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A Behavioral Model of Budgetary Slack: The Roles of Participative Budgeting, Social Pressure, and Machiavellianism with the Moderating Role of Political Skill

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Abstract: Despite extensive research on budgetary slack, limited evidence exists regarding the combined influence of budgeting mechanisms, social pressures, and individual characteristics. This study investigates the effects of participative budgeting, social pressure, and Machiavellianism on budgetary slack and examines whether political skill moderates these relationships. Using a cross-sectional survey, data were collected from lower- and middle-level managers of a Regional Development Bank in Indonesia. Data from 221 valid responses were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reveal that participative budgeting, social pressure, and Machiavellianism positively and significantly influence budgetary slack, although the effect of participative budgeting is contrary to the proposed hypothesis. Political skill does not moderate these relationships but exerts a positive and significant direct effect on budgetary slack. These findings contribute to the behavioral accounting literature by demonstrating that budgetary slack is jointly shaped by budgeting mechanisms, social pressures, and individual characteristics, while political skill functions as a direct predictor rather than a moderating mechanism.

Keywords: budgetary slack, Machiavellianism, participative budgeting, political skill, social pressure.

INTRODUCTION

Research Background

Budgets serve as a core management control instrument for coordination, communication, and performance evaluation (Datar & Rajan, 2021; Merchant & Van der Stede, 2017). Yet managers may deliberately propose targets below their actual capacity to reduce performance risk, a behavior known as budgetary slack (Dunk, 1993; Young, 1985). This issue is particularly important in the banking industry, where budgets also support regulatory compliance and supervisory oversight.

In Indonesia, bank budgeting is formalized through the Bank Business Plan (*Rencana Bisnis Bank* [RBB]) under OJK Regulation No. 5/POJK.03/2016 and Circular Letter No.

12/SEOJK.03/2021. Because RBB targets directly influence managerial performance evaluation and regulatory monitoring, their formulation may create incentives for strategic responses to performance pressure. OJK data for 2025 indicate that while many Indonesian banks revised their RBB targets downward amid slowing industry growth, others maintained their original targets despite facing broadly similar external conditions. These contrasting responses suggest that budget adjustments may reflect not only changing economic conditions but also managerial judgment.

This issue is especially relevant for Regional Development Banks (*Bank Pembangunan Daerah* [BPDs]), whose performance depends heavily on regional economic conditions. At one such BPD, located in a province experiencing prolonged economic slowdown, branch managers were required to reconcile local market realities with ambitious RBB targets. Meanwhile, hierarchical pressure from superiors, combined with more detailed knowledge of local customers and business conditions than headquarters, provided both the incentive and the discretion to propose conservative performance targets (Webb, 2002). Archival business planning records from this BPD covering 2016–2025 show that RBB targets for both credit and third-party funds (DPK) were revised downward in seven of the ten fiscal years, while realized growth in 2025 still fell short of the revised targets. Although such revisions are permitted under OJK Regulation No. 5/POJK.03/2016, their persistence over nearly a decade suggests that target adjustments may reflect more than isolated responses to changing market conditions. Rather than constituting direct evidence of budgetary slack, this recurring pattern provides a strong empirical basis for examining whether managerial budgeting decisions are shaped not only by economic conditions but also by behavioral factors during target setting.

Behavioral accounting views budgetary slack as the outcome of interactions among organizational conditions, interpersonal influences, and individual characteristics rather than merely budgeting procedures(Deng et al., 2020; Santos et al., 2022). Accordingly, this study adopts Social Cognitive Theory (SCT) (Bandura, 1986), which explains behavior as the reciprocal interaction of environmental, personal, and behavioral factors. This perspective provides an appropriate theoretical lens for understanding how organizational structures, social influences, and individual dispositions jointly shape managerial budgeting behavior. Within this framework, participative budgeting, social pressure, and Machiavellianism represent structural, interpersonal, and dispositional determinants that may jointly influence the creation of budgetary slack (Dunk, 1993; Hartmann & Maas, 2010; Jones & Paulhus, 2014; Young, 1985).

