

BUDGETARY SLACK FRAMEWORK OF MALAYSIAN LOCAL GOVERNMENTS: A PILOT STUDY

**Nur Shahirah Adilah Mohd Sairazi^{1*}, Dzulkifli Mukhtar², Razli Che Razak³
and Nor Zawani Ibrahim⁴**

^{1,2,3} Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan,
16100, Kota Bharu, Kelantan, Malaysia

⁴ Faculty of Business and Management, Universiti Teknologi Mara,
Kampus Puncak Alam, 42300, Selangor, Malaysia
nursairazi@gmail.com (Nur Shahirah Adilah Mohd Sairazi)

*Corresponding author

Abstract

The purpose of this paper is to discuss the process of pilot test on a proposed framework before the actual research is conducted. Conducting a pilot study, provide the researcher with the opportunity to develop and enhance skills necessary before commencing the actual study. Pilot study was conducted to assess the reliability and validity of the research instruments. Relying on the extended version of the Theory of Planned Behavior, this study examined whether attitudes, subjective norms, perceived behavioral control, moral obligation, self-efficacy, and peer influence may be a good predictor of the individuals' intention to engage in budgetary slack creation. Data were collected from 30 department heads of Malaysian local governments using questionnaires. The reliability test revealed that all constructs achieved sufficient level of reliability ranged from 0.771 to 0.963. The descriptive analysis conducted revealed that all constructs have mean score above the value of 3. Result of descriptive analysis suggest that the sampled respondents have favorable attitude toward budgetary slack and believed this behavior to be acceptable during budget planning. Nonetheless, the respondents deemed this behavior to be morally wrong. Findings from this study should be useful to local government agencies and policy makers interested in enhancing good corporate governance practices among public officers especially in minimizing dishonest budget reporting.

Keyword: attitude, budgetary slack, moral obligation, peer influence, perceived behavioral control, pilot study, self-efficacy, subjective norm, theory of planned behavior

1. Introduction

Budget is a managerial accounting tool used for planning, performance evaluation, communication, coordination, and decision-making. Despite the role of the budget toward organizations, Yuen (2004) asserts that how a budget is being prepared and executed (budgeting process) not only affects financial performance but also the behavior of those who took part in the budgeting process. One of the most concern issues related to budgeting is budgetary slack. The term 'budgetary slack' refers to the act of setting budget targets that are easier to achieve (Young, 1985). In other words, employees tend to prepare or create organizational budgets that are relatively easier to achieve by introducing slack in the budget, for example, by overestimating expenses, underestimating revenue and/or underestimating performance

capabilities. From one perspective, budgetary slack has several negative implications on the organization. This opportunistic behavior lessening the value of the budgeting process, distorted prudent allocation of resources and assessment of performance, and reduced managerial effort as the target becomes easier to achieve (Brown, Fisher, Sooy, & Sprinkle, 2014; Daumosser, Hirsch, & Sohn, 2018; Nouri & Parker, 1998). However, from another perspective, budgetary slack is favorable as it can serve as a cushion to safeguard during high market uncertainty, and it is acceptable as long it is as little as possible and does not violate organisations' objectives and goals (Elmassri & Harris, 2011).

Local governments are greatly involved in the development of the area under their jurisdiction, which will give impact to the economic growth of the country at the macro level. It is crucial to ensure that the resources allocated through the budget allocation process are utilized and managed efficiently and effectively, as the efficiency and effectiveness of resource utilization depend on how they manage public funds. In fact, mismanagement of government resources (poor management of public funds) has become the major impediment to the government in achieving sustainable fiscal policies and economic growth. According to Daw Tin Hla et al. (2016), public budget is more important than private sector budget due to its pivotal role in ensuring that the resources are distributed fairly and equitably to all citizens. Hence, budget preparers hold greater responsibility and have a significant influence in ensuring the budget prepared is applicable to the organization and put to the effective use, which benefits society.

