

The Moderating Effect of Authentic Leadership on Social Pressure and Budgetary Slack Relationship: An Experimental Investigation

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ARTICLE INFO

Keywords:

authentic leadership,
budgetary slack, social
pressure

Article History:

Received
2024-06-20
Received in revised form
2024-10-04
Received in revised form
2025-01-26
Accepted
2025-02-05

DOI: 10.22146/jlo.97282

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ABSTRACT

Introduction/Main Objectives: This research investigates the moderating effect of authentic leadership on social pressure and budgetary slack. **Background Problems:** Social pressure is an essential element that influences individual behavior in the organization. The concept of social pressure in the organization emphasizes obedience and peer pressure. However, the stream of research tends to examine obedience and peer pressure separately. **Novelty:** This research examines the differences between obedience pressure and peer pressure in a testing model by considering the moderating effect of authentic leadership. **Research Methods:** This study employs an experimental approach with a 2x2 factorial design between subjects involving 100 accounting students. Social pressure was manipulated into two conditions: obedience vs. peer. Authentic leadership is categorized into two categories, namely high vs low. **Findings/Results:** This research found that the creation of budgetary slack occurs for personal interests and regardless of the level of hierarchy in the work environment. This research found that consistent implementation of authentic leadership can reduce the occurrence of budgetary slack. These findings prove that authentic leadership is able to minimize the adverse consequence of social pressure on budgetary slack. **Conclusion:** This research shows that management can use authentic leadership as an alternative strategy to encourage a more effective budgeting process.

1. Introduction

Budgetary slack is a crucial problem in the budgeting process that can position the company at a loss in the future (Robey et al., 2022; Rohma, 2022; Tyas et al., 2022). Budgetary slack is a form of dysfunctional behavior that causes bias in individual performance evaluations (Anita & Rohma, 2020; Boso et al., 2017; Okafor & Otalor, 2018; Sheng, 2019). Budgetary slack is created to get maximum bonuses from the company (Church et al., 2019; Rohma & Novitasari, 2023). Thus, the company will miss the chance to achieve maximum performance. (Gago-Rodríguez & Naranjo-Gil, 2016; Rohma & Chamalinda, 2023).

Budgetary slack is a problem that continues to occur in various organizations because budgetary slack is a complex and ongoing phenomenon (Rizqi et al., 2018; Sholehah & Ishak, 2022). Complexity occurs because budgetary slack is influenced by various factors, including managerial, organizational, and behavioral. Thus, further exploration of budgetary slack triggers and prevention factors becomes very important.

Apriwandi and Christine (2023) explain that personal interests do not always cause the creation of Slack but can be caused by other people's personal interests. Individuals are never separated from social roles in their activities. Social pressure is one of the closest organizational factors which is considered to have a crucial role in triggering budgetary slack (Mirza & Adi, 2020). Aulia and Kunarto (2018) and Sukmasari et al. (2023) explain that social pressure encourages individuals to make unethical decisions, creating budgetary slack. Xie et al. (2016) classify social pressure as obedience and peer pressure in the work environment.

Several studies show that obedience pressure can trigger budgetary slack (Apriwandi & Pratiwi, 2019; Davis et al., 2006; Dewi & Sulindawati, 2022). However, obedience pressure has no influence in triggering budgetary slack (Anastasia & Lasdi, 2022; Nottar et al., 2022). Peer pressure encourages budgetary slack (Cannon & Thornock, 2019; Geng et al., 2020; Sairazi et al., 2022).

The research development shows that the influence of social pressure on the gap tends to be inconsistent. The inconsistency is possible because a phenomenon has not been comprehensively captured in the research. Based on the perspective of social learning theory, which explains that environmental and individual cognitive factors interact to influence human learning and behavior (Bandura, 1971). Social pressure can shape an individual's perception of what behavior is considered acceptable or desirable within a group. With the trend toward social learning theory, the budgeting mechanism as a manifestation of the social contract cannot stand alone.

