

BUDGETARY SLACK, LOVE OF MONEY AND ETHICAL SENSITIVITY (AN EXPERIMENTAL STUDY)

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ABSTRACT

Budgetary slack is an unethical behavior that must be mitigated. One way is to investigate internal factors that allegedly affect the behavior of budgetary slack. This study examine love of money and ethical sensitivity that allegedly affect budgetary slack. Love of money expresses how much an individual's love towards money. Individuals who have high love of money will tend to behave unethically. It might occurs for the drive to justify any means to get bonus incentives if budgeted performance targets are achieved. In addition, researchers also considered ethical sensitivity factors that allegedly affect budgetary slack. Individuals with high ethical sensitivity will tend to avoid budgetary slack.

This study is a comparative causal study that aims to explain the effect of love of money and ethical sensitivity on budgetary slack. The research was done by experimental method and purposive sampling technique. The study involved 103 Accounting and Accounting students who have taken courses in budgeting and management accounting. Hypothesis testing is conducted using regression tests.

The results show that love of money and ethical sensitivity have no effect on budgetary slack. Factors of sample size and research subjects, ie students who do not have real experience in the field of budgeting and financial targets of the company, allegedly contribute to these results. This leads to suggest that further research should use larger samples with subjects who already have real experience in the company.

Kata Kunci: *budgetary slack, love of money, ethical sensitivity*