The Malaysian government budget has been criticised for its inefficiency and ineffectiveness in financial management. The issue of mismanagement of expenditure, especially in the estimation and allocation of resources in public operations is further highlighted in the Malaysia Auditor's General Report 2019, in which the Auditor General of Malaysia mentions two key issues of expenditure management that continue to prevail in the public sector, in particular, overspending and underutilized (National Audit Department, 2020). The inefficiency of public officers and government agencies in managing public funds and excessive wastage of public funds for unnecessary projects are the most frequent issues being raised up (Shariman, Nawawi, & Salin, 2018). Shariman et al. (2018) further mentioned that wastage and leakage of resources could occur due to conflict of interest, poor planning during the acquisition, unnecessary purchases, received commissions or feed, prioritising their interests rather than public interests, and intentionally manipulating the budget to acquire extra funds. This concern highlights the creation of slack in the Malaysian public sector budget. Therefore, the objective of this study is to examine the factors that influence individuals' intention to create budgetary slack.

The remainder of this paper is organized as follows. The next section reviews the relevant literature and theoretical foundation. The research method used to test the constructs is then discussed. Subsequently, the results and discussion of the study are presented. Finally, conclusion and prospects for future research are drawn.

2. Literature Review

2.1 Intention to create budgetary slack

Budgetary slack is defined as the supplementary resources requested to accomplish a task by deliberately overestimating expenses and underestimating revenue or performance capabilities (Daumosier et al., 2018). The provision of slack resources in the submitted budget has an adverse effect on the prudent allocation of resources, necessitating the identification of its root causes. Because of the sensitivity and difficulty in observing its occurrence, the actual behavior is tough to detect (Awang, Abdul Rahman Abdul, & Ismail, 2019). Besides, measuring behavioral intention is relatively easy and more practical than measuring actual behavior (Alleyne, Weekes-Marshall, Estwick, & Chaderton, 2014). Furthermore, Carpenter and Reimers (2005) asserted that a substantial correlation between behavioral intention and actual behavior enabling researcher to measure behavioral intention instead of actual behavior. Therefore, this study taken intention to engage in budgetary slack as a proxy to the actual budgetary slack behavior. Understanding the behavioral elements that influence intention could assist government agencies and practitioners, especially Ministry of Finance (MOF), who responsible for formulating budgeting system and policy in Malaysian public sector organizations to understand the budgeting issues in local governments and implement more effective policies and procedure as well as make necessary amendments to improve current budgetary control system in local governments.

2.2 Theory of planned behavior

The theory of planned behavior is an extension version of the theory of reasoned action. Under the theory of reasoned action, there are two constructs that influence individual's behavioral intention, namely attitudes and subjective norms. This theory has a restriction in that it only applied to behavior under absolute volitional control (Ajzen, 1991). To address this constraint, Ajzen (1991) integrated perceived behavioral control into the theory of reasoned action to deal with the circumstance in which individuals have incomplete volitional control over a behavior, and remodeled theory of reasoned action as theory of planned behavior. TPB is employed in this study because it can predict and explain an individual's distinctive behavior in a wide variety of settings. Numerous studies have extensively employed the theory of planned behavior to predict a broad spectrum of individual behavior and intentions (Black, Burton, & Cieslewicz, 2021; Cronan, Mullins, & Douglas, 2018; Curtis et al., 2018; Shneor & Munim, 2019; Uzun & Kilis, 2020). Hence, it is believed that theory of planned behavior can provide the foundation to further examine the dishonest budget reporting behavior among heads of departments in Malaysian local governments.

The theory of planned behavior is based on the assumption that individuals make rational decisions to engage in certain behaviors based on their own perceptions about the behaviors and their anticipation of a favorable outcome after engaging in the behaviors. Under theory of planned behavior, attitude, subjective norm, and perceived behavioral control are three components that influence an individual's intention to engage in a specific behavior (Ajzen, 1991). Attitudes toward behavior indicate an individual's appraisal of certain behavior in terms of favorability and unfavourability (Ajzen, 1991). Subjective norms highlighted how other

people’s perceptions of such behavior influenced the individual’s decision concerning whether or not to engage in such behavior (Ajzen, 1991). In other words, an individual’s behavior is determined by the perceptions of family members, colleagues, friends, and society. Perceived behavioral control refers to an individual’s perception of the difficulty or ease of performing a particular behavior (Ajzen, 1991).

