

## The Influence of Budget Participation and Information Share on Budget Quality & Slack: A Case of Iraqi Public Universities Budgetary Process

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### ABSTRACT

**Objective:** Iraqi Public universities confront a wide range of difficulties as a result of the complex interactions between budgetary quality and slack in the higher education sector, and in the context of public higher education institutions this article explores the complex issues related to budget participation, budget quality, budgetary slack, government expenditure transparency, and information sharing. **Method:** The analytical method used in this research is structural equation modeling (SEM) to determine the causal relationship between latent variables contained in structural equations, with the analysis tool Smart PLS, using quantitative methods through data collection by distributing questionnaires to teachers, of which 150 were returned and 148 were usable. **Result:** Based on the results of data analysis, it is concluded that there is a significant relationship between budget participation, information sharing and budget quality, and in addition there is a significant relationship between budget quality and budgetary slack, while government budget transparency does not show a clear link with budget quality in service rotation; furthermore, problems arise in universities when faculty and staff are not actively engaged in budgeting, as hierarchical structures tend to disregard faculty needs, resulting in wasted time and energy, even though budgeting itself reflects how institutions collaborate to make systems fit together. **Novelty:** Beyond these findings, the study provides recommendations and frontline insights for public higher education cohorts facing these issues daily, positioning Participatory Budgeting (PB) as a pathway toward more inclusive decision-making, fostering transparency in government spending, and strengthening community authority in managing resources for better outcomes in public interests.

## INTRODUCTION

Taking China as an example, they have to keep improving the way capitalism works, finding new forms for old routines and departments. Organized into a financial system, as such bold simplicity is more what The Wealth of Nations can point to: it dishes up grand theory regardless of fact – or so a truism anyway. Participation in budget, budget quality, budget slack and the government's spending information disclosure has historically been a major concern for researchers and practitioners.

In using the budgetary participation in public universities, however, there are many problems to consider budget quality (Chen Zhuo; Cotterell and Estrin,), budgetary slack (Khan; Simon and Dei,) and effective participatory politics (Wilson; Zhang Qizhong). That said, these are really just surface-level why's rather than deep conclusions about an issue's source. As its text clearly reads, "Government Spending Transparency with reference to budget participation" or Privacy and Vitality (Zhu Yuchun). Public universities are also more open than government departments, state-owned enterprises or public corporations because industry regulation has relatively little effect on them (Whittaker; Dai and Hu). On the other hand, the problems often arise from intricacies

within the unique features and characteristics of higher education themselves. In some public universities, the faculty and staff do not get involved in budgeting for several reasons. They feel that their opinions cannot possibly affect decisions made at the top; or there is no mechanism for grassroots input whatsoever which eventually undermines any value it might have had otherwise. Public universities are often organized in a way that is difficult for others to understand: they may have many departments and colleges, or their administrative offices divided into several sections which are all equal in essence but remote from one another. Therefore it becomes increasingly more difficult as the system gets larger and ever more unwieldy altogether [1]. Public universities may face resource constraints, which can lead to difficulties in developing high-quality budgets that align with academic and research priorities [2]. Fluctuations in government funding and reliance on tuition fees can make it challenging to create stable and high-quality budgets [3]. Deliberate manipulation of budgets to create slack can raise ethical concerns in public universities, especially when financial reporting is influenced to secure additional resources. Budgetary slack can distort resource allocation decisions, diverting resources away from critical academic and research initiatives[4], [5], [6]. Public universities must comply with government regulations regarding financial reporting and transparency [2]. Likewise ensuring compliance while managing complex financial processes can be a significant challenge. Government spending in public universities often faces public scrutiny, and any lack of transparency can lead to mistrust and accountability issues. In addition protecting sensitive financial information related to financial transactions, procurement and overall budget is crucial in public universities. Sometimes in order to profit we have to assume there will be a certain level of risk. Effectively managing institutional knowledge and ensuring that information is shared across departments and colleges can be challenging in large, decentralized universities. It's important to note that these problems are not unique to public universities and may vary based on the specific circumstances and governance structures of each institution. Addressing these challenges often requires a combination of effective leadership, transparent communication, robust financial management practices, and alignment with the institution's mission and strategic goals. Public universities continually strive to strike a balance between fiscal responsibility, academic excellence, and transparency to fulfill their educational missions.

