

Domain of Specific Dispositions and Effects of Participatory Budgeting

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Abstract. The problems examined in this study are jointly testing a specific and dispositional domain toward the risk as variables that affect participative budgeting. The Research uses design of two experiments 2x2 factorial to examine the differences in risk preferences (the first factor), a specific domain (second factor) and gender (men) as the third factor and gender (femen) as the fourth factor in participative budgeting. The combination between subject experimental treatments resulting the 8 groups of subject. There are differences in specific domain differences by selecting tight budget when performance is below average and the safe budget when above average performance. There are differences in risk preferences when deciding on a specific domain on participative budgeting. There are gender differences between male and female when selecting risk preferences (dispositional) on participative budgeting. Prospect theory on the one hand builds risk preferences as specific contingency domain with the other theories that build dispositional risk preferences. The Research procedures and data collection adapts the research of Kim (1992), entitled Risk Preferences in Participative Budgeting which performs his experiments at Dongguk University (Korea).

Keywords: Risk Preferences, Specific Domain, Gender, Participate Budgeting

1. INTRODUCTION

As a result of the shift from traditional managerial systems to new public management that focuses on improving organizational performance, the need for managerial change, especially middle and lower level managers is directed to participate more in every decision making, an example is budgeting for participation (Niswatin, 2013). According to Fernandes and Solimun (2017), the more innovative a branch the better its business performance. On the other hand, the effect of environmental uncertainties in the aviation industry (classified as strictly regulated) on performance of a company is largely determined by the direction of the strategic orientation and the innovation level (Fernandes and Solimun, 2017). This study uses prospect theory as a grand theory with agency theory, preference theory, and based on previous studies.

Kahneman and Tversky (1979) proposed the prospect theory as an alternative theory of decision under risk behavior. According to Kahneman and Tversky (1979) states that prospect theory as an alternative theory of decision making under risk behavior. The budget process is the process that defines the role or determination of a role in achieving the targets of a budget. Role regulation in a budget will involve those who play a role in achieving the target of a budget with the resources that have been provided.

New Public Management (NPM) which is oriented towards performance rather than policies in the public sector. At first the New Public Management (NPM) had begun on the European and American continents. However, developing countries, such as Indonesia, have begun to participate to gradually adopt the New Public Management (NPM). The implementation of public sector performance

management in Indonesia began in 1999 after the issuance of the 1999 Presidential Instruction on Public Institution Performance Accountability (Tarigan, 2011). The contents of the third part of this Presidential Instruction states that every public institution that has implemented accountability for the performance of public institutions since 30 September 1999 must have a strategic plan regarding the main programs to be achieved by public institutions in the next one to five years involving 1) vision, mission strategic and key factors that contribute to the success of the institution, 2) goals, objectives and activities of the institution, and 3) methods for achieving goals and objectives. Apart from the president's instructions, there are Indonesian public institutions that implement the New Public Management (NPM), the Ministry of Finance and the Indonesian Auditor Board, whose characteristics are adopted from Hood (1995). For example, Anindita, an Indonesian Auditor Board staff, stated in detik.com that the agency has adopted a management system from the private sector (business) to the public sector such as using staff employment levels as a basis for remuneration, modernizing office space, and minimizing gaps between supervisors and staff so that they are able to create a more dynamic work atmosphere. Hood (1995) states that the characteristics of the New Public Management were adopted in the implementation of accountability reports on the performance of public institutions as an effort to improve and modernize public administration.

There is a shift from the traditional management system to the New Public Management (NPM) which aims to improve organizational performance results that have experienced several changes in the management system, namely middle to lower level managers who are asked to more actively participate in every decision making. One example of decision making is budgeting (Niswatin, 2013).

The local government of Indonesia has recently implemented a participatory budgeting mechanism, which involves direct public participation through Community Consultation on Development Planning mechanisms. The Community Consultation on Development Planning was held at the village, regional, city / district, provincial, and national levels (Limba et al., 2019).

The National Community Consultation on National Development Planning or Musrenbang stated in musrenbangnas.bappenas.go.id which has set a maximum indicative allocation (maximum budget allocation for each local government unit to carry out its programs / activities) towards the Maximum Budget

Limitation. The Indicative K / L 2016 Maximum Budget is 807.7 trillion rupiah, this budget is then distributed to every department and public institution.

Actively participating in a budgeting allows the community to provide suggestions for further development programs. The initial idea that participants prevent conflict in an organization becomes the basis for understanding human relations. Providing more room for creativity will increase productivity and the role of supervisors will be to create a situation where all members of the organization can actively participate in decision making (Sahmudin et al., 2001).

Based on the Realization Budget Results Report developed by the Head of the Office of Financial Management of the Regional Government of Bali, states that the realization of local government budgets tends to be higher than the estimated local government budgets and the realization of local government spending is lower than the local government budgets. This phenomenon is called budgetary slack. This is because good financial performance is financial performance that has lower expected expenditure than the budget and higher revenue realization than expected revenue.

Young (1985) and Waller (1988) show evidence that there is a tendency for employees to make slack budgets above neutral risk. The head-agent problem that often occurs in budgeting is related to budgetary slack; usually called a padding budget (making a proposal with a budget greater than the actual estimate for the project). Budgetary slack is a manager's tendency to lower income or overstate expenses when he is given the opportunity to participate in budgeting (Hilton, 1994). Belkaoui (1989, p. 50) states that gaps in organizational structure can encourage managers to create a slack environment in making budgets using loose budgets. This happens because the budget is used as a basis for evaluating the performance of managers and the budgetary slack will make these managers easier to reach their targets.

This research perspective is based on the prospect theory basis by Kahneman and Tversky (1979) as a participatory budgeting test in the context of risk psychology. In the budgeting process the decision making process has framed information known as the framing effect. The frame or framing effect has become a phenomenon that shows that parties make decisions to respond differently to the same decision problem if the problem is presented in a different format (Kuhberger, 1998; Levin et al., 1998). Prospect theory is a theory that attempts to explain the effects of framing (Kahneman & Tversky, 1979; Tversky & Kahneman, 1981). This

theory supports many findings in accounting research, but the results are inconsistent in some psychological literature (Schneider, 1992) and then inspire other researchers to explain the limitations of using prospect theory in explaining framing effects.