Despite the usefulness of the theory of planned behavior in forecasting behavioral intention, the inclusion of additional antecedents was suggested in an attempt to improve the model’s predictive power (Ajzen, 1991; Beck & Ajzen, 1991; Cronan et al., 2018; Uzun & Kilis, 2020). Given the relative importance of other antecedents in research dealing with ethical decision-making, the current study will extend the theory of planned behavior by integrating moral obligation, peer influence, and self-efficacy into the framework. Moral responsibility refers to an individual’s sense of guilt or obligation to moral principles pertaining to performing or not performing a behavior (Beck & Ajzen, 1991). Peer influence refers to an individual’s behavior and attitudes in which they are more inclined to adhere to the behavior that they observe in peers, even when those behaviors are not in their interests (Brunner & Ostermaier, 2017). Self-efficacy is an individual’s belief in their ability to execute a certain task or goal (Blewitt, Blewitt, & Ryan, 2018).

Figure 1 depicts the research model. The endogenous construct is intention to create budgetary slack among department heads. Meanwhile, the exogenous constructs are attitude, subjective norm, perceived behavior control, self-efficacy, moral obligation and peer influence.

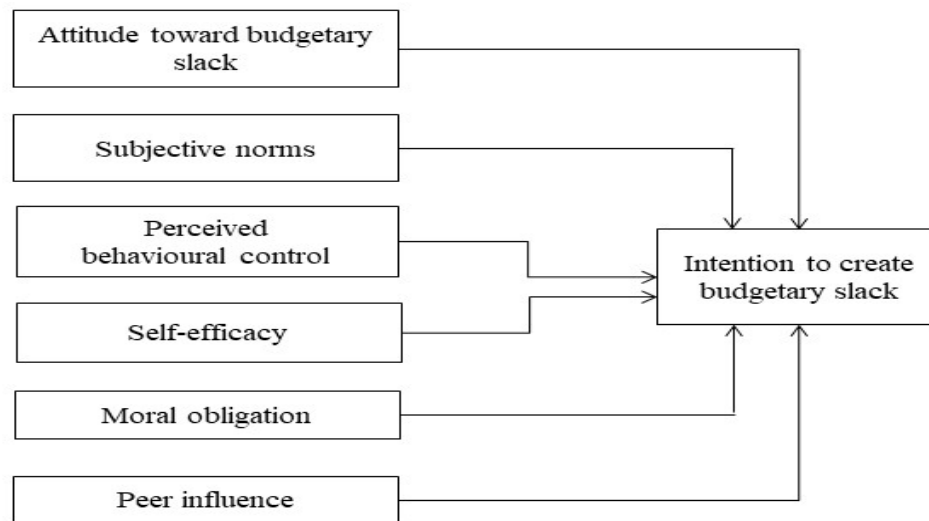


Figure 1: Conceptual framework

3. Research Methodology

This study employed self-administered survey to collect data. The survey was distributed via electronic mail as the online method can be quite effective for expediting and enhancing the survey research process, especially during Movement Control Order (MCO) due to the outbreak of Covid-19 worldwide (Creswell, 2018). Furthermore, the online survey could avoid missing

data as respondents were not allowed to proceed with the following questions without answering the previous questions. In addition, the survey method is a relatively confidential method of collecting data, particularly to gather data relating to budgetary slack and to collect detailed information about the factors that influence budgetary slack behavior (Zikmund, Babin, Carr, & Griffin, 2009).

This study was conducted at the local governments located in Peninsular Malaysia. The target population of this research is individuals with budget responsibilities, a key determinant for examining the incidence of budgetary slack behavior (Merchant, 1985; Onsi, 1973). This study focuses on heads of departments because they are responsible for controlling expenditure and occupy a unique position in the strategic planning process that grants them greater access to resources and comprehensive knowledge of organizations' operations (Floyd & Wooldridge, 1992; Sudirman, Siswanto, Monang, & Aisha, 2019). Furthermore, the respondents must have been in the department head position for at least one year to have appropriate knowledge and expertise in answering the questions (Griastini & Mimba, 2018; Widanaputra & Mimba, 2014). A pilot study was conducted to assess the adequacy of research instruments, collect the preliminary data, test the proposed data analysis techniques to uncover potential problems, and assess the feasibility of the research protocol before administering the full-scale study (Van Teijlingen, Rennie, Hundley, & Graham, 2001). In this study, the pilot test was conducted over a period of one month. First, an email attached with the questionnaire book, online link (Google form) and cover letter that states the purpose of the study, criteria of respondents and confidentiality assurance on their responses were sent to each selected local government to obtain permission to carry out the survey. After five working days, a follow-up email will be sent to get an update on the application to perform a survey at the local government. After permission from the selected local governments was granted, the staff in charge emailed the questionnaire link to the heads of departments. The questionnaire takes approximately 10 to 15 minutes to complete. Additional follow-up emails were sent until at least 30 pilot respondents were received. The study managed to collect 30 questionnaires from heads of departments of local governments in Peninsular Malaysia within a month of distributing the questionnaire.

