
Determinants of employees' psychological ownership on budgetary slack

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Abstract

The existence of budgetary slack permeates every level of private sector organisations. Employees (i.e., budget makers) usually request excessive budgetary resources in the budgeting process. Due to its dysfunctional nature, existing researchers had extensively examined the relationship between budgetary slack and employees' performance. This study adopted a survey questionnaire approach to examine the relationship between determinants of psychological ownership and employees' intention to create slack in budgeting. There were 475 budget makers from private sector organisations in the Klang Valley, Malaysia who participated in this study through a questionnaire survey. Preliminary data analysis was performed using normality, multi-collinearity, variance inflation index (VIF), common method variance, and reliability analysis. Multiple regression analysis was also applied to investigate the relationships of each dimension of employees' psychological ownership on budgetary slack. This paper is considered a pioneer empirical study that investigates the determinants of psychological ownership on budgetary slack among budget makers from the psychological perspective in the context of private sector organisations in Malaysia, where slack activities in budgeting existed.

Keywords: Budgetary slack, psychological ownership, private sector organisations

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