Young (1985) and Waller (1988) define risk preferences as disposition variables and assume that risk preferences are stable, latent, and traditional can be determined based on the behavior observed through risk selection. Dispositional factors indicate one's internal evaluation of others (Kriswandari, 2006). Dispositional factors are international factors that are attached to individuals that are related to individual behavior. This behavior can affect trust, motivation, perception and attitude (Kriswandari, 2006). This study evaluates risk preferences in specific domains that are latent risk preferences which are translated in different ways based on real risk preferences in the context. Domain specific risk preferences are understood as psychological variables that have been developed as a result of a combination of latent and situational risk trends (Kim, 1992). In this context the latent definition in risk preference refers to psychological attributes that are hypothetical, that is, cannot be directly observed and attributes whose quantity scores are obtained based on estimates (Widhiarso, 2010). The instrument used to decide whether a subject is categorized as a risk seeker or risk avoidance is a measurement. Kahneman and Tversky (1979) in prospect theory, state that real risk preferences depend on the framework of the subject that is categorized or not categorized as profit or loss, where each profit or loss obtained is related to a neutral reference point (Kim, 1992). This study is a recommendation from Kahneman and Tversky (1979) namely that risk preference is domain specific. Therefore, the research can be redesigned with incentive schemes and consider disposition, latency, and risk preferences (Kim, 1992).

Green et al. (2005) observed supervisor-subordinate relationship in the US Army and found out that gender had negative influence of the subordinate's level of satisfaction. In the last three decades, percentage of working women keeps increasing (Green et al., 2005). It increases number of female supervisors. Some inconvenience may result at work when employee has supervisors that have opposite sex (Nilasari, 2008). Green et al. (2005) explained that an employee will have difficulty to identify himself or herself with other employees who have opposite sex or wider age gap. The researcher aims to evaluate whether or not risk preference adopted from Kahneman Tversky's prospect

theory is able to describe different risk preference in gender in participative budgeting.

One problem raised this research is if the subordinates affected by the performance of the previous period in setting the budget for the year with personal interests would influence the behavior predicted by the theory of prospects and triggering a preference to take the risk (tight budget). Based on research Young (1985), which alluded to the possibility that encourages subordinates reduce the risk avoidance behavior may be a way to support the standard tight budgets and reduce inequalities / slack. Indications of this behavior of avoiding the risk (risk averse) tends to motivate employees to perform excessive budget estimates that the gap arises. This prediction is consistent with the implication of prospect theory found that losers were slow to adjust their reference point they acted in more risk seeking (Kim, 1992). Employees who are subjected to harsh conditions, based on prospect theory tends to see the opportunities that are available and willing to take risks. Thus, induction to eliminate the deviation of prospect theory can be done by minimizing the budgetary slack.

The problems examined in this study are jointly testing a specific and dispositional domain toward the risk as variables that affect participative budgeting. Prospect theory on the one hand builds risk preferences as specific contingency domain with the other theories that build dispositional risk preferences. This study tested both situational variables of specific domain (loss domain vs. gain domain) and dispositional factors (risk seeking vs risk averse) that influence budget decisions. The Research procedures and data collection adapts the research of Kim (1992), entitled Risk Preferences in Participative Budgeting which performs his experiments at Dongguk University (Korea).

Several previous studies were used as references in this research separately, such as the Gender in Social Studies by Crocco et al. (2008); Panisch et al. (2017); Ganesh and Ganesh (2014); Bruni et al. (2004); Henwood et al. (2008); Participative Budgeting by Mahlendorf et al. (2015); Wang and Hunton (2011); Sandalgaard et al. (2011); Frucot and White (2006); Murphy (2003); Risk Preferences by Guan and Wu (2017); Richards et al. (1996); Tsang et al. (2016); Krause (2002); Söderberg et al. (2014); Specific Domain by Kapsalis et al. (2013); Raaij and Verhallen (1994); Moncunill et al. (2015); Ladeira et al. (2016); Sayed and Muqrishi (2016). The originality for this paper shows the comprehensively Gender in Social

Studies, Participative Budgeting, Risk Preferences, and Specific Domain.

Finding of the study function as comes empirical evidence for participative budgeting theory adopting from Kahneman dan Tversky's prospect theory. The finding of this study may also be used to compare, develop and complete the previous studies. Practitioners and managers can use the finding of the study as reference to apply participative budgeting in managing risky decision. The government can also use the finding as reference to establish budgeting policy, more particularly one related to risk preference based on the prospect theory for a more developed budgetary setting.

II. HYPOTHESIS DEVELOP

According to Young (1985), which is also reinforced by Suartana (2010: 142) resolving the differences in perception between the top level managers with middle to lower level managers is done by maximizing the participation of the budget. Significant influence is obtained from the second hypothesis Young (1985), which shows the participation of the budget increased risk preferences framed by triggering the budgetary slack. If take a look at the average performance of a fellow employee as a reference point, then the risk preferences of employees will be relative from one person to another, ie, whether the performance is below or above average performance, with average performance operationalized as variance budget zero. Domain-specific risk preferences suggested by prospect theory predicts risk seeking in the domain of loss and risk averse in the gain domain. If the subordinate is in the below average performance of co-workers, he will choose a tight budget if the prize associated great enough to make the results of underachieving from previous performance.

If employees have a favorable variance (gain domain), it will choose a safe budget for concave value function implies that the subjective value associated with a secure budget is greater than the subjective value of a tight budget (Kim, 1992). Hypothesis H1 then follow the above predictions. The empirical results will support the first hypothesis if the subject responds to a loss significantly on tight budget, while response in conditions of the average profit significant leaning on a safe budget.

H1: There are differences in the specific domain by selecting a tight budget when performance is below

average and safe budget when above average performance

Past studies in participative budgeting (Young 1985; Waller 1988) treats risk preferences as dispositional characteristics of individuals, namely, as a latent and invariant attributes of personality. With the hypothesis that dispositional risk averse will always choose a budget of safe than tight budgets, while dispositional risk seeking always prefer a tighter budget than a safe budget regardless of their performance relative to the average performance of other workers. .