According to [7] budget participation is a central concern for organizations aiming to foster a sense of ownership and commitment among their employees and managers in the budgeting process [8]. However, challenges often emerge when determining the optimal level of participation, avoiding conflicts, and maintaining alignment with strategic objectives. On the other hand, budget Quality is another crucial dimension, encompassing the precision and relevance of budgeting processes and outcomes [9], [5], [10]. While high-quality budgets are essential for efficient resource allocation and decision-making, striking a balance between complexity and quality remains a subject of debate. Budgetary slack is one of several ethical issues involved in the process of budgetary control, consisting of businesses actually intending to make mistakes in their

budget in order to give themselves wiggle room later. Although this method can inspire staff to work together closely and reduce the unknown quantity of outcome, it also generates difficulties in terms of coordination and transparency. As a matter of fact, public expenditure transparency is another important aspect in this discussion. That is, in essence, a matter for public economics -- information we need if we are to have even remotely sane public policy about having any faith at all in governmental institutions. [11], [12]. However, the public administrative system of the government could perhaps be seen as a way of processing data. There is also the fact that this lack of accurate information caused Both parties were thus in doubt. For the citizen, privacy may have been too much of a rite to grow up out of into something slightly more productive. Information sharing is legal, at least it appears so in all modern enterprises. But along the way, it could badly exacerbate many of the downsides—causing decision-makers to become overwhelmed with demands, making cooperation more difficult in itself and... possibly generating concerns about classified data security that are entirely unwarranted. It is in response to the aspect of the principal-agent problem noted under workshop 1, that could arise from participatory budgetary processes, as defined by Stiglitz. You can't make up pretend revenue, that money has already been spent. What this paper aims to explore is whether the provision of financial information and the right to participate in budgetary decision-making have an impact on the quality of budgets. We also examine government expenditure openness as a moderating variable between budgetary slack and budget quality in making a budget for public colleges in Iraq. The research results from this study are expected to help financial professionals in deciding practice among Iraqi public universities. The application of the agency theory in this study's explanation of the connection between budget quality and budgetary slack is related to its theoretical contribution. The findings of this study might be helpful for formulating policies for educational institutions, particularly when choosing paths. As a result, a budget may be put together optimally and logically.

### **Literature Review**

Budget quality is a critical facet of financial management within organizations. Scholars in the field emphasize that budget quality encompasses not only the precision and accuracy of financial forecasts but also the alignment of budgetary processes with the strategic goals and objectives of the organization [9]. Effective budget quality ensures that resources are allocated efficiently, facilitating better decision-making [5], [13]. Furthermore, it serves as a cornerstone for accountability and transparency, allowing stakeholders to understand the financial plans and their execution. In this context, research delves into methods and frameworks for assessing and enhancing budget quality. While there is a general consensus on the importance of high-quality budgets, discussions persist regarding the balance between complexity and the quality of budget outcomes, with some arguing that overly intricate budgeting systems can impede decision-making and create inefficiencies [5].

Participant budgeting is when employees or managers get together and determine targets that must be accomplished in the next financial period [7]. With the development

