

ABSTRACT

The present study aims to examine the budgetary participation and budgetary slack in a public sector organization. It also attempts to examine whether information asymmetry mediates the budgetary participation and budgetary slack.

To collect data of this study, survey questionnaires are used. From 100 questionnaires were given to managers in a public sector organization, questionnaires with complete answers were 61 questionnaires (61%). A path analysis was utilized to examine the direct and indirect effects of budgetary participation on budgetary slack.

The analysis results indicate that budgetary participation and budgetary slack have negative relationship and statistically significant. Information asymmetry also directly affects budgetary slack. But budgetary participation did not indirectly affect budgetary slack via the intervening variable of information asymmetry.

Keywords: budgetary participation, budgetary slack, information asymmetry, public sector organization