This proposition came from the prospect theory which argues that antecedents of subordinate preferences for the tight or safe budget are certain domain variable. Given the findings by Young and Waller (1985) that the attitude of risk preference is decisive slack budgets, then the question arises whether the subject classified as risk averse showed different preferences with the group of subjects who are risk seeking in choosing a specific domain budget. Prospect theory proposes that the domain defined by the reference point is the only relevant variable in explaining risk preferences. That means the shape of the value function which is possibly determined by the relative situation to a reference point, but not with disposition. This is a very strong claim because it is sensitive towards the principles of expected utility theory. In addition to Lopes (1984) and Schneider and Lopes (1986), the research that still exist had no attempt to jointly examine the situational effects (as listed in prospect theory) and dispositional (as listed in the expected utility theory).

The research of Triadhi (2014) by examining the budget revenue of *Anggaran Belanja dan Pendapatan Daerah* (APBD) of 2012 found the negative relationship between risk preferences and budgetary slack. The testing of Triadhi (2014) did not combine dispositional and situational variables, the results indicate a low risk preferences that can improve the slack because the budget-makers deliberately avoid the risk that the budget does not match to the potential or to create budgetary slack for the sake of their personal interests.

Lopes (1984) showed that dispositional variables risk averse and risk seeking in the assessment of the riskiness different: two sample groups may differ in whether they show great consideration for the worst or the best results in the distribution of risk. Schneider and Lopes (1986) found value function on prospect theory describes the risk preferences for risk averse when gains and risk seeking for losses subject, although the reflection effect is weak and irregular except for the

lottery with components without risk. This study provides implications are limited to situational effects in manipulated situational variables with context of gamble involving a positive or negative result.

This study makes some effort together to test two theories in the accounting formulation, especially since previous studies have shown that the disposition towards risk influence on budget decisions. In particular, this research examines whether both seek and averse risk groups would be more secure if their budget is above the average performance of fellow workers and tighter budgets if they are in the below average performance of fellow workers. The second hypothesis will be tested by analyzing the response of the group average risk seeking and risk averse separately.

H2: There are differences in risk preference (risk averse or risk seeking) by selecting a tight budget while risk seeking and safe budget while risk averse

Researchers add gender as a variable adaptation of research Kim (1992) to determine whether there are gender differences in participative budgeting, especially when the risk selection. If there is a difference in the selection risk averse and risk seeking, it proves that the gender aspect plays an important role in the selection of risk. According Setyorini (2013) using gender as a moderating influence on the risk preferences of investment decisions that women are more risk averse in making investment decisions, while men are more risk seekers. This is consistent with research Barber and Odean (2001) and Ajmi (2008) which found that men are more overconfidence than women who tend to underestimate the changes that occur or so-called recent bias.

H3: There is difference in risk preferences within gender by selecting men when risk seeking and women while risk averse.

III. RESEARCH METHODS

Design, Time Allocation, Source Data and Research Procedures.

In this study, to examine differences in risk preferences (first factor), the design of two 2x2 factorial trials, domain specific (second factor) and gender (male) was used as the third factor and fourth factor in participatory budgeting. 8 groups of subjects were produced from a combination of subject experimental treatments. In managing the risks involved in choosing

preferences, researchers observe individual behavior for budgeting into eight groups.

- 1) Group 1: The group that seeks risk in the loss domain
- 2) Group 2: The group that seeks risk in the profit domain
- 3) Group 3: Groups at risk of rejecting the loss domain
- 4) Group 4: Groups at risk of rejecting the profit domain
- 5) Group 5: Groups who are at risk of looking for men of the sex
- 6) Group 6: Groups that look for risks in women's gender
- 7) Group 7: Groups at risk of rejecting male gender
- 8) Group 8: Groups at risk of rejecting female gender

This research was conducted at the Faculty of Economics and Master of Business Department of Accounting at Udayana University during the 2014/2015 academic year. Data obtained through a series of experimental activities. The experiments used in this study are quasi-experimental. According to Nahartyo (2012, p. 4) and Fernandes et al. (2019) quasi-experiments are a kind of experiments in which experiments are not able to manipulate and randomize as much as field experiments.

Researchers used a census with a population of Masters in Accounting students in Semester 1,2,3 then the entire population was directly used as a sample. There are 130 Master of Accounting students divided each semester as follows.

- 1) Semester 1 with a total of 45 people consisting of 32 Regular in the morning and 13 Regular in the evening
- 2) Semester 2 with a total of 38 people
- 3) Semester 3 with a total of 47 people

Research Variables. The variables used in this study are as follows:

- 1) Risk preference is a disposition variable that refers to Kahneman and Tversky's (1979) prospect theory of risk preference depending on the subject's condition of the frame, whether the domain experiences profit or loss. According to Kahneman and Tversky (1979), when they make a profit, their subordinates tend to make a risk-averse attitude while a risk-seeking attitude is formed when facing a loss. This variable is operationalized into two parts, namely the disposition variable (risk search vs. risk rejection). The results of

these two variables are known from the answers for the two groups of subjects (seeking risk vs. avoiding risk). This scenario originates from Kim's (1992) study.

2) The specific domain is a situational variable that refers to the prospect theory of Kahneman and Tversky (1979) combined with a disposition variable called risk preference. Risk preference depends on the subject condition of the frame, whether the experience experiences a profit or a domain loss. The assessment, when getting benefits subordinates tend to make a risk aversion attitude while the attitude of looking for risk is formed against losses. This variable is operated into two parts, namely situational variables (domain gain and loss domain). The results of these two variables are known from the answers for two groups of subjects (the domain of the profit and loss domain) in the scenario adapted from Kim's (1992) research.

3) Participatory budgeting is a participatory budget that can be used as positive communication between superiors and subordinates, because participatory mechanisms will form their action plans (Dunk, 1993). This variable is operationalized by combining risk domain domains called average preference ratings (MPR) determining the average accumulation of calculations from the tabulated experimental methods.

4) Gender in social studies refers to differences between men and women, without the connotation that is entirely biological (Mandy Mc Donald et al., 1997). The sexes in this variable are operationalized into two types: male and female.

Research Procedures. This research uses experimental research. The experimental method according to Sugiyono (2014, p. 114) is a research method used to look for the the effect of certain treatments under controlled conditions on others. The form of experimental design used is quasi experiment. The form of the design is the development of true experimental designs that are difficult to implement. According to Nahartyo (2012: 4) quasi-experiment is a type of experiment in which experiments are not able to manipulate and randomize as much as field experiments. The form of an experiment is the development of a true experimental design which is usually difficult to do. The design has controls but does not fully control the outside variables that affect the execution of the experiment.

