable or meet the reliability test.

### Evaluation of the Structural Model (Inner Model) Path Coefficient Test

Path coefficient evaluation is used to show how strong is the effect or influence of the independent variable on the dependent variable. Meanwhile, coefficient determination (R-Square) is used to measure how much the endogenous variable is influenced by other variables. R Square values were 0.67 (strong), 0.33 (moderate), and 0.19 (weak) [39]. Based on the data processing that has been done, the R-Square value is obtained as follows:

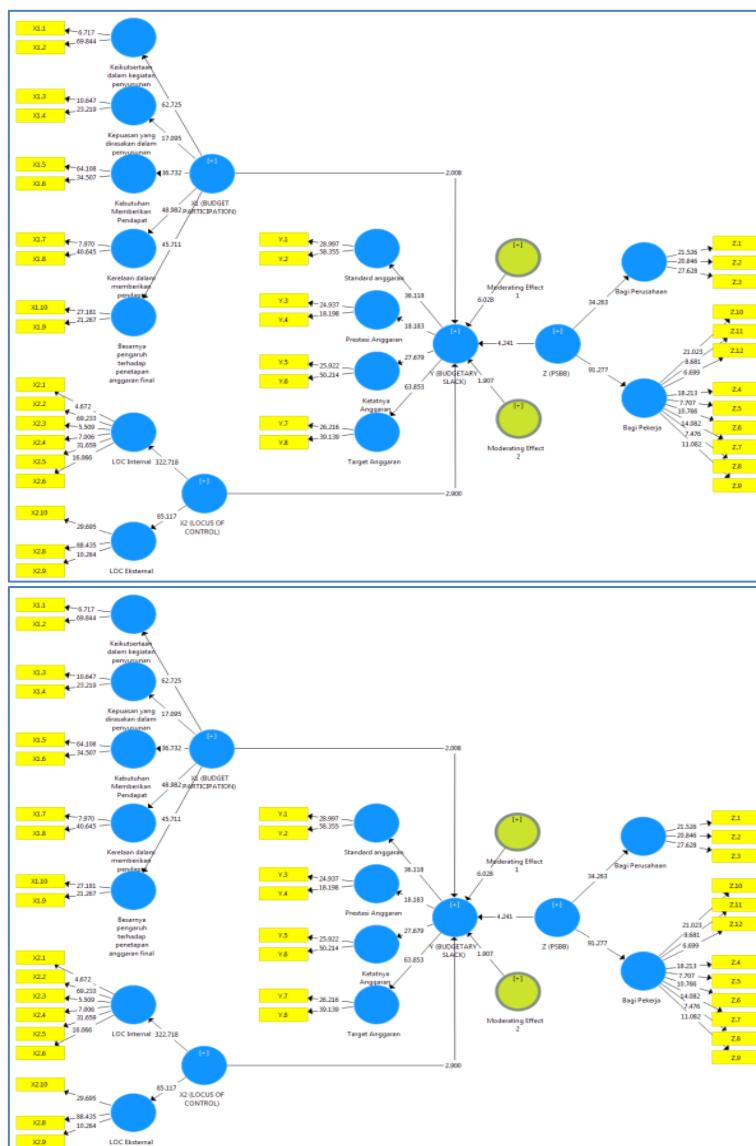
**Table-6: R-Square Value**

Variable	R-Square	R-Square Adjust
Budgetary Slack (Y)	0.299	0.295

Based on presentation of data in Table 6 above, it can be seen the value of R-Square for the variable budgetary Slack is 0,299 or included in the category of moderate. The acquisition of this value explains that the percentage of the amount of Budgetary Slack can be explained by Budget Participation, Locus of Control, Large-Scale Social Restrictions (PSBB) of 29.90 %.

### Hypothesis test

After the model analysis is carried out, the next analysis is hypothesis testing, this analysis is carried out by comparing the T-table value with the T-statistics value generated from the bootstrapping process in PLS. The hypothesis is accepted (supported) if the T-statistics value is higher than the T-table value (1,987) with a significance level of 5 % (two tailed). The results of the PLS bootstrapping process can be seen in Figure 3 and Table 7.