Rohma and Khoirunnisa (2024) explained that management accountants are involved in a social contract between superiors and subordinates. Subordinates dominate in shaping individual behavior in committing budgetary slack (Namazi & Rezaei, 2024). The fear of being considered a traitor because it is not in line with peers' actions encourages individuals to observe and imitate the behavior (Cannon & Thornock, 2019). In addition, individuals who observe this behavior will assume that budgetary slack is an effective and reasonable strategy, especially if they also see that the action is not sanctioned and provides benefits.

The social contract mechanism in the workplace forms a layer of the workplace with a superior position that tends to be more dominant. The superior position is more dominant because the central position of the superior holds control over all elements of the layer in the workplace (Taylor & Curtis, 2011). The dominant superior role can be captured through the leadership style construct. The existence of environmental factors in the leadership style construct may have other influences.

Leadership style is a construct related to organizational behavior that is broad enough to be discussed and has an important role in shaping organizational behavior and company performance (Ceri-Booms et al., 2017; Gomathy et al., 2023). However, authentic leadership mechanisms are seen as a leadership style that has a strong influence on employees' positive attitudes and behavior (Duarte et al., 2021; Leem et al., 2017). Authentic leadership emphasizes self-awareness, transparency, integrity, empathy, and inspiration (Nikolić & Kvasić, 2020). Ribeiro et al. (2018) confirm that employees will respond to authentic leadership by showing better performance. Jang and Kim (2021) explain that authentic leadership effectively weakens negative influences within the organization. Positive behavior that upholds ethical and moral values will be used as a role model so that individuals tend to act in harmony with the leader and avoid actions that are not in line with the leader's values. Thus, based on the perspective of social learning theory, it is possible that authentic leadership can minimize the negative influence of social pressure on budgetary slack. Therefore, this study explores the moderating effect of authentic leadership on the link between social pressure and budgetary slack.

This research employs an experimental approach with a 2x2 factorial design between subjects. Social pressure was manipulated into two, namely obedience pressure and peer pressure. Authentic leadership is categorized into two, namely high and low. The aftereffects of this study indicate that individuals' tendency to budget slack is higher under obedience pressure than peer pressure. The findings of this research successfully show that authentic leadership can minimize the negative impact of social pressure on budgetary slack.

This research contributes to three main streams. First, theoretically this research elaborates on social learning theory that social pressure impacts individual perceptions of budgetary slack, but perceptions can change due to environmental factors, namely leadership style which is captured in the authentic leadership construct. Second, this research empirically answers the inconsistency of previous research by comparing the manipulation of social pressure in one test model by considering environmental factors, namely authentic leadership. Third, this research can be used practically to help organizations consider the potential of authentic leadership in the employee recruitment process to develop an authentic leadership climate to minimize dysfunctional behavior.

Comprehensively, this research presents several parts, namely the second part, literature review and hypothesis development. The third part is research methods. The fourth part is the research results and discussion. The closing section is a conclusion that includes implications, limitations and suggestions.

2. Literature Review

2.1. Social Learning Theory

Bandura (1971) explains social learning theory, which states that the individual learning process involves cognitive and environmental factors (Bandura, 1971). Individuals tend to observe, imitate, and copy other people's behavior in the social environment (Bandura, 1971). The individual learning process involves people with high social status, knowledge, and authority over social activities as role models (Bandura et al., 1961).

In the work environment, individuals feel social pressure, which is the basis for engaging in budgetary slack behavior. The existence of social pressure can shape individual perceptions and help decide whether budget slack behavior should be imitated or not. Environmental factors such as authentic leadership can create a positive work environment that can minimize budgetary slack behavior by developing authentic values such as transparency, trust, integrity, and high moral standards.

2.2. Social Pressure

Social pressure is the influence exerted by other people to influence an individual's beliefs, attitudes, and behavior (Asch, 1956). Ličen et al. (2016) explain that social pressure can take the form of criticism, orders, and attitudes to influence individual beliefs. In this research, social pressure is grouped into categories, namely obedience pressure and peer pressure.