The research procedure was carried out in the following stages:

1) Trial

A preliminary test known as a Trial is carried out before the experiment to determine whether the case can be understood by participants or there are errors in the design of the experiment (Cooper and Schindler, 2003). The trial results show that the participants understood the trial and treatment cases in accordance with the objectives of the study. Nevertheless, suggestions from the participants provided input for researchers to make improvements to the experimental material. Preliminary tests were carried out in one room for Masters in Accounting Semester 1 totaling 45 people.

2) Experiment Procedure

The research subjects were 130 students of the Accounting Masters Program semester 1, 2, 3 at Udayana University. Graduate accounting students in general have concerns about their future careers in public accounting and hypothetical budgetary cases and evaluating performance in public accounting firms is expected to be an important stimulus for their experiments. If the subject does not work in public accounting, other accounting jobs in each company have at least one budget that guides the company's operating costs.

a) First, the participants were collected by the researcher. Participants receive questions to measure previous risk attitudes. Participants must decide to play or not. The answer to this question will affect whether the participant will be included in the profit or loss domain.

b) The researcher explains to participants that before answering an audit scenario question, the answer to an election bet will affect the scenario to be answered, both in profit and loss. This is a form of treatment for participants so that each participant based on risk selection will be taken to a different scenario based on the selected attitude, the game shows the subject decides to look for risk so that it enters the domain of loss while the subject who decides not to play will be answered by an audit scenario for domain gains, Determination of participants is conventionally defined. Each subject shows their desire to bet according to the game used by Kahneman and Tversky (1979). Based on the results above, subjects are classified into risk search and risk rejection based on their gambling disposition.

c) After the participants answer the questions above in the initial disposition to the bet, the

participants then read a case about determining the final stage of the audit engagement. Each participant is assumed to be in the role of an entry-level accountant in a public accounting firm without work experience. This is done to control the confusing effects of electoral budget work experience, although there is little reason to expect the impact of certain subjects with little work experience. Variations in budgeted hours and hours between the budget and the actual budget are explicitly explained. The accounting firm's performance evaluation scheme described involves the use of variance with budgeted hours as a measure of accountant performance. Experiments are estimated to spend 20 minutes.

Data Analysis Technique. Test data conducted in this study include frequency distribution for descriptive statistics, homogeneity normality testing and test data. Hypothesis testing is done using one-sample t-test which is intended to determine that the average of a single sample is statistically different from the average of the hypothesized sample and uses One Way ANOVA as a simultaneous test (F) to see differences in risk preferences, domains specifics and gender are processed with a statistical program package for social science (SPSS).

Homogeneity Test. Homogeneity of variance is the dependent variable must have the same variant in each category of independent variables (Ghozali, 2011). If there is more than one independent variable, then there must be a homogeneity of variance in cells formed by the category independent variable.

Normality Test. In multivariate analysis, data normality is the first step that must be done (Ghozali, 2011). If there is normality, the residue will be distributed normally and independently.

ANOVA Analysis Techniques. In this study, the analytical method used to test hypotheses is a one-way variant or ANOVA. The ANOVA method is able to test the average similarity of two independent populations with homogeneous variants. Analysis of variance or ANOVA is often referred to as the F test. Analysis of variance is an extension of two different hypothesis test averages. Namely, to test the average difference of the two sample groups. So, in this case, it will be investigated whether the average of the first sample group is different from the second, third, fourth and so on sample groups. Analysis of variance considers the factors causing variations called One Way Anova (Rimbawan, 2013, p. 211).

IV. RESULTS AND DISCUSSION

The presentation of descriptive statistics aims to provide information about the characteristics of the research variables, especially about the mean and standard deviation. Measurement of the average is a general method used to measure the central value of data distribution while the standard deviation is a measure of diversity (variation) data, in short it measures how the data values are scattered. The following descriptive statistics are shown in Table 1 and Table 2 with eight manipulation groups.

Table 1. Descriptive Statistics Manipulation Group I

Risk preferences	Domain		Total
	Loss	Gain	
Risk seeking	Group 1: Mean : - 3.43 Std Deviation : 0.629 N: 16	Group 2: Mean : 4.00 Std. Deviation : 0.894 N : 6	Mean : - 1.41 Std. Deviation : 3.46 N : 22
Risk averse	Group 3: Mean : - 3.55 Std Deviation : 0.506 N : 27	Group 4: Mean: 3.80 Std Deviation : 0.749 N : 21	Mean: - 0.33 Std Deviation : 3.74 N : 48
Total	Mean : - 3.51 Std Deviation : 0.550 N : 43	Mean: 3.85 Std Deviation : 0.769 N : 27	Mean : - 0.67 Std Deviation : 3.66 N : 70

Table 2. Descriptive Statistics Group Manipulasi II

Risk preferences	Gender		Total
	Male	Female	
Risk seeking	Group 5: Mean : 4.00 Std Deviation : 0.739 N: 8	Group 6: Mean : 3.35 Std. Deviation : 0.633 N : 14	Mean : 3.59 Std. Deviation : 0.734 N : 22

Risk averse	Group 7: Mean : 4.00 Std Deviation : 0.725 N : 12	Group 8: Mean:3.56 Std Deviation : 0.557 N : 36	Mean: 3.67 Std Deviation : 0.630 N : 48
Total	Mean : 4.00 Std Deviation : 0.725 N : 20	Mean: 3.50 Std Deviation : 0.580 N : 50	Mean : 3.64 Std Deviation : 0.660 N : 70

Source: Data processed, 2017

In accordance with Tversky's (1979) prospect theory, participants in groups 1 and 3 (loss domains) have a negative mean with a preference to seek and reject risks that are proven to have a mean that is not much different, meaning that the placement of the domain budget is not affected significantly by risk preferences seen from their data distribution. While the participants included in the gain domain are groups 2 and 4 which have an average significance value greater than the loss domain which means risk preference has a significant effect on the gain domain compared to the loss domain. This is evident from the gap between risk-seeking preferences and risk aversion.