3.1 Measures

Based on the conceptual framework of this study, the items for each construct were adopted and adapted from various sources of previous research, with minor modifications made in terms of wording and content to suit the research context. The measurement items for each construct are depicted in Table 1. This study used Likert scale with anchors ranging from 1 = strongly disagree to 5 = strongly agree. The five-point Likert scale was utilized because it has been verified that when rescaled, five-point, seven-point, and ten-point scales generate approximately the same mean score (Dawes, 2008). Furthermore, compared to other scale formats, the five-point scale is more facile to comprehend (Preston & Colman, 2000) and has a higher reliability score (McKelvie, 1978).

Table 1: Measurement items of variables

Construct	Source	Items
Intention to create budgetary slack	Beck and Ajzen (1991)	<ol style="list-style-type: none"> 1. If I had the opportunity, I would create slack in the budget 2. I would never create slack in the budget 3. I may create budgetary slack in the future
Attitude toward budgetary slack	Alleyne and Harris (2017)	<ol style="list-style-type: none"> 1. Budgetary slack behavior is good. 2. Engaging in budgetary slack behavior is wise. 3. Budgetary slack behavior can be useful. 4. I find the concept of budgetary slack to be attractive 5. Engaging in budgetary slack behavior is pleasant 6. I think I would achieve the targeted budget if I engaged in budgetary slack behavior 7. I would be pleased if I achieve the targeted budget because of my engagement in budgetary slack behavior
Subjective norm	Alleyne and Harris (2017)	<ol style="list-style-type: none"> 1. Most people I know would approve of me engaging in budgetary slack behavior 2. If I create slack in the budget, most people who are important to me would approve. 3. Those who are important to me think it is okay to create slack in the budget. 4. It is likely that most people who are important to me will look down on me if I engage in budgetary slack behavior.
Self-efficacy	Chen, Gully, and Eden (2001)	<ol style="list-style-type: none"> 1. I will be able to achieve most of the goals that I have set for myself. 2. When facing difficult tasks, I am certain that I will accomplish them. 3. In general, I think that I can obtain outcomes that are important to me. 4. I believe I can succeed at most in any endeavor to which I set my mind. 5. I will be able to successfully overcome many challenges. 6. I am confident that I can perform effectively on many different tasks. 7. Compared to other people, I can do most tasks very well. 8. Even when things are tough, I can perform quite well.
Perceived Behavioral Control	Alleyne et al. (2014)	<ol style="list-style-type: none"> 1. For me to create slack in the budget is difficult. 2. If I wanted to, I could easily create slack in the budget. 3. I had complete control to create slack in the budget

		4. There are numerous factors outside my control which could prevent me from creating slack in the budget.
Peer influence	Paz (2014)	1. I assume other heads of department wanted to maximize their compensation when making a funding request. 2. I assume other heads of department felt justified in requesting funding higher than the actual cost because they perceived that other head of department also engaged in the same behavior. 3. I think a lot of head of departments reported costs higher than actual costs when making funding request
Perceived moral obligation	Beck and Ajzen (1991)	1. I think it would be morally wrong for me to engage in budgetary slack behavior 2. I would not feel guilty if I created slack in the budget 3. Creating slack in the budget goes against my moral principles

4. Results and Discussions

4.1 Respondents' profile

This study presents the reliability and descriptive analysis of 30 respondents from selected local governments in Peninsular Malaysia. Cronbach's alpha coefficient is utilized to assess the reliability. Meanwhile, the mean and standard deviation values of all constructs are reported for descriptive analysis. The pilot data collected were analyzed using IBM-SPSS 26.0. Table 2 presents the demographic characteristics of respondents. All 30 respondents were Malay and were dominated by males, with a proportion of 60%. Most of the respondents fall between the ages of 31-40 years and followed by 41 to 50 years (33.3%), 20 to 30 years (16.7%) and more than 50 years (13.3%). In addition, the majority of the respondent (36.7%) have been working in the local government for six to ten years and mostly had a bachelor's degree (73.3%).