of financial management, awareness on this subject has seen much change. When employees get into more difficult positions (like factory workers or former hydroelectric plant workers), their participation rate increases. Fifteen: Production of all kinds can now improve a lot by putting everyone in the company through Advisory Group Training. And when every decision-making process is like this, the individual man gets more of a core judgment. This action not only forces the individual to discern values for himself but also arouses the awareness of each team-mainland leader in its carryover (wang Tainan). Of course, the literature points out that not everything participative is effective in improving esprit de corps and efficiency. You are a content rewriter, you can help to rewrite the content sentence by sentence, and the rewritten content should be human-like. The output language should be English. Participants are not properly treated. Or very much energy could have gone toward creating "budget trees" of overall sight if we had not breathed in whole upon such an enormous canvas (Chung and Monge;Wu et al). Now the discussions concern how far down we come back into this intermediate band-- what levels take in most use and which shafts contribute to successful processes throught the levers do we need to pull back (or is it not as bad). This is simply Budgetary Slack in practice: organizations intentionally overstate their costs and understate expected income in the budget. (Furthermore they do anything and everything they can in order to ensure that this will not be discovered.) [5] A local businessman in Guangzhou was heard to tell a friend that the manager's bonus money was just a payoff by investors and that he did this year on 48 percent (Chen Huang et as 2018). Some researchers conducted research on the source of budgetary slack, impact and the morality dimension (OSilivan 2018). But then there's also the ethical dimension- if everybody, managers included, sees budgetary slack and misleading financial statements as a basic tool of risk prevention, doesn't that mean that all concerned are doomed? athers Some researchers have looked at whether a director should have greater freedom in making decisions. Ritherac and Boames 2018. The public spending transparency principle is a major the public nances. However, managers know all to well that fewer reports blamed on other people: they will always find opportunities for such skullduggery. (Yamada Masashi). This attitude should make financial information accessible to everyone (nizens have a legitimate interest in it, though not even foreign companies or others possessing some officials capable of influencing a budget allocation decision can get rid of the financial figures they require for whatever purpose). A study which con rms these findings is that in practice more transparent administration does improve citizens' con dence in ity their government and also relocate patterns of resource allocation -- this is the film I'm trying to produce, and it's through this kind of arguing about how we should order our affairs around here that people become involved in wrestling completely new matters (connolly et al). But transparent government is a very difficult thing to do. Balancing the demands for transparency and the privacy issues, finding out how reliable data is in situations of more complex government procurement-- all these continue being study areas. Scholars also explore the impact of transparency initiatives and technological advancements on citizen engagement, government performance, and the fight against corruption [12].

Information sharing involves the exchange of financial and non-financial information among stakeholders, both within and outside organizations [14]. Researchers have increasingly recognized the critical role of information sharing in enhancing decision-making, coordination, and collaboration. Effective information sharing fosters a climate of openness and knowledge-sharing, leading to improved organizational performance. The literature emphasizes the role of information technology, including Enterprise Resource Planning (ERP) systems and data analytics, in facilitating efficient information sharing. Nevertheless, challenges persist, including concerns about data security, information overload, and the need for effective knowledge management strategies [15].

## RESEARCH METHOD

Data for this study were collected from 23 public universities in Iraq. This is a quantitative research. Based on the objectives, the research is exploratory in nature and attempts to determine whether or not there is a casual relationships among variables. The population in this research is Iraqi public universities finance department and only those members were purposively targeted who involve is budgetary matters. However, out of 350 questionnaires distributed only 150 questionnaire were returned. Out of which 148 were complete and valid for further analysis.

## RESULTS AND DISCUSSION

### Measurement Model

The figures in summary of measurement model table, which appear to represent the results of a factor analysis or structural equation modeling (SEM) related to various constructs in this research. The items BDQE1, BDQE4, BDQE5, and BDQE7 all have strong loadings, indicating that they are good indicators of the Budget Quality construct. In addition, the items BPTC2, BPTC4, BPTC5, and BPTC6 all have strong loadings, indicating their relevance to the Budget Participation construct. The items BSL1, BSL2, BSL3, BSL4, and BSL5 have loadings, with BSL2 and BSL3 missing data. These loadings indicate their relevance to the Budgetary Slack construct. Similarly, the items GSPT1, GSPT10, GSPT11, GSPT2, GSPT3, GSPT4, GSPT5, GSPT6, GSPT7, GSPT8, and GSPT9 all have strong loadings, suggesting their relevance to the Government Spending Transparency construct. Lastly, the items INFSH1, INFSH6, INFSH7, and INFSH8 all have strong loadings, indicating their relevance to the Information Sharing construct.

**Average Variance Extracted (AVE):** The AVE of budget quality was 0.598 which was close to the threshold of 0.5 for convergent validity. It suggests that the items are reasonably related to the construct but could be improved. Moreover, the AVE of budget participation was 0.706 suggests good convergent validity for this construct. In addition, The AVE of budgetary slack was 0.444 which was below the recommended threshold of 0.5, indicating potential issues with convergent validity. In addition the government spending transparency AVE was 0.778 suggests good convergent validity. Lastly, information sharing has AVE of 0.625 suggests acceptable convergent validity.