Table 2 is related to the experimental design manipulation of descriptive statistics II which shows that women have a preference for avoiding greater risk than men. The percentage of women who avoided risk was 72.00% (36/50) while the percentage of men who avoided risk was 60.00% (12/20). Based on the results of the study showed that men have a tendency to seek greater risk than women with a percentage of women at 28.00% (14/50) while the percentage of men at 40.00% (8/20)

Results Design Experimental Research

This study uses a 2x2 factorial design for design between subjects. Nahartyo (2016, p. 90) said that the design between subjects showed that each subject would only get one form of manipulation of the factors studied. Following are the results for the eight group experimental design manipulations. Eight groups were divided into two factorial experimental designs.

Table 3. Results Design Experimental Research

No	Subject	Group	Domain	Preferen	Answer
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No	Subject	Group	Domain	Preferen	Answer
1	1 (Ika)	1	Loss	Risk seeking	A3 (Enough)
2	2 (Mira)	1	Loss	Risk seeking	A3 (Enough)
3	12 (Arie)	1	Loss	Risk seeking	A4(Many)
4	16 (No Name)	1	Loss	Risk seeking	A5 (Very Much)
5	18 (Widhya)	1	Loss	Risk seeking	A3 (Enough)
6	19 (Lindari)	1	Loss	Risk seeking	A3 (Enough)
7	26 (Sinta)	1	Loss	Risk seeking	A3 (Enough)
8	31 (Sukma)	1	Loss	Risk seeking	A3 (Enough)
9	32 (Widhi)	1	Loss	Risk seeking	A3 (Enough)
10	38 (Jayanti)	1	Loss	Risk seeking	A3 (Enough)
11	52 (Marce)	1	Loss	Risk seeking	A3 (Enough)
12	55 (Haryadi)	1	Loss	Risk seeking	A4(Many)
13	56 (Lalu)	1	Loss	Risk seeking	A3 (Enough)

Source: Data processed, 2017

The results of the analysis above show that there were 13 participants who were included in the manipulation of domain loss group 1 with a risk search preference. The participants get manipulation for group 1 because based on the initial scenario choose to play (domain of loss) and choose cases of answer A (look for risk). The answers for the first group are mostly in A3 (Enough), 10 people, A4 (Many) for 2 people and A5 (Very Many) for one person.

Table 4. Results Design Experimental Research

No	Subject	Group	Domain	Preferences	Answer
1	6 (Astuti)	2	Gain	Risk seeking	A3 (Enough)
2	7 (Syantika)	2	Gain	Risk seeking	A4 (Many)
3	8 (Veri Adi)	2	Gain	Risk seeking	A4 (Many)
4	13 (Nitya)	2	Gain	Risk seeking	A3 (Enough)
5	22 (Indra)	2	Gain	Risk seeking	A5 (Very Much)
6	39 (Steva)	2	Gain	Risk seeking	A5 (Very Much)

Source: Data processed, 2017

Based on Table 4, in the manipulation group 2 there were six participants with profit domains and risk search preferences. They get manipulation for group 2 because based on the initial scenario they choose not to play (get the domain) and choose the answer case from A (look for risk). A3 (enough) answers with two people, A4 (lots) with two people and A5 (very many) with two people.

Based on the results of the analysis, Table 5 shows the results of the experimental design for group 3 in which there were 30 participants included in the manipulation of that group with a loss domain and risk rejection preference. The participant chose to play (lost domain) and chose the answer to case B (risk of refusing) in the initial scenario so as to make group manipulation 3. The answers for most of the B4 scenarios (many) were 21 participants and the rest chose B3 (enough).

Table 5. Results Design Experimental Research

No	Subject	Group	Domain	Preferences	Answer
1	3 (Setya)	3	Loss	Risk averse	B3 (Enough)
2	4 (Rosita)	3	Loss	Risk averse	B3 (Enough)
3	5 (Kartika)	3	Loss	Risk averse	B3 (Enough)
4	15 (Yeni)	3	Loss	Risk averse	B4 (Many)
5	21 (Pramesti)	3	Loss	Risk averse	B3 (Enough)
6	23 (Mirah)	3	Loss	Risk averse	B4 (Many)
7	24 (Hendra)	3	Loss	Risk averse	B4 (Many)
8	25 (Tantri)	3	Loss	Risk averse	B4 (Many)
9	27 (Lady)	3	Loss	Risk averse	B4 (Many)
10	28 (Arya)	3	Loss	Risk averse	B4 (Many)
11	29 (Kompang)	3	Loss	Risk averse	A4 (Many)
12	34 (Gita)	3	Loss	Risk averse	B4 (Many)
13	35 (Novita)	3	Loss	Risk averse	B3 (Enough)
14	36(Dian Suri)	3	Loss	Risk averse	B3 (Enough)
15	37 (Suartini)	3	Loss	Risk averse	B3 (Enough)
16	40 (Tuwentini)	3	Loss	Risk averse	B4 (Many)
17	41(Patricia)	3	Loss	Risk averse	B4 (Many)
18	42 (No Name)	3	Loss	Risk averse	B4 (Many)
19	43 (Gita)	3	Loss	Risk averse	B4 (Many)
20	44 (Aster)	3	Loss	Risk averse	A4 (Many)
21	53 (Dwi)	3	Loss	Risk averse	A4 (Many)
22	54 (Untara)	3	Loss	Risk averse	B4 (Many)
23	57 (Dirga)	3	Loss	Risk averse	B4 (Many)
24	58 (Indra)	3	Loss	Risk averse	B3 (Enough)
25	59 (Dayu)	3	Loss	Risk averse	B3 (Enough)
26	60 (Ratih)	3	Loss	Risk averse	B3 (Enough)
27	61 (Rai)	3	Loss	Risk averse	B3 (Enough)
28	62 (Deny)	3	Loss	Risk averse	B3 (Enough)
29	63 (Ari)	3	Loss	Risk averse	B4 (Many)
30	67 (Diah)	3	Loss	Risk averse	B4 (Many)

Source: Data processed, 2017

Table 6. Results Design Experimental Research

No	Subject	Group	Domain	Preferences	Answer
1	9 (Martini)	4	Gain	Risk averse	B3 (Enough)
2	10 (Astuti)	4	Gain	Risk averse	B4 (Many)
3	11 (Eva)	4	Gain	Risk averse	B4 (Many)
4	14 (Panji)	4	Gain	Risk averse	B4 (Many)
5	17 (No Name)	4	Gain	Risk averse	B4 (Many)
6	20 (Bayu)	4	Gain	Risk averse	B4 (Many)
7	30 (Guna)	4	Gain	Risk averse	B3 (Enough)
8	33 (Putra)	4	Gain	Risk averse	B5 (Very Much)
9	45 (No Name)	4	Gain	Risk averse	B3 (Enough)
10	46 (No Name)	4	Gain	Risk averse	B3 (Enough)
11	47 (No Name)	4	Gain	Risk averse	B4 (Many)