Managers, however, do not respond uniformly to these influences because they differ in their ability to navigate organizational relationships and workplace dynamics. This study therefore positions political skill as a moderating variable rather than a direct antecedent of budgetary slack. As a neutral interpersonal capability (Bryer, 2014; Ferris et al., 2007), political skill neither inherently promotes nor constrains slack. Instead, it shapes how managers respond to the opportunities and pressures arising from participative budgeting, social pressure, and personal disposition, allowing similar organizational conditions to produce different budgeting outcomes.

Despite extensive research on budgetary slack, several issues remain unresolved. First, empirical evidence on the relationship between participative budgeting and budgetary slack remains inconsistent. While some studies report that participation improves budget quality and reduces slack, others argue that it facilitates opportunistic use of information asymmetry (Al Jasimee & Blanco-Encomienda, 2024; Namazi & Rezaei, 2024). Second, structural, social, and dispositional antecedents have generally been examined in isolation, limiting understanding of how these factors jointly shape managerial budgeting behavior (Hartmann & Maas, 2010; Mirza. Br & MAdi, 2020; Wakefield, 2008). Third, although political skill has received considerable attention in organizational behavior research, its role as a moderating mechanism in budgeting decisions remains underexplored (Blickle et al., 2020). Finally, empirical evidence from Indonesian BPDs remains limited despite their distinctive institutional characteristics and concentrated regional market exposure.

Motivated by these gaps, this study examines the effects of participative budgeting, social pressure, and Machiavellianism on budgetary slack and investigates the moderating role of political skill in an Indonesian BPD. This study contributes to the behavioral accounting literature in three ways. First, it develops an integrative behavioral model that simultaneously examines structural, interpersonal, and dispositional determinants of budgetary slack, thereby addressing the fragmented approach adopted in prior studies. Second, it provides branch-level evidence from a highly regulated and regionally concentrated BPD context that has received limited attention in the behavioral management accounting literature. Third, it clarifies the theoretical role of political skill as a moderating mechanism that conditions, rather than directly determines, managerial budgeting behavior.

Theoretical Foundations

This study draws on two complementary theoretical perspectives. Social Cognitive Theory (SCT) (Bandura, 1986) explains behavior as the reciprocal interaction of personal, environmental, and behavioral factors. Individuals regulate their behavior based on expected outcomes, making budgeting decisions responsive to organizational incentives and evaluation systems (Bandura, 1986, 1991). In this study, participative budgeting and social pressure represent environmental influences, whereas budgetary slack reflects the resulting managerial behavior.Trait Theory (Allport, 1937; Costa & McCrae, 1992) complements SCT by explaining stable individual differences in behavioral tendencies. Within the Dark Triad framework (Paulhus & Williams, 2002), Machiavellianism represents a disposition toward strategic manipulation and self-interest (Christie & Geis, 1970). Accordingly, Trait Theory explains the dispositional basis of Machiavellianism, whereas SCT explains how this disposition interacts with participative budgeting and social pressure to influence budgetary slack, with political skill serving as a behavioral capability that shapes managers' responses to organizational contexts.

Hypothesis Development

Participative Budgeting and Budgetary Slack

Participative budgeting refers to the extent to which managers are involved in setting and negotiating budget targets (Shields & Shields, 1998). Greater participation can improve information sharing, strengthen goal commitment, and enhance ownership of budget targets, thereby reducing the likelihood of budgetary slack (De Baerdemaeker & Bruggeman, 2015). However, participation may also facilitate slack because managers often possess superior local information that can be used to negotiate more easily attainable targets, particularly when proposed budgets are not rigorously verified (Dunk, 1993; Young, 1985). From an SCT perspective, participative budgeting represents an environmental factor whose influence on budgetary slack depends on how managers interpret organizational incentives and performance evaluation systems.