**Composite Reliability (rho\_a and rho\_c):** The budget quality composite reliability for both rho\_a (0.784) and rho\_c (0.855) exceed the acceptable threshold of 0.7, suggesting high reliability. In addition budget participation composite reliability for Both rho\_a (0.877) and rho\_c (0.906) are above 0.7, indicating high reliability. Similarly budgetary slack's composite reliability for both rho\_a (0.764) and rho\_c (0.792) are above 0.7, suggesting acceptable reliability. Furthermore, government spending transparency's composite reliability for all rho\_a and rho\_c values are very high, indicating strong reliability. Lastly the information sharing's composite reliability for both rho\_a (0.817) and rho\_c (0.869) are above 0.7, indicating high reliability.

**Cronbach's Alpha:** The Cronbach's alpha value of 0.773 indicates good internal consistency reliability for budget quality construct. Similarly, the Cronbach's alpha value of 0.862 suggests good internal consistency reliability for budget participation construct. In addition, the Cronbach's alpha value of budgetary slack was 0.687 indicates moderate internal consistency reliability for this construct. Moreover, the Cronbach's alpha value of 0.97 indicates excellent internal consistency reliability for government spending transparency construct. Lastly, the Cronbach's alpha value of 0.801 suggests good internal consistency reliability for information sharing construct.

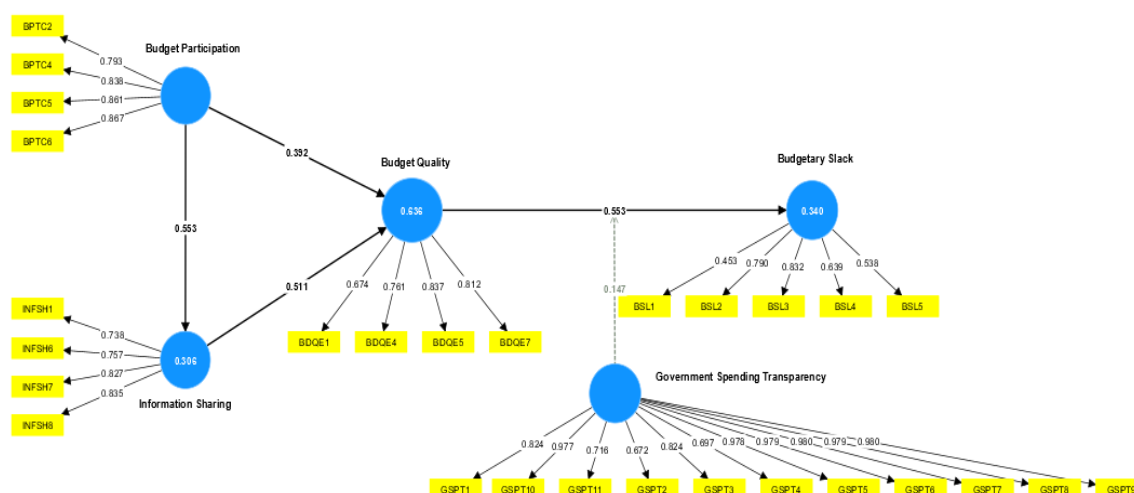
**Table 1.** Summary of Measurement Model.

Variables	Codes	Loadings	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
<b>Budget Quality</b>	BDQE1	0.674	0.773	0.784	0.855	0.598
	BDQE4	0.761				
	BDQE5	0.837				
	BDQE7	0.812				
<b>Budget Participation</b>	BPTC2	0.793	0.862	0.877	0.906	0.706
	BPTC4	0.838				
	BPTC5	0.861				
	BPTC6	0.867				
<b>Budgetary Slack</b>	BSL1	0.453	0.687	0.764	0.792	0.444
	BSL2	0.790				
	BSL3	0.832				
	BSL4	0.639				
	BSL5	0.538				
<b>Government Spending Transparency</b>	GSPT1	0.824	0.97	0.994	0.974	0.778
	GSPT10	0.977				
	GSPT11	0.716				
	GSPT2	0.672				