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No	Name	Group	Domain	Preferences	Answer
12	48 (Dwijana)	4	Gain	Risk averse	B4 (Many)
13	49 (Agus)	4	Gain	Risk averse	B5 (Very Much)
14	50 (Cokorda)	4	Gain	Risk averse	B5 (Very Much)
15	51 (Adisti)	4	Gain	Risk averse	B5 (Very Much)
16	64 (Kristina)	4	Gain	Risk averse	B3 (Enough)
17	65 (Nova)	4	Gain	Risk averse	B3 (Enough)
18	66 (Gheby)	4	Gain	Risk averse	B4 (Many)
19	68 (Eka)	4	Gain	Risk averse	B4 (Many)
20	69 (Dwi)	4	Gain	Risk averse	B3 (Enough)
21	70 (Intan)	4	Gain	Risk averse	B3 (Enough)

Source: Data processed, 2017

Table 6 shows the domain of profit preference and risk aversion manipulation which is then included in group 4. Participants get manipulation for group 4 because they choose not to play (gain domain) and choose the answer B case (avoid risk) in the initial scenario. The result was that eight participants answered with a sufficient rating (B3), followed by many answers (B4) and the remaining nine participants were included in very many (B5).

Table 7. Results Design Experimental Research

No	Subject	Group	Domain	Preferences	Answer
1	16 (No Name)	5	Male	Risk seeking	A5 (Very Much)
2	32 (Widhi)	5	Male	Risk seeking	A3 (Enough)
3	53 (Dwi)	5	Male	Risk seeking	A4 (Many)
4	55 (Haryadi)	5	Male	Risk seeking	A4 (Many)
5	56 (Lalu)	5	Male	Risk seeking	A3 (Enough)
6	7 (Syantika)	5	Male	Risk seeking	A4 (Many)
7	8 (Veri Adi)	5	Male	Risk seeking	A4 (Many)
8	22 (Indra)	5	Male	Risk seeking	A5 (Very Much)

Source: Data processed, 2017

Table 5.10 presents information about group 5 that is destined for manipulation with male sex and risk search preferences. There were eight participants who then got manipulated into Group 5 because they chose to take the risk of looking for men's scenarios and categories. As a result, most of the answers were four participants who chose A4 (many) while the rest answered A3 (enough) and A5 (very many).

Table 8. Results Design Experimental Research

No	Subject	Group	Domain	Preferences	Answer
(1)	(2)	(3)	(4)	(5)	(6)
1	1 (Ika)	6	Female	Risk seeking	A3 (Enough)
2	2 (Mira)	6	Female	Risk seeking	A3 (Enough)
3	3 (Setya)	6	Female	Risk seeking	B3 (Enough)
4	4 (Rosita)	6	Female	Risk seeking	B3 (Enough)

5	5 (Kartika)	6	Female	Risk seeking	B3 (Enough)
6	12 (Arie)	6	Female	Risk seeking	B3 (Enough)
7	15 (Yeni)	6	Female	Risk seeking	B4 (Many)
8	18 (Widhya)	6	Female	Risk seeking	A3 (Enough)
9	19 (Lindari)	6	Female	Risk seeking	A3 (Enough)
10	21 (Pramesti)	6	Female	Risk seeking	B3 (Enough)
11	23 (Mirah)	6	Female	Risk seeking	B4 (Many)
12	25 (Tantri)	6	Female	Risk seeking	B4 (Many)
13	26 (Sinta)	6	Female	Risk seeking	A3 (Enough)
14	27 (Lady)	6	Female	Risk seeking	B4 (Many)
15	29 (Kompiang)	6	Female	Risk seeking	A4 (Many)
16	31 (Sukma)	6	Female	Risk seeking	A3 (Enough)
17	34 (Gita)	6	Female	Risk seeking	B4 (Many)
18	35 (Novita)	6	Female	Risk seeking	B3 (Enough)
19	36 (Dian Suri)	6	Female	Risk seeking	B3 (Enough)
20	37 (Suartini)	6	Female	Risk seeking	B3 (Enough)
21	38 (Jayanti)	6	Female	Risk seeking	A3 (Enough)
22	40 (Tuwenti)	6	Female	Risk seeking	B4 (Many)
23	41 (Patricia)	6	Female	Risk seeking	B4 (Many)
24	42 (No Name)	6	Female	Risk seeking	B4 (Many)
25	43 (Gita)	6	Female	Risk seeking	B4 (Many)
26	44 (Aster)	6	Female	Risk seeking	A4 (Many)
27	52 (Marce)	6	Female	Risk seeking	A3 (Enough)
28	54 (Untari)	6	Female	Risk seeking	B4 (Many)
29	59 (Dayu)	6	Female	Risk seeking	B3 (Enough)
30	61 (Rai)	6	Female	Risk seeking	B3 (Enough)
31	63 (Ari)	6	Female	Risk seeking	B4 (Many)
32	67 (Diah)	6	Female	Risk seeking	B4 (Many)

Source: Data processed, 2017

Based on the results obtained in Table 8, information was obtained that there were 32 participants who were part of group 6 where they were included in the manipulation of types of women and risk-seeking preferences. The scenario chooses to look for risks and the category of women answered by participants puts them in the group 6.

Table 9. Results Design Experimental Research

No	Subject	Group	Domain	Preferences	Answer
1	24 (Hendra)	7	Male	Risk averse	B4 (Many)
2	28 (Arya)	7	Male	Risk averse	B4 (Many)
3	57 (Dirga)	7	Male	Risk averse	B4 (Many)
4	58 (Indra)	7	Male	Risk averse	B3 (Enough)
5	60 (Raka)	7	Male	Risk averse	B3 (Enough)
6	62 (Deny)	7	Male	Risk averse	B3 (Enough)
7	14 (Panji)	7	Male	Risk averse	B4 (Many)
8	20 (Bayu)	7	Male	Risk averse	B4 (Many)
9	33 (Putra)	7	Male	Risk averse	B5 (Very Much)
10	49 (Agus)	7	Male	Risk averse	B5 (Very Much)
11	50 (Cokorda)	7	Male	Risk averse	B5 (Very Much)
12	66 (Gheby)	7	Male	Risk averse	B4 (Many)

Source: Data processed, 2017

Based on Table 9 above, there is information that there are 12 participants who entered into group 7, they are included in the manipulation of male types and risk aversion preferences. Choosing to avoid risk scenarios and male categories is the cause of them getting manipulation into group 7.