**Fig-3: bootstrapping**

**Tabel-7: TStatistics results**

Hypothesis	Variable	Parameter Coefficient	T Statistics	P Value
H1	X1 => Y	1.911	0.057	Not significant
H2	X2 => Y	0.364	0.716	Not significant
H3	X1*Z => Y	5.394	0.000	Significant
H4	X1*Z => Y	1.955	0.047	Significant

### **Hypothesis 1 Testing: Budget Participation affects Budgetary slack**

Coefficient parameter lines derived from the Budget Participation of the budgetary slack is equal to 0,201 with n use values t-statistic of  $1,911 < 1,987$  at level of significance in the top 5% (significantly), this means that the air effect was not significant between the Budget Participation and budgetary slack so thus the first hypothesis (H1) is rejected. This means that the drafters of the budget (superiors and subordinates) are berparti the pale in budgeting on Manufacturing company in Region Korin Klapanunggal 26.5 KM able to reduce the likelihood of slack budget (budgetary slack) as the authors of the budget is not too high establish a budget and budget compilers see the plan and budget realization of the previous years which is used as a reference in preparing the budget for the following year.

### **Hypothesis 2: Locus of Control affects Budgetary slack**

Coefficient parameter lines derived from Locus Of Control on budgetary slack is equal to 0,105 with n use values t-statistic of  $1,911 < 1,987$  at level of significance in the top 5% (significantly), this means that the air positive effect was not significant between Locus Of Control and Budgetary slack so that the second hypothesis (H2) is rejected. This means that functional managers and other staff have good locus of control. These employees could have done the budgetary slack due to the presence of an impulse certain things in order to reach a budget targets that are too high, and not to get a good assessment of superiors but they do not do so for practical purposes. Thus, managers and staff are not motivated to create budgetary slack and other deviant actions so that it is possible to achieve organizational goals.

### **Hypothesis 3: PSBB (Large-Scale Social Restrictions) strengthens Budgetary Participation against Budgetary slack**

Coefficient parameter lines derived from the moderation PSBB (Restriction of Social our Large) on Budget Participation of the budgetary Slack amounted to 0,509 with use values t-statistic of  $5,394 > 1,987$  at level of significance in the top 5% (significantly), this means that PSBB (Large-Scale Social Restrictions) significantly moderate the effect of Budget Participation on Budgetary Slack so that the third hypothesis (H3) is accepted. This means that the Restrict Social our Large (PSBB) cause on lot of parties who participated berparti ipasi budgeting has not been able to minimize their

budgetary slack (budgetary slack) because as we know is related to the call of the President to work at home, studying at home, and worship in the house so that the compilers of the budget participate should feel the impact of the restrictions - restrictions on the activities of the and the compilers of the budget would have to begin to restructure the budget for certain things that did not exist in the planning and realization of the budget in previous years as well as new budget which later will be determined must minimize the existence of over budget or under budget so that there is no budgetary slack (budgetary slack). In line with the results of interviews with several informants were considered representative of the Restriction of Social our Large (PSBB) strengthening the influence of Budget Participation Against budgetary slack that disaj fish in the form of quotation is "Yes, I think Restrictions Social our Large (PSBB) strengthening the influence of Budget Participation against Budgetary slack". On the other hand, restricted Social our Large (PSBB) strengthen the influence of Budget Participation Against budgetary slack expressed by other information such as the d itegaskan in the quote " Restriction Social our Large (PSBB) strengthening the influence of Budget Participation Against budgetary slack because we had to re-plan budget plan which of course needs to be reorganized to minimize the existence of over and under budget". Based on the above quote some of the results of all informant interviews it can be concluded that restricted our Large Social (PSBB) strengthen the influence of Budget Participation Against budgetary slack.

### **Hypothesis 4: PSBB (Large-scale Social Restrictions) strengthens Locus of Control against Budgetary slack**

Coefficient parameter lines derived from the moderation PSBB (Restriction of Social our Large) on Budget Participation of the budgetary Slack amounted to 0,028 with n use values t-statistic of  $1.995 > 1.987$  at the level of significance in the top 5% (significantly), this means that PSBB (Large-Scale Social Restrictions) significantly moderate the influence of Locus Of Control on Budgetary Slack so that the fourth hypothesis (H4) is accepted. This means that someone with Locus Of Control is low or an external did not believe in his own ability and is pinning its hopes on others and more searching or choosing a favorable situation would be the occurrence of a case could lead to budgetary slack (budgetary slack). Several manufacturing companies in the Korin Klapanunggal Km 26.5 area certainly felt the impact of the large-scale