Table 2: Demographic characteristics of respondents

Demographic	Categories	Frequency	Percentage (%)
Length of working in local government	Less than five years	11	36.7
	6-10 Years	2	6.7
	11-15 Years	9	30.0
	More than 15 years	8	26.7
Gender	Male	18	60.0
	Female	12	40.0
Ethnic	Malay	30	100
	Chinese	-	
	Indian	-	
	Others	-	

Age	20-30	5	16.7
	31-40	11	36.7
	41-50	10	33.3
	More than 50	4	13.3
Education	SPM	1	3.3
	STPM	-	-
	Diploma	3	10.0
	Bachelors	22	73.3
	Postgraduate	4	13.3
	Others	-	-

Note: N=30

4.2 Reliability analysis

The reliability is measured using Cronbach's Alpha reliability coefficients, and it has a value between 0 and 1. A value close to one indicates a high degree of reliability. According to Nunnally and Bernstein (1994), the value of Cronbach's Alpha greater than 0.70 indicating the instrument achieve a satisfactory level of reliability. Table 3 presents the value of Cronbach's alpha coefficients for every construct. Based on Table 3, Cronbach's alpha value for all constructs exceeding 0.70, ranging from 0.771 to 0.963, which is consistent with the argument stated by Nunnally and Bernstein (1994). Therefore, it is confirmed that the research instruments have achieved satisfactory reliability.

Table 3: Reliability analysis of the Pilot Study (n=30)

Variables	Cronbach's Alpha (α)
Intention to create budgetary slack	0.894
Attitude	0.963
Subjective norm	0.853
Perceived behavioral control	0.844
Moral obligation	0.907
Self-efficacy	0.889
Peer influence	0.771

4.3 Descriptive analysis

Descriptive statistics highlight participants' perspectives on the particular indicators used to evaluate the core constructs of the study. The mean score of each item under the respective construct denotes the degree to which respondents agree or disagree with each assertion. Table 4 displays the descriptive results of the pilot study, comprising mean and standard deviation values.

Table 4: Descriptive statistics on constructs

Variables	Mean	Standard Deviation
Intention to create budgetary slack	3.48	0.70
Attitude	3.46	0.77
Subjective norm	3.47	0.59
Perceived behavioral control	3.50	0.59
Moral obligation	3.27	0.83
Self-efficacy	3.76	0.56
Peer influence	3.27	0.75

As presented in Table 4, the results of this analysis show an overall mean of 3.46 for the construct attitude towards budgetary slack. This result signifies that respondents strongly agreed with the assertions describing budgetary slack as good, pleasant, appealing, and useful. These findings imply that the respondents had a favorable attitude toward budgetary slack behavior and were more prone to engage in budgetary slack behavior during the budget planning process. The construct subjective norm reported an aggregate mean of 3.47, implying that the respondents believed that other key persons in their lives would approve of them creating slack resources during budget formulation. Perceived behavioral control had an overall mean of 3.50, indicating the respondents' perceived ease in creating slack resources during the budgeting process.

On the other hand, the construct moral obligation had an aggregate mean of 3.27, showing that respondents usually perceive budgetary slack behavior as morally unacceptable. Likewise, the construct peer influence recorded an overall mean of 3.27. The finding reflects a perception of the peer group's values, implying that the prevalent norm is considered less honest. Knowing about their colleagues' dishonest reporting behavior prompted respondents to submit dishonest budgets by engaging in budgetary slack behavior. Meanwhile, the construct self-efficacy had an overall mean of 3.76 (the highest among the variables), signifying that the respondents were confident and firmly believed in their capacity to complete the tasks and goals and hence were less likely to participate in budgetary slack behavior. The variable of interest, intention to create budgetary slack had an overall mean of 3.48, indicating that the sampled respondents' intention to participate in budgetary slack behavior was typically strong.