Table 10. Results Design Experimental Research

No	Subject	Group	Domain	Preferences	Answer
1	6 (Astuti)	8	Female	Risk averse	B4 (Many)
2	9 (Martini)	8	Female	Risk averse	B4 (Many)
3	10 (Pt Astuti)	8	Female	Risk averse	B4 (Many)
4	11 (Eva)	8	Female	Risk averse	B4 (Many)
5	13 (Nitya)	8	Female	Risk averse	A3 (Enough)
6	17 (No Name)	8	Female	Risk averse	B4 (Many)
7	30 (Guna)	8	Female	Risk averse	B3 (Enough)
8	39 (Steva)	8	Female	Risk averse	A5 (Very Much)
9	45 (No Name)	8	Female	Risk averse	B3 (Enough)
10	46 (No Name)	8	Female	Risk averse	B3 (Enough)
11	47 (No Name)	8	Female	Risk averse	B4 (Many)
12	48 (Dwijana)	8	Female	Risk averse	B4 (Many)
13	51 (Adisti)	8	Female	Risk averse	B5 (Very Much)
14	64 (Kristina)	8	Female	Risk averse	B3 (Enough)
15	65 (Nova)	8	Female	Risk averse	B3 (Enough)
16	68 (Eka)	8	Female	Risk averse	B4 (Many)
17	69 (Eka)	8	Female	Risk averse	B4 (Many)
18	70 (Intan)	8	Female	Risk averse	B3 (Enough)

Source: Data processed, 2017

Table 10. shows the manipulation of the table of types and preferences of women avoiding risk included in Group 8. There were 18 participants in this group, where most answered a lot (B4) there were nine participants, seven participants answered enough (B3 / A3) while the rest ranked very a lot (B5 / A5).

Hypothesis Testing

One-sample t-test is the examination hypothesis used in this study. Obtaining empirical evidence of the difference between the average sample and the average sample hypothesized is the purpose of the examination. One sample t-test can only compare the average of a single sample supplemented by the simultaneous difference test discussed earlier by ANOVA. The following is a discussion of the results of testing the hypothesis.

Differences Specific Domain with Tight Budget and Safe Budget on Participative Budgeting

Based on the results of the examination of one sample t-test, obtained a significance value of 0,000 which <0.050 , it shows that there are significant differences in certain domains that are operationalized as situational variables using safe budgets when performance is above average and tight budgets when performance below average.

Table 11. One Sampled t-Test

	Statistical value	Df	Sig. (2-tailed)
Situational	23,647	69	0,000

Source: Data processed, 2017

The statistical value of the one sample t-test was 23,647 which is greater than t table which is 1,671, which means that H_0 is rejected and H_1 is accepted. It reiterates that there are differences in certain domains when performance is below average and time is above average performance (Kim, 1992).

Differences Risk Preference by Seeking and Aversing Risk on Participative Budgeting

Table 12. One Sampled t-Test

	T	Df	Sig. (2-tailed)
Dispositional	30,163	69	0,000

Source: Data processed, 2017

The second examination of risk preferences is operationalized as a disposition variable using one sample t-test. Based on the results of the analysis, obtained a significance value of 0,000 which is <0.050 . It shows that when deciding on a particular domain for participatory budgeting, there are significant differences in risk preferences. When the statistical value of the one sample t-test is 30,163 greater than the t table of 1.671, it shows that H_0 is rejected and H_2 is accepted, thus reaffirming that there are differences in risk preferences by choosing a tight budget when performance is below average and saving budget when above average performance (Kim, 1992).

Differences of Gender with Femen and Men in Selecting Risk Preferences

One sample t-test is also used to test the third hypothesis which is related to gender differences in risk selection. Based on the results of the analysis, obtained a significance value of 0,000 which <0.050 , it shows that when choosing risk preferences in participatory budgeting there are gender differences.

Table 13. One Sample Test

	T	Df	Sig. (2-tailed)
Gender	23,641	69	0,000

Source: Data processed, 2017

Based on Table 5.14, the statistical value of the one sample t-test is 23,641 which is greater than the t table which is 1,671. It shows that H_0 is rejected and H_3 is accepted. So it can be concluded that in the selection of risks in the audit budget selection scenario there are gender differences both men and women. Based on the distribution of data in the previous descriptive statistics, information is obtained that women have a greater tendency to risk rejecting than men, whereas men do have a tendency to seek risk than women.

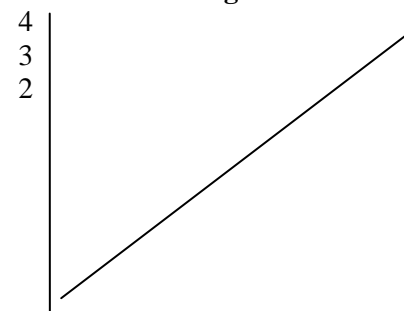
Mean Preference Rating

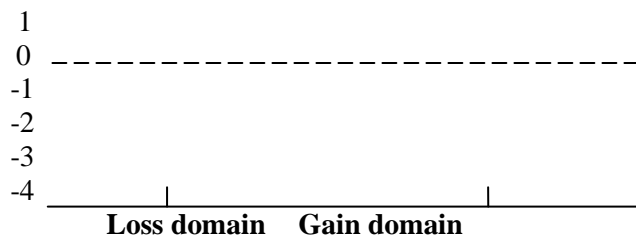
Based on the ANOVA test, the average preference ranking is obtained according to the function values described by Kahneman Tversky (1979). Kahneman Tversky (1979) says that the loss domain occurs on the negative curve, while the gain domain forms the gain on the positive curve.