social restrictions (PSBB) such as declining company profits, shifting of communication media in preparing budgets, layoffs (Termination of Employment Relations), and other things. can lead to reward or sanction then the functional managers and senior staff/junior company in Region Manufacturing 26.5 Km Klapanunggal Korin had Locus of Control is not good so have not been able to minimize the occurrence of slack budget (budgetary slack) when their restricted Large-scale Social (PSBB). Based on results of interviews with several informants restricted Social our Large (PSBB) strengthening the influence of Locus Of Control Against budgetary slack that disaj fish in the form of a quote that is " restricted Social our Large (PSBB) is strengthening the influence of Locus Of Control Against budgetary slack, when companies determine rewards or sanctions related to budgetary slack, so we are required to solve it without causing problems. More quotes related to restricted Social our Large (PSBB) strengthen the influence of Locus Of Control Against budgetary slack revealed right by another informant that "Many things lead to a budgetary slack especially due to the restricted Social our Large (PSBB), where much some of us also that experiencing layoffs so that those of us who survive are not maximally able to rearrange a budget due to changes that just happen". Based on the above quote some of the results of all informant interviews it can be concluded that restricted our Large Social (PSBB) strengthen the influence of Locus of Control Against budgetary slack.

## CONCLUSION

Based on tests performed by SmartPLS 2.0 can be concluded that the results of tests the researchers found evidence that the Budget Participation ber influence is not significant to the budgetary slack in Industrial Area Korin Metal Arts located in Klapanunggal, Cileungsi. This means that the drafters of the budget (superiors and subordinates) are berparti the pale in budgeting on Manufacturing company in Region Korin Klapanunggal 26.5 Km able to reduce the likelihood of slack budget (budgetary slack) as the authors of the budget is not too high establish a budget and budget compilers see the plan and budget realization of the previous years which is used as a reference in preparing the budget for the following year.

Locus of control ber influence is not significant to the budgetary slack in Industrial Area Korin Metal Arts located in Klapanunggal, Cileungsi. This means that functional managers and other staff have good locus of control. These employees could have done the budgetary slack due to the presence of an impulse certain things in order to reach a budget targets that are too high, and not to get a good assessment of superiors but they do not do it for a particular purpose. Thus, managers and staff are not motivated to create budgetary slack and other deviant actions so that it is possible to achieve organizational goals.

Large-scale social restrictions (PSBB) during the period Covid-19 strengthen the influence budget participation against budgetary slack. This means that the Restrict Social our Large (PSBB) cause on lot of parties who berpartipasi in the preparation of the budget has not been able to minimize their budgetary slack (budgetary slack) because as we all know is related to the call of the President to work at home, studying at home, and worship in the house so that the compilers of the budget participate should feel the impact of the restrictions - restrictions on the activities of the and the compilers of the budget would have to begin to restructure the budget for certain things that did not exist in the planning and realization of the budget in previous years as well as new budget which later will be determined must minimize the existence of over budget or under budget so that there is no budgetary slack.

**Large-Scale Social Restrictions (PSBB)**  
During the Covid-19 Period strengthened the influence of locus of control on budgetary slack. This means that someone with Locus Of Control is low or an external did not believe in his own ability and is pinning its hopes on others and more searching or choosing a favorable situation would be the occurrence of a case could lead to budgetary slack (budgetary slack). Several manufacturing companies in the Korin Klapanunggal Km 26.5 area certainly felt the impact of the large-scale social restrictions (PSBB) such as declining company profits, shifting of communication media in preparing budgets, layoffs (Termination of Employment Relations), and other things. Can lead to reward or sanction then the functional managers and senior staff/junior company in Region Manufacturing 26.5 KM Klapanunggal Korin had Locus of Control unfavorable that have not been able to minimize the budgetary slack (budgetary slack) when their restricted Large-scale Social (PSBB).

Some suggestions can be done in future research is recommended to look for using the hypotheses that have not been answered in previous research and examines the causes of positive structural equation related variables budgetary slack (budgetary slack) with Large Scale Social restricted moderated (PSBB) During the period Covid-19. Other suggestions are to increase the number of populations, samples and questionnaires with a low number scale, for example numbers on a scale of 1-3 and expand research not only in manufacturing companies in the Korin Metal Arts region but in other areas. As well as further examining the causes of Budget Participation, Locus Of Control moderated by Large-Scale Social Restrictions (PSBB) during the Covid-19 Period.

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