H1: Participative budgeting has a negative effect on budgetary slack.

Social Pressure and Budgetary Slack

This study focuses on obedience pressure, a form of social pressure arising from hierarchical authority that is particularly relevant in formal organizations such as banks (DeZoort & Lord, 1997; Lord & Todd DeZoort, 2001). Research on obedience demonstrates that individuals often comply with legitimate authority even when doing so conflicts with their professional judgment, partly because responsibility is perceived to shift from the individual to

the authority figure (Blass, 1999; Douglas & Wier, 2000; Maas & Van Rinsum, 2013; Milgram, 1963). In budgeting, such pressure—especially when performance evaluation depends on target attainment—can encourage managers to propose safer and more easily achievable budget targets (Danil Mirza. Br & Khoirunisa, 2021; Hartmann & Maas, 2010).
H2: Social pressure has a positive effect on budgetary slack.

Machiavellianism and Budgetary Slack

Machiavellianism describes a personality disposition marked by cynicism toward conventional morality, strategic manipulation, and self-interested calculation of costs and benefits (Christie & Geis, 1970; Dahling et al., 2009). Individuals high in Machiavellianism tend to treat formal rules and procedures instrumentally rather than normatively (Paulhus & Williams, 2002), which in a budgeting context translates into a greater willingness to exploit information asymmetry and discretion to construct budget buffers that protect personal performance evaluation (Corzine & Hozier, 2005; Sakalaki et al., 2007). Prior accounting research links Machiavellianism to opportunistic behaviors such as aggressive tax reporting and self-serving transfer-price negotiation (Ghosh & Crain, 1995; Shafer & Wang, 2011), and more directly to budgetary slack itself (Hartmann & Maas, 2010; Nasatto Corrêa & Facin Lavarda, 2021).
H3: Machiavellianism has a positive effect on budgetary slack.

The Moderating Role of Political Skill

Political skill refers to the ability to understand and influence others effectively in organizational settings (Ferris et al., 2005, 2007). This study conceptualizes political skill as a neutral interpersonal capability whose behavioral consequences depend on the organizational context in which it is exercised (Ahearn et al., 2004; Munyon et al., 2015). Within participative budgeting, political skill is expected to strengthen the negative effect of participation on budgetary slack because politically skilled managers are more likely to recognize the long-term value of transparent collaboration (Kolodinsky et al., 2004; Maiga & Jacobs, 2007). Under social pressure, political skill is expected to strengthen the positive effect of pressure on slack by enabling managers to adapt budget proposals to meet superiors' expectations (Kimura, 2015; Treadway et al., 2005). Likewise, political skill is expected to strengthen the positive effect of Machiavellianism on slack because it facilitates the effective execution of manipulative behavior (Blickle et al., 2020; Bolino et al., 2008).
H4: Political skill strengthens the negative effect of participative budgeting on budgetary slack.
H5: Political skill strengthens the positive effect of social pressure on budgetary slack.
H6: Political skill strengthens the positive effect of Machiavellianism on budgetary slack.

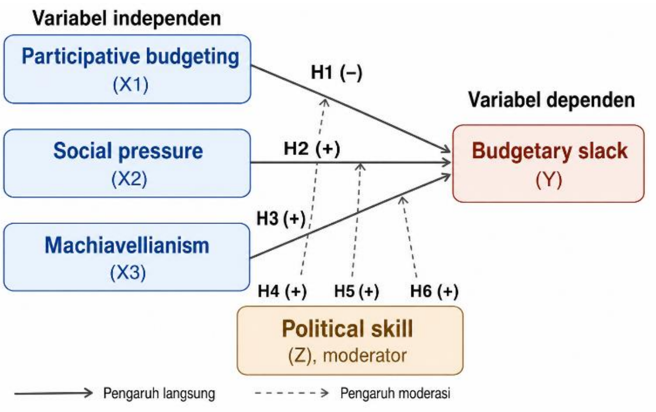

Figure 1. Conceptual Framework

METHOD

Research Design

This study employed a quantitative survey design to examine the relationships among participative budgeting, social pressure, Machiavellianism, political skill, and budgetary slack in the banking sector. The study adopted an explanatory approach to test the proposed theoretical model. Data were collected using a cross-sectional questionnaire survey.