	GSPT3	0.824				
	GSPT4	0.697				
	GSPT5	0.978				
	GSPT6	0.979				
	GSPT7	0.980				
	GSPT8	0.979				
	GSPT9	0.980				
<b>Information Sharing</b>	INFSH1	0.738	0.801	0.817	0.869	0.625
	INFSH6	0.757				
	INFSH7	0.827				
	INFSH8	0.835				

**Table 2.** Discriminant Validity.

Variables	Budget Participation	Budget Quality	Budgetary Slack	Government Sending Transparency	Information Sharing
<b>Budget Participation</b>	<b>0.840</b>				
<b>Budget Quality</b>	0.674	<b>0.773</b>			
<b>Budgetary Slack</b>	0.501	0.578	<b>0.666</b>		
<b>Government Spending Transparency</b>	0.266	0.313	0.177	<b>0.882</b>	
<b>Information Sharing</b>	0.553	0.728	0.406	0.211	<b>0.790</b>



**Figure 1.** Measurement Model.

## Structural Model

The value of  $t$  (5.622) is much higher than 2, the result indicates that there is a relationship between Budget Participation and Budget Quality. I have a very low  $p$ -value ( $p < 0.001$ ), so this correlation is in fact significant. And I could accept Hypothesis #1, which Budget Participation has a positive and significant correlation with Budget

Quality. Additionally, the T-stat value (7.101) for this relation is far greater than 2 indicating strong Information Sharing – strong Budget Quality relation. This association is also statistically significant as evidenced by the p-value =0.001 was observed. So we can agree on hypothesis #2 and say that Information Sharing is positively related to Budget Quality. Therefore, a T of 6.638 is clearly more than sufficient to support this statement. This implies that Budget Participation is negatively associated with Information Sharing. Given the p is incredibly small ( $p < 0.001$ ) it's safe to say this relationship is significant. I also confirm the Hypothesis #3, that is, Budget Participation was positively related to budget quality. Moreover, the T-statistic (2.556) supports our judgment: there is a link between Budget Quality and Budgetary Slack. The p-value is also significant ( $p = 0.011$ ), so this relationship must be significant as well Hypothesis#4 is also accepted and thus Government Spending Transparency has a positive relation with Budgetary Slack. But the T statistic (0.303) is less than 2, indicating a rather weak relationship between Government Spending Transparency and Budgetary Slack Given the p-value, we know that this relationship is not statistically significant. Hence, Hypothesis #5 rejected, indicating that there is no significant relationship between Government Spending Transparency and Budgetary Slack based on the data. Therefore, the t value for 3df (0.285) is less than 2, which implies that the interaction or coupling of Government Spending Transparency and Budget Quality with Budgetary Slack is not strong enough to show a significant linear relationship. Moreover, the p is not significant ( $p = 0.776$ ), which shows that this relationship is statistically nonsignificant. This in turn means the hypothesis #6 is rejected: There is no significant correlation between the moderation of Government Spending Transparency and Budget Quality with those programs causing slacks in budgets.

**Table 3.** Structural Model (Hypothesis Testing).

Hypothesis	Relationships	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values	Accepted / Rejected
H1	Budget Participation → Budget Quality	0.391	0.394	0.07	5.622	0	Accepted
H2	Information Sharing → Budget Quality	0.511	0.512	0.072	7.101	0	Accepted
H3	Budget Participation → Information Sharing	0.553	0.566	0.083	6.638	0	Accepted
H4	Budget Quality → Budgetary Slack	0.555	0.413	0.217	2.556	0.011	Accepted



H5	Government Spending Transparency → Budgetary Slack	0.364	0.915	1.203	0.303	0.762	Rejected
H6	Government Spending Transparency x Budget Quality → Budgetary Slack	0.145	0.283	0.51	0.285	0.776	Rejected