4.4 Discussion

This study revealed that research instruments for all variables had achieved a satisfactory level of reliability, whereby the value of Cronbach's Alpha for all constructs exceeded 0.70, ranging from 0.771 to 0.963 (Nunnally & Bernstein, 1994). Furthermore, the findings revealed that the mean score for all the indicators was above the mid-point value of 2.5. The mean score revealed that the respondents considered budgetary slack behavior to be morally unacceptable. Nonetheless, the respondents still have a favorable attitude toward budgetary slack behavior, and in fact, this behavior is considered acceptable within organizations. The possible reason for this situation is due to the high complexity of the working structure, such as protocols and

bureaucracy in public sector organizations which inhibit the government from expediting the budgeting process. Due to the high intensity of bureaucracy and protocols in the public sector, obtaining an additional budget during the budget period is nearly impossible, and transferring between budget items is a time-consuming process. All these constraints prompted the respondents to establish slack resources during the budget formulation process of the current period to counter any unforeseen circumstances that required impromptu execution and funding.

Another possible reason that encouraged the formation of slack in the proposed budget is budget actors' perceptions of the budget as a negotiation process. Negotiation-based budgeting provides an opportunity for budget preparers to establish slack in their budget to guarantee they will obtain sufficient resources from the negotiation process. From the viewpoint of budget preparers, the goal is not only to avoid a decrease in allocated funds but also to acquire an increase in the allocated funds. However, from the central government negotiator's side, funds are allocated based on the government's priorities and limitations. Therefore, instead of presenting realistic figures in the proposed budget, it is a common practice among budget preparers to induce slack resources in the submitted budget to acquire more budgeted funds from the government and ensure sufficient resources to execute the tasks, especially when they know the government will not allocate the requested budget.

Observing the behavior of others influences budget preparers' perceptions of what is considered an appropriate social norm. Despite knowing that performing this behavior is morally unacceptable and signifies budget preparers' dishonesty in budget reporting, they still engage in it as they observe and imitate peer behavior. Moreover, budget preparers might use peers' engagement in slack behavior as an excuse to justify their behavior. Over time, this behavior may become intensified and readily adopted. Distributional fairness concerns are another reason for slack creation. Fairness concerns arose when peers received more compensation by building slack into the proposed budget, particularly under budget-based compensation scheme. Feeling unfair regarding resource distribution and compensation triggered the respondents to behave the same way they observed in peers, even though it violates moral values and is against their immediate self-interest.

5 Conclusion

The findings of this study offer some valuable insights into respondents' perception on budgeting practices in the government sector, as well as budgetary slack behavior of budget preparers in the local government of Malaysia. From the descriptive analysis, the mean score concluded that sampled respondents have a favorable attitude towards budgetary slack behavior and considered this behavior to be acceptable and common practice among budget preparers to ensure adequate resources can be obtained, especially considering the intricate working structure of government organizations. As a result, the budget requested is more likely to comprise slack resources.

Understanding the intentions of budget preparers toward budgetary slack behavior and the determinants of such intentions may be valuable to policymakers aiming to boost and advocate

good corporate governance practices in public sector organizations. Given budget preparers' perception that budgetary slack behavior is ethically bad, highlighting a key approach of controlling and reducing budgetary slack behavior. The finding emphasizes the importance of educating and fostering ethical behavior among public officers in local government and other government entities in order to instill a sense of moral obligation in public officers toward honest budget reporting. This can be accomplished by holding seminars, symposiums, and media education to educate public officers about their accountability to the public.

The findings of this study are limited in some regards. The findings of this study only reflect the perspectives of department heads in local governments of Malaysia regarding budgetary slack behavior. Therefore, further studies may broaden the model to other contexts and government bodies, such as public universities, state governments and federal ministries and agencies. Furthermore, future studies could extend this model by incorporating other variables that could provide additional insight on the intention to engage in budgetary slack behavior, such as lack of self-control and past behavior.

Acknowledgement

The authors would like to acknowledge the Ministry of Higher Education for the grant awarded and for financial assistance (Fundamental Research Grant Scheme (FRGS) number: R/FRGS/A0100/01589A/002/2018/000546).