Population and Sample

The population consisted of 304 low- and middle-level managers of an Indonesian Regional Development Bank involved in the preparation and implementation of the Bank Business Plan (RBB). A total sampling approach was employed, whereby all eligible members of the population were invited to participate. The minimum sample size was determined using G*Power analysis with six predictors, $\alpha = 0.05$, power = 0.80, and a medium effect size ($f^2 = 0.15$), resulting in a minimum requirement of 98 respondents (Cohen, 1992; Hair et al., 2021).

Research Instrument and Data Collection

Data were collected using a structured closed-ended questionnaire distributed electronically through Google Forms during April–May 2026. The questionnaire comprised 55 items measuring five constructs: budgetary slack (6 items), participative budgeting (6 items), social pressure (9 items), Machiavellianism (16 items), and political skill (18 items). All constructs were measured using a six-point Likert scale ranging from 1 (strongly disagree) to 6 (strongly agree). The even-numbered scale was applied to minimize neutral response bias and enhance measurement sensitivity (Chyung et al., 2017; Weijters et al., 2010). Measurement items were adapted from previously validated instruments.

Data Analysis Technique

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The analysis involved measurement model (outer model) evaluation through convergent validity, discriminant validity, and reliability assessments, and structural model (inner model) evaluation through R^2, Q^2, f^2, VIF, and hypothesis testing using bootstrapping with 5,000 subsamples. The moderating effect of political skill was examined using the two-stage approach by testing interaction effects between political skill and the independent variables. Common Method Bias (CMB) was assessed using Harman's single factor test and full collinearity assessment using VIF.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

This study was conducted at an Indonesian Regional Development Bank. Using a census approach, data were collected from 304 managerial-level employees involved in the preparation of the Bank Business Plan (RBB) through an online questionnaire distributed via Google Forms from 14 April to 5 May 2026. A total of 234 responses were received (76.97% response rate), and 13 responses were excluded after screening, resulting in 221 valid responses for analysis. The respondents were predominantly male (66.97%), aged 41–45 years (36.65%), and held a bachelor's degree (83.71%). Section Heads represented the largest managerial group (44.80%), while 78.28% had more than 10 years of work experience, indicating a sample dominated by experienced managers involved in budgeting and RBB preparation.

Table 1. Respondent Profile (n = 221)

Characteristic	Category	Frequency	%
Gender	Male	148	66.97
	Female	73	33.03
Age	31–35 years	31	14.03
	36–40 years	53	23.98
	41–45 years	81	36.65
	>45 years	56	25.34
Education	Diploma	1	0.45
	Bachelor's degree	185	83.71
	Master's degree	35	15.84
Position	Section Head	99	44.80
	Deputy Sub-branch Head	26	11.76
	Sub-branch Head	46	20.81
	Department Head	4	1.81
	Deputy Branch Head	18	8.14
	Branch Head	28	12.67
Tenure	7–10 years	48	21.72
	>10 years	173	78.28

Source: Primary data (2026)

Measurement Model Evaluation (Outer Model)

Convergent validity was assessed using outer loadings and Average Variance Extracted (AVE). Seven indicators with outer loadings below 0.70 (Mach01, Mach02, Mach12, Mach15, SP01, SP04, and SP05) were removed to improve the measurement model. The refined model retained only indicators with outer loadings above 0.70, while all constructs achieved AVE values above the recommended threshold of 0.50, confirming adequate convergent validity (Tables 2 and 3). Discriminant validity was evaluated using cross-loadings and the Heterotrait–Monotrait Ratio (HTMT). Two Machiavellianism indicators (Mach10 and Mach11) were removed because they loaded higher on Budgetary Slack than on their intended construct. After refinement, all indicators loaded highest on their respective constructs, and all HTMT values were below the recommended threshold of 0.90, confirming adequate discriminant validity (Table 4).