Table 14. Mean Preference Ratings

	Preference Ratings	
	Loss Domain	Gain Domain
All Subjects	-3,51	3,85
Risk Seeking	-3,43	4,00
Risk Averse	-3,55	3,80

Preference Ratings





The results in this study are also in accordance with the hypothetical value function in Suartana (2010, p. 41), which says that the results (outcomes) are expressed in the form of positive deviation (gain) or negative deviation (loss) from a neutral reference point that is considered zero. The framing effect is on the decision making process in the budgeting process.

According to Kuhberger (1998); and Levin et al. (1998), the influence of the frame or framing of a phenomenon that shows that the decision maker will respond differently to the problem if the problem is presented in a different format even if the core or decision of the problem is the same.

Prospect theory based on Kahneman and Tversky (1979); Tversky and Kahneman (1981) are theories that try to explain the effects of framing. In Kim's (1992) study there was a failure to show the framing effect, but there is evidence to support that the reflection effect is based on experimental conditions. Based on Tversky (1979), the results of this study indicate that participants follow the framing effect with the provisions of their decision in accordance with the Prospek Theory with a combination of situational and disposition. Participants tend to reject risks in the gain domain and take the risk of loss.

Specific domain Differences with Tight Budget and Safe Budget on Participative Budgeting

The first hypothesis says that when performance is below average and safe above when it is above average performance, there is a difference with tight budget. Based on the results of the simultaneous significance of the ANOVA test, it was concluded that participants chose a tight budget when performance was below average and the budget was safe when carried out above average, simultaneously there were differences in the domains. Then, based on the partial test results obtained a significant value meaning H1 is accepted, it shows that there are differences in certain domains by choosing a

safe budget when done above average and tight budget when performance is below average.

When employees show performance above the average of other employees, they prefer a safe budget over a tight budget, but it seems that when they are below the average performance of other employees, they are less concerned about a tight budget and a safe budget (Kim, 1992). These results indicate that the reflection effect by selecting various domains of the corresponding experimental conditions. The attitude of risk preference (disposition) is what determines budgetary slack (Young and Waller, 1985). Risk assessment is studied more thoroughly by seeing whether the subject is classified as a risk averse showing different preferences from the group of subjects who are looking for risk in a particular domain.

Research by Young (1985) fits the significant results in the second hypothesis in this study which found that when framed with a preference for risks that trigger budget slack, participation can increase the budget. This study influenced a group to avoid risk and not to avoid risk. It was later found that participants in the category of avoiding risk built gaps compared to the group that did not avoid risk (Young, 1985). In overcoming differences in perceptions between upper and middle level managers can be done to maximize budget participation (Suartana, 2010: 142).

Compatibility risk preferences must be owned by budget decision makers to reduce budget slack. Adequate handling of communication between upper and middle level managers in setting program pathways requires a tight budget and a safe budget. So that the program is prepared in accordance with the specified budget. This study uses risk preference as a disposition variable as a form of development of a research model on participatory budgeting so that it can determine one's internal assessment of others. According to Kim (1992), risk preferences in specific domains that translate to real contexts are found in experiments with an understanding that the interaction of these variables is a combination of latent and situational risk trends.

Differences Risk Preference by Seeking and Aversing Risk on Participative Budgeting

The second hypothesis of this study is that there is a difference in risk averse or risk-seeking between choosing a tight budget when taking risks and choosing a safe budget when resisting risk. Based on the results of simultaneous testing, it was concluded that there was no difference in risk preferences. Whereas in partial testing, the alternative hypothesis is accepted that there are

differences in risk preferences (risk avoidance or risk search) by choosing a safe budget when rejecting risk and choosing a tight budget when taking risks. It explains again the determination of risk based on specific domains tested on the first hypothesis so that it can prove that there are differences in risk preferences by choosing a tight budget to take risks when performance is below average and when performance is carried out above average will choose a safe budget for risk averse

Prospect theory according to Kim (1992), proposes that risk preferences are influenced by domains that are defined as reference points for the only relevant variable. Research that specifically uses interactions such as those used by Schneider and Lopes (1986) and Lopes (1984). Research Triadhi (2014) does not use interactions, with findings that show a negative relationship between risk preferences and budgetary slack. Increasing slack for budget makers is caused by low risk preferences to avoid the risk that the budget is not in line with potential or creating budget slack for their personal interests. In the study of Schneider and Lopes (1986) the limited implications in situational effects are manipulated by finding a corresponding value function in the prospect theory that risk disposition is rejected when the domain gains and the search for risk when the domain is lost. Based on the results obtained, this study is consistent in that it aims to observe participatory budgeting in different risk dispositions.

Differences of Gender with Female and Male in Selecting Risk Preferences

The third hypothesis states that there are gender differences in risk preferences by choosing women when rejecting risks and choosing men when seeking risks. Simultaneous testing results indicate that the third hypothesis is accepted, meaning that there are gender differences in the selection of risk preferences that are supported also by partial testing which finds that in the selection of risks there are gender differences. Descriptive statistical group results tend to be consistent with test results as evidence that women have a statistical distribution that tends to resist risk, whereas men have a statistical distribution that tends to look for risk. Setyorini's research (2013) supports the findings of this study which found that investment decisions that men seek more risk, while women are more opposed to risk in decision making.

The reason women are more averse to risk may be due to a woman's tendency to underestimate

change or what is called a recent bias (Barber & Odean, 2001; and Ajmi, 2008).

V. CONCLUSIONS AND SUGGESTION

Based on data analysis and discussion, we can conclude as follows: (1) There are differences in specific domain differences by selecting tight budget when performance is below average and the safe budget when above average performance. (2) There are differences in risk preferences when deciding on a specific domain on participative budgeting. The test results simultaneously found no difference but there is a difference in the partial testing of risk preferences when deciding on a specific domain on participative budgeting. (3) There are gender differences between male and female when selecting risk preferences (dispositional) on participative budgeting. These results indicate a difference in risk preferences with gender male tend to be risk seeking and female tend to be risk averse attitude.

Suggestion to be considered for future research are as follows: (1) This research was conducted using the research subjects are students of Master of Accounting University of Udayana with saturated samples. Further research can use random sampling to obtain more valid and reliable data by involving more subjects randomized in terms of career and educational background. (2) This study only see participative budgeting framed by prospect theory involving the interaction of situational and dispositional variables that proved not as a factor in influencing the majority of participative budgeting. Further research can use other variables such as the budgetary slack, ethics, incentive / bonus and etc.

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