6 References

- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179-211.
- Alleyne, P., & Harris, T. (2017). Antecedents of taxpayers' intentions to engage in tax evasion: evidence from Barbados. *Journal of Financial Reporting and Accounting*, 15(1), 2-21.
- Alleyne, P., Weekes-Marshall, D., Estwick, S., & Chaderton, R. (2014). Factors Influencing Ethical Intentions Among Future Accounting Professionals in the Caribbean. *Journal of Academic Ethics*, 12(2), 129-144. Retrieved from <https://doi.org/10.1007/s10805-014-9203-5>
- Awang, Y., Abdul Rahman Abdul, R., & Ismail, S. (2019). The influences of attitude, subjective norm and adherence to Islamic professional ethics on fraud intention in financial reporting. *Journal of Islamic Accounting and Business Research*, 10(5), 710-725. doi:10.1108/JIABR-07-2016-0085
- Beck, L., & Ajzen, I. (1991). Predicting dishonest actions using the theory of planned behavior. *Journal of Research in Personality*, 25, 285-301.
- Black, E. L., Burton, F. G., & Cieslewicz, J. K. (2021). Improving Ethics: Extending the Theory of Planned Behavior to Include Moral Disengagement. *Journal of Business Ethics*. doi:10.1007/s10551-021-04896-z
- Blewitt, J. C., Blewitt, J. M., & Ryan, J. (2018). Business Forums Pave the Way to Ethical Decision Making: The Mediating Role of Self-Efficacy and Awareness of a Value-Based Educational Institution: JBE. *Journal of Business Ethics*, 149(1), 235-244. doi:<https://doi.org/10.1007/s10551-016-3103-0>

- Brown, J. L., Fisher, J. G., Sooy, M., & Sprinkle, G. B. (2014). The effect of rankings on honesty in budget reporting. *Accounting, Organizations and Society*, 39(4), 237-246. doi:<https://doi.org/10.1016/j.aos.2014.03.001>
- Brunner, M., & Ostermaier, A. (2017). Peer Influence on Managerial Honesty: The Role of Transparency and Expectations. *Journal of Business Ethics*, 154(1), 127-145. doi:10.1007/s10551-017-3459-9
- Carpenter, T. D., & Reimers, J. L. (2005). Unethical and Fraudulent Financial Reporting: Applying the Theory of Planned Behavior. *Journal of Business Ethics*, 60(2), 115-129. doi:10.1007/s10551-004-7370-9
- Chen, G., Gully, S. M., & Eden, D. (2001). Validation of a New General Self-Efficacy Scale. *Organizational Research Methods*, 4(1), 62-83. doi:10.1177/109442810141004
- Creswell, J. W. (2018). *Research Design Qualitative, Quantitative and Mixed Methods Approaches* (5th ed.). Los Angeles: Sage.
- Cronan, T. P., Mullins, J. K., & Douglas, D. E. (2018). Further Understanding Factors that Explain Freshman Business Students' Academic Integrity Intention and Behavior: Plagiarism and Sharing Homework. *Journal of Business Ethics*, 147(1), 197-220. doi:10.1007/s10551-015-2988-3
- Curtis, G. J., Cowcher, E., Greene, B. R., Rundle, K., Paull, M., & Davis, M. C. (2018). Self-Control, Injunctive Norms, and Descriptive Norms Predict Engagement in Plagiarism in a Theory of Planned Behavior Model. *Journal of Academic Ethics*, 16(3), 225-239. doi:10.1007/s10805-018-9309-2
- Daumoser, C., Hirsch, B., & Sohn, M. (2018). Honesty in budgeting: a review of morality and control aspects in the budgetary slack literature. *Journal of Management Control*, 29(2), 115-159. doi:10.1007/s00187-018-0267-z
- Daw Tin Hla, Chang Sze Ping, Abu Hassan Md. Isa, Michael Tinggi, Shaharudin Japar, & Sophee S. Balia. (2016). Public Budget Ratcheting: Do Malaysia Federal Government Agencies Adjust Their Budgets Based on Expenditure Variances? *UNIMAS Review of Accounting and Finance*, 1(1), 11-35.
- Dawes, J. (2008). Do Data Characteristics Change According to the Number of Scale Points Used? An Experiment Using 5 Point, 7 Point and 10 Point Scales. *International Journal of Market Research*, 50(1), 1-19. doi:10.1177/147078530805000106
- Elmassri, M., & Harris, E. (2011). Rethinking budgetary slack as budget risk management. *Journal of Applied Accounting Research*, 12(3), 278-293. doi:10.1108/09675421111187700
- Floyd, S. W., & Wooldridge, B. (1992). Middle Management Involvement in Strategy and Its Association with Strategic Type: A Research Note. *Strategic management journal*, 13, 153-167. Retrieved from <http://www.jstor.org/stable/2486358>
- Griastini, S. A. M., & Mimba, N. P. S. H. (2018). The Influence of Asymmetry Information, Budget Emphasis, Self Esteem on Budgetary Slack with Unbelievable Career as Moderate. *Research Journal of Finance and Accounting*, 9(14), 125-136.