Table 2. Outer Loadings

Construct	Indicators	Range of Outer Loadings
Budgetary Slack	BS01–BS06	0.797–0.888
Machiavellianism	Mach03, Mach04, Mach05, Mach06, Mach07, Mach08, Mach09, Mach10, Mach11, Mach13, Mach14, Mach16	0.726–0.850
Participative Budgeting	PB01–PB06	0.784–0.883
Political Skill	PS01–PS18	0.705–0.814
Social Pressure	SP02, SP03, SP06, SP07, SP08, SP09	0.737–0.810

Source: Authors' analysis of primary data (2026)

Table 3. Construct Validity and Reliability

Construct	AVE	Cronbach’s Alpha	Composite Reliability
Budgetary Slack	0.747	0.932	0.946
Machiavellianism	0.614	0.943	0.950
Participative Budgeting	0.707	0.917	0.935

Political Skill	0.580	0.958	0.961
Social Pressure	0.590	0.865	0.896

Source: Authors' analysis of primary data (2026)

Table 4. Heterotrait-Monotrait Ratio (HTMT)

Construct	BS	Mach	PB	PS	SP
Budgetary Slack	-				
Machiavellianism	0.876	-			
Participative Budgeting	0.506	0.362	-		
Political Skill	0.669	0.482	0.476	-	
Social Pressure	0.839	0.799	0.454	0.598	-

Source: Authors' analysis of primary data (2026)

Common Method Bias Assessment

Given the cross-sectional survey design and the use of a single questionnaire, common method bias (CMB) was assessed using Harman's Single-Factor Test and Full Collinearity Assessment. Harman's Single-Factor Test showed that the first factor explained 42.1% of the total variance, below the recommended threshold of 50% (Podsakoff et al., 2003). In addition, all full collinearity VIF values ranged from 1.098 to 1.791, which are well below the recommended threshold of 3.3 (Kock, 2015). These findings indicate that common method bias was not a concern in this study.

Structural Model Evaluation

The structural model was evaluated using collinearity, coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). All predictor constructs exhibited VIF values below 5.0, indicating that multicollinearity was not a concern (Table 5). The model demonstrated strong explanatory power, with R^2 increasing from 0.768 in the baseline model to 0.804 after including the moderating effects (Table 6). Effect size analysis showed that Machiavellianism had the strongest effect on Budgetary Slack, whereas the interaction terms had negligible effects. In addition, the model exhibited strong predictive relevance (Q^2 = 0.787), indicating good predictive capability.

Table 5. Collinearity Assessment (VIF)

Predictor	VIF
Participative Budgeting	1.343
Social Pressure	1.696
Machiavellianism	2.664
Political Skill	2.747

Source: Authors' analysis of primary data (2026)

Table 6. Coefficient of Determination (R^2)

Model	R^2	Adjusted R^2
Without moderation	0.768	0.765
With moderation	0.804	0.798

Source: Authors' analysis of primary data (2026)

Hypothesis Testing

Hypothesis testing was performed using the bootstrapping procedure with 5,000 subsamples in SmartPLS. A one-tailed test was applied because all hypotheses specified directional relationships. Path coefficients were considered significant when $t > 1.645$ and $p < 0.05$. The results are presented in Table 7. The results indicate that Social Pressure ($\beta = 0.252$, *p* < 0.001) and Machiavellianism (β = 0.463, *p* < 0.001) exerted positive and significant effects on Budgetary Slack, supporting H2 and H3. In contrast, although Participative Budgeting significantly affected Budgetary Slack (β = 0.097, *p* = 0.006), the relationship was positive rather than the hypothesized negative direction; therefore, H1 was not supported. The moderating effects of Political Skill on the relationships between Participative Budgeting, Social Pressure, Machiavellianism, and Budgetary Slack were all insignificant (*p* > 0.05), indicating that H4–H6 were not supported. Nevertheless, Political Skill showed a positive and significant direct effect on Budgetary Slack (β = 0.252, *p* < 0.001), suggesting that it functions as an independent predictor rather than a moderating variable in the proposed model.

