THE EFFECT OF OBEDIENCE PRESSURE AND PERCEIVED RESPONSIBILITY ON MANAGEMENT ACCOUNTANTS’ CREATION OF BUDGETARY SLACK

This study evaluates management accountants’ susceptibility to inappropriate obedience pressure to create budget slack in violation of corporate policy. We also evaluate links between pressure effects and perceived responsibility, decision justifications, and underlying ethical dimensions. The results of an experiment with 77 management accountants reveal that despite pervasive perceptions of ethical conflict, almost half of the participants violated explicit policy and created budgetary slack when faced with obedience pressure from an immediate superior. The results also indicate that participants who added slack to their initial budget recommendation found themselves less responsible for their budget decision than did participants who refused to add slack. In addition, a majority of the participants indicated that the creation of budgetary slack was unfair, unjust, and/or contrary to their duties.

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