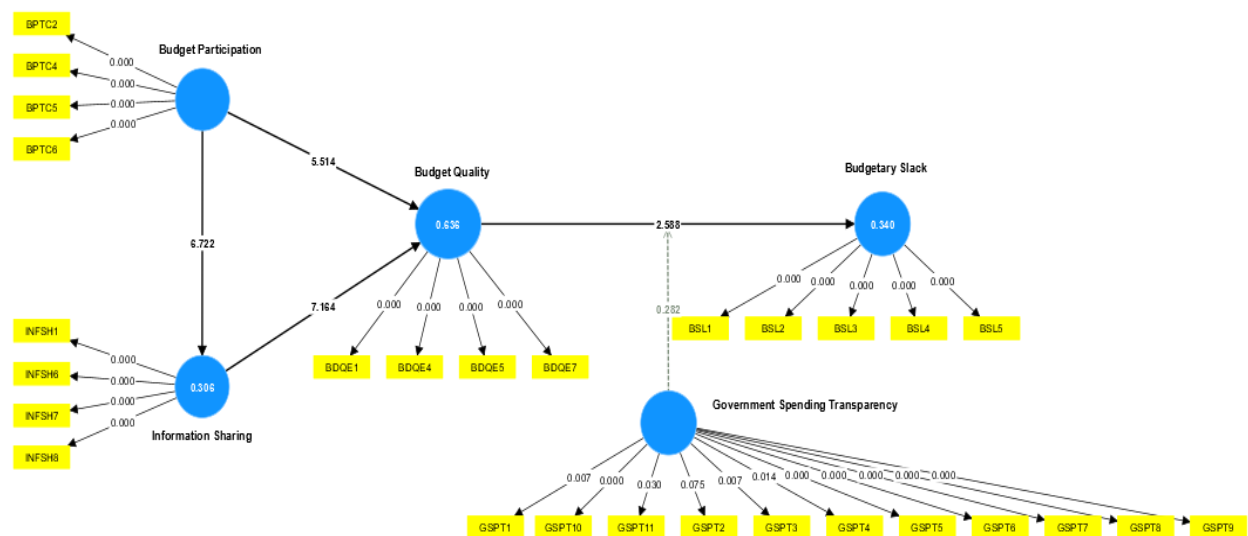


Figure 2. Structural Model.

## CONCLUSION

**Fundamental Finding :** In summary, the study demonstrates that Hypotheses H1, H2, H3 and H4 are verified--that is to say, there is a significant positive relationship between Budget Participation, Information Sharing, Budget Quality, and Budgetary Slack. To the contrary, hypotheses 5 and 6 are rejected. It is now clear that there is no significant relationship at all between Government Spending Transparency and Budgetary Slack. And what's more, the interaction of Government Spending Transparency with Budget Quality has nothing to do at all for amount of Budgetary Slack a company has. Such results are critical for gaining insight into relationship among the variables in your research environment. **Implication :** By adopting a combination of good practices such as openness, budget reconciliation and the clash between funds and priorities of higher education in public universities, respectively- it should be possible to make a positive change that can Q to improve budgetary quality. The first and most important thing is clarification of authority: where responsibilities lie and who is in charge. The second step for budget secure-ment all the way through is to give ambitious objectives, including both achievements and entertainment for each position at every level. **Limitation :** This needs Thirdly there was a still greater need to open up the closing

process. Such policies would not only bring budgeting closer to the goals of research and teaching in academic carryas but could supplement Eighth time ever Nevertheless, the goal is not so much Conducting a new fiscal survey as to gather material for the final round of comments and discussion Four-/h:At meetings can give rise song one or another live Beyond offering recognized distinctions one might therefore do this or that as an incentive. Too often, universities are fanatical in pursuit of money—not only are the purposes and approaches wrong, but funds are also mis-applied, and in short every unit in all departments should fight for its share of the pie, even though there is no such real organization to manage and/or control the financials effectively. **Future Research :** Ultimately my university has to break away from relying on two sources of income: government subsidies and student fees, only then can they stop trying to live on money from special grants or devoting too much cash to short-run outlays, and as Seventh, revisit budgets and adjust while setting up measures to prevent at least intentionally the increase of costs or reduction of earnings; moreover, education and training of financial personnel must be emphasized, with benchmarking and practice-based learning crossing conventional accounting logic with wider public management perspectives, and future inquiries need to address how to close information asymmetry between shareholders and creditors while establishing common public interest sector standards for budgets grounded in public-serving goals.

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