Table 7. Results of Hypothesis Testing (R^2)

Hypothesis	Relationship	β	t	p	Decision
H1	Participative Budgeting and Budgetary Slack	0.097	2.53	0.006	Not supported (opposite direction)
H2	Social Pressure and Budgetary Slack	0.252	4.779	<0.001	Supported
H3	Machiavellianism and Budgetary Slack	0.463	8.456	<0.001	Supported
H4	Political Skill × Participative Budgeting	0.035	0.929	0.177	Not supported
H5	Political Skill × Social Pressure	−0.010	0.174	0.431	Not supported
H6	Political Skill × Machiavellianism	0.022	0.447	0.327	Not supported
—	Political Skill (Direct Effect)	0.252	5.39	<0.001	Significant*

Source: Authors' analysis of primary data (2026)

Discussion

The Effect of Participative Budgeting on Budgetary Slack

The results indicate that participative budgeting has a significant positive effect on budgetary slack, contrary to Hypothesis 1. Rather than producing more realistic budgets, greater participation appears to provide managers with greater discretion to use private information in proposing targets that are easier to achieve. Thus, participative budgeting does not automatically improve budget quality; under certain conditions, it may facilitate the creation of budgetary slack.

This finding contrasts with the theoretical expectation that participative budgeting enhances responsibility, information sharing, and commitment, thereby improving budget accuracy (Covaleski et al., 2003; Leach-López et al., 2007). Instead, it supports Social Cognitive Theory (Bandura, 1986), which posits that behavior results from the interaction of environmental and personal factors. In this context, participative budgeting provides managers with opportunities to evaluate organizational expectations and personal consequences before determining budget targets, potentially encouraging slack when more attainable targets are perceived to improve performance outcomes.

These findings are consistent with studies showing that participative budgeting may increase budgetary slack under conditions of information asymmetry, managerial discretion, and self-interested goal orientation (Douglas & Wier, 2000; Douthit & Stevens, 2015; Dunk, 1993; Fisher et al., 2002; Lukka, 1988; Nouri & Parker, 1998; Young, 1985). Recent evidence likewise suggests that budgetary slack arises from the interaction of organizational conditions, information availability, and individual characteristics rather than from any single factor alone (Al Jasimee & Blanco-Encomienda, 2024; Namazi & Rezaei, 2024; Ramlall & Grobbelaar, 2024).

Previous studies also highlight the dual nature of participative budgeting. Participation can improve communication, coordination, and organizational commitment, thereby reducing budgetary slack (Daumoser et al., 2018; Maiga & Jacobs, 2007). Conversely, when internal controls are weak, it may increase opportunities for opportunistic behavior (Derfuss, 2012). Its effectiveness therefore depends on contextual factors such as individual integrity, procedural fairness, organizational commitment, and control quality (Chen & Xede, 2023; De Baerdemaeker & Bruggeman, 2015).

In the Regional Development Bank examined, where budgets function simultaneously as planning and performance evaluation tools, participative budgeting appears to increase managerial discretion in setting attainable targets. The positive relationship observed in this study therefore suggests that the effectiveness of participative budgeting depends not only on the level of participation itself but also on how the participatory process is governed through appropriate organizational control mechanisms.