- McKelvie, S. J. (1978). Graphic rating scales — How many categories? *British Journal of Psychology*, 69(2), 185-202. doi:10.1111/j.2044-8295.1978.tb01647.x
- Merchant, K. A. (1985). Budgeting and the propensity to create budgetary slack. *Accounting, Organizations and Society*, 10(2), 201-210. doi:http://dx.doi.org/10.1016/0361-3682(85)90016-9
- National Audit Department. (2020). *Malaysia National Auditor General's Report, 2019* Retrieved from <https://lkan.audit.gov.my/laporan>
- Nouri, H., & Parker, R. J. (1998). The relationship between budget participation and job performance: The roles of budget adequacy and organizational commitment. *Accounting, Organizations and Society*, 23(5), 467-483. doi:http://dx.doi.org/10.1016/S0361-3682(97)00036-6
- Nunnally, J. C., & Bernstein, I. (1994). *Psychometric theory* (3rd ed.): McGraw-Hill
- Onsi, M. (1973). Factor Analysis of Behavioral Variables Affecting Budgetary Slack. *The Accounting Review*, 48(3), 535-548. Retrieved from <http://www.jstor.org/stable/245151>
- Paz, M. (2014). How does Peer Honesty Affect Focal Manager Honesty in a Budget Reporting Setting? *Advances in Accounting Behavioral Research*, 16, 85-114. doi:10.1108/S1475-1488(2013)0000016009
- Preston, C. C., & Colman, A. M. (2000). Optimal number of response categories in rating scales: reliability, validity, discriminating power, and respondent preferences. *Acta Psychologica*, 104(1), 1-15. doi:https://doi.org/10.1016/S0001-6918(99)00050-5
- Shariman, J., Nawawi, A., & Salin, A. S. A. P. (2018). Issues and concerns on statutory bodies and federal government—evidence from Malaysian Auditor General's report. *International Journal of Public Sector Performance Management*, 4(2), 251-265.
- Shneor, R., & Munim, Z. H. (2019). Reward crowdfunding contribution as planned behaviour: An extended framework. *Journal of business research*, 103, 56-70. doi:https://doi.org/10.1016/j.jbusres.2019.06.013
- Sudirman, I., Siswanto, J., Monang, J., & Aisha, A. N. (2019). Competencies for effective public middle managers. *Journal of Management Development*, 38(5), 421-439. doi:10.1108/JMD-12-2018-0369
- Uzun, A. M., & Kilis, S. (2020). Investigating antecedents of plagiarism using extended theory of planned behavior. *Computers & Education*, 144, 1-14. doi:https://doi.org/10.1016/j.compedu.2019.103700
- Van Teijlingen, E. R., Rennie, A. M., Hundley, V., & Graham, W. (2001). The importance of conducting and reporting pilot studies: the example of the Scottish Births Survey. *Journal of advanced nursing*, 34(3), 289-295.
- Widanaputra, A. A., & Mimba, N. P. S. H. (2014). The Influence of Participative Budgeting on Budgetary Slack in Composing Local Governments' Budget in Bali Province. *Procedia - Social and Behavioral Sciences*, 164, 391-396. doi:https://doi.org/10.1016/j.sbspro.2014.11.093
- Young, S. M. (1985). Participative Budgeting: The Effects of Risk Aversion and Asymmetric Information on Budgetary Slack. *Journal of Accounting Research*, 23(2), 829-842. doi:10.2307/2490840

Yuen, D. C. Y. (2004). Goal characteristics, communication and reward systems, and managerial propensity to create budgetary slack. *Managerial Auditing Journal*, 19(4), 517-532. doi:10.1108/02686900410530529

Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2009). *Business Research Methods* (8th ed.): South-Western College Pub.