The Effect of Social Pressure on Budgetary Slack

The results show that social pressure has a significant positive effect on budgetary slack, supporting Hypothesis 2. This indicates that greater pressure from superiors increases managers' tendency to incorporate slack into proposed budgets, particularly when budget attainment is closely linked to performance evaluation (Hartmann & Maas, 2010; Lord & Todd DeZoort, 2001).

Consistent with Social Cognitive Theory (Bandura, 1986), social pressure functions as an environmental factor that shapes managerial decision-making. Managers evaluate the consequences of budget targets before determining them, and under strong evaluative pressure, they are more likely to propose attainable targets by incorporating slack. This explanation is reinforced by the obedience-to-authority perspective, which suggests that individuals in hierarchical organizations tend to adjust their behavior to meet the expectations of those in authority, especially when decisions affect performance evaluations (Ertas Capan & Uzuncarsili, 2022; Milgram, 1963).

These findings are consistent with previous studies showing that supervisory pressure encourages budgetary slack as a strategy for increasing the likelihood of achieving performance targets (Davis et al., 2006; Douglas & Wier, 2000; Hartmann & Maas, 2010; Lord & Todd DeZoort, 2001; Maas & Van Rinsum, 2013). Similar evidence has also been reported in the Indonesian context, where higher social pressure is associated with greater budgetary slack (Danil Mirza. Br & Khoirunisa, 2021; Hobson et al., 2011), suggesting that this relationship is robust across organizational settings.

In the Regional Development Bank examined, where budgets serve as both planning and performance evaluation instruments, these findings imply that reducing budgetary slack requires not only improving budgeting procedures but also designing performance evaluation systems that minimize excessive supervisory pressure and discourage opportunistic budgeting behavior.

The Effect of Machiavellianism on Budgetary Slack

The results show that Machiavellianism has a significant positive effect on budgetary slack, supporting Hypothesis 3. This indicates that managers with higher levels of Machiavellianism are more likely to incorporate slack into proposed budgets. As a personality trait characterized by self-interest, pragmatism, and strategic behavior (Christie & Geis, 1970), Machiavellianism encourages individuals to evaluate the personal costs and benefits of budgeting decisions rather than viewing budgeting solely as a planning activity (Paulhus & Williams, 2002).

This finding is consistent with Trait Theory, which posits that stable personality characteristics shape individual behavior across organizational contexts. It also aligns with Social Cognitive Theory (Bandura, 1986), suggesting that Machiavellianism influences how managers cognitively evaluate organizational situations before acting. When budget achievement determines performance evaluation, highly Machiavellian managers are more likely to propose attainable targets that increase their probability of success, thereby creating budgetary slack.

These findings are consistent with previous studies showing that Machiavellian individuals are more likely to engage in opportunistic behavior during organizational decision-making, including budgeting (Antonini Bortoluzzi et al., 2023; Ghosh & Crain, 1995; Wakefield, 2008), and are particularly responsive to incentive and performance evaluation systems (Hartmann & Maas, 2010). However, prior research also suggests that this relationship may depend on contextual factors, such as organizational ethical climate, which can either strengthen or constrain the behavioral expression of Machiavellian tendencies (Jones & Paulhus, 2014; Shafer & Wang, 2011).

In the Regional Development Bank examined, where budgets serve as a key basis for managerial performance evaluation, these findings indicate that Machiavellianism is an important individual-level determinant of budgetary slack and should be considered alongside organizational control mechanisms to mitigate opportunistic budgeting behavior.

The Role of Political Skill: Moderation and Direct Effect on Budgetary Slack

Political skill did not moderate the relationships between participative budgeting, social pressure, and Machiavellianism with budgetary slack; therefore, Hypotheses 4–6 were not supported. Although political skill has been theorized to enhance individuals' ability to interpret social situations and influence others effectively (Ferris et al., 2005, 2007), this capability did not strengthen the effects of the three antecedents on budgetary slack. From the perspective of Social Cognitive Theory (Bandura, 1986; Wood & Bandura, 1989), political skill represents a behavioral capability, yet its influence appears to operate independently rather than by altering the relationships among budgeting participation, social pressure, personality, and budgetary slack.

The absence of moderation can be explained from several theoretical perspectives. Participative budgeting has been associated primarily with information asymmetry and managerial discretion (Dunk, 1993; Lukka, 1988; Young, 1985), factors that were not directly examined in this study. Likewise, obedience-to-authority theory suggests that hierarchical pressure tends to produce similar behavioral responses regardless of political skill (Ertas Capan & Uzuncarsili, 2022; Milgram, 1963). In addition, Trait Theory views Machiavellianism as a relatively stable personality disposition (Christie & Geis, 1970; Dahling et al., 2009), implying that its influence on budgeting behavior may not depend on an individual's political skill. Collectively, these findings indicate that, in the Regional Development Bank examined, budgetary slack is explained primarily by the direct effects of participative budgeting, social pressure, and Machiavellianism rather than by interaction effects.

Beyond the proposed hypotheses, political skill exhibited a significant positive direct effect on budgetary slack. This finding suggests that political skill functions more appropriately as an independent predictor than as a moderating variable in the budgeting context. The result is consistent with studies linking political skill to impression management and strategic interpersonal behavior (Maher et al., 2018), particularly in organizations characterized by high political dynamics (Zahid et al., 2022)Accordingly, the influence of political skill appears to depend more on how it is applied within organizational settings than on its ability to strengthen or weaken the effects of other antecedents. This finding contributes to the behavioral accounting literature by suggesting that future studies should reconsider the conceptual role of political skill as a direct antecedent or mediator of budgetary slack rather than solely as a moderator.

CONCLUSION

Conclusion

This study examined the effects of participative budgeting, social pressure, and Machiavellianism on budgetary slack, as well as the moderating role of political skill. The findings show that participative budgeting, social pressure, and Machiavellianism all positively affect budgetary slack, indicating that budgetary slack is shaped by the combined influence of budgeting mechanisms, social pressure, and individual characteristics. Political skill did not moderate any of the proposed relationships but exerted a significant positive direct effect on budgetary slack, suggesting that it functions more appropriately as an independent predictor than as a moderating variable in the budgeting context.

Theoretical and Practical Implications

These findings contribute to the behavioral accounting literature by providing empirical support for Social Cognitive Theory, demonstrating that budgetary slack emerges from the interaction between environmental factors (participative budgeting and social pressure) and individual factors (Machiavellianism and political skill). The positive effect of Machiavellianism further supports the relevance of Trait Theory in explaining opportunistic budgeting behavior. Moreover, the significant direct effect but insignificant moderating role of political skill suggests that its role in behavioral accounting may be better conceptualized as a direct antecedent rather than a boundary condition. Practically, the positive effect of participative budgeting on budgetary slack indicates that organizations should complement participative budgeting with stronger review and monitoring mechanisms to prevent the misuse of participation. Organizations should also reduce excessive supervisory pressure while strengthening ethical values and transparency throughout the budgeting process. Furthermore, political skill should be directed toward collaboration, ethical decision-making, and organizational effectiveness rather than personal advantage.

Limitations and Future Research

This study has several limitations. First, it was conducted within a single Indonesian Regional Development Bank, limiting the generalizability of the findings; future research should examine other banking institutions or industries to enhance external validity. Second, its cross-sectional design does not capture changes in budgeting behavior over time; longitudinal studies would provide a better understanding of these behavioral dynamics. Third, although common method bias was assessed and no significant bias was detected, the use of self-reported data may still introduce response bias; future studies could incorporate objective measures or multiple data sources to mitigate this limitation. Future research may also investigate contextual factors—such as organizational ethical climate, organizational culture, control systems, or organizational commitment—as potential mediators or moderators. Finally, given the significant direct effect but insignificant moderating role of political skill, future studies should further examine whether political skill is more appropriately modeled as a direct predictor or mediator of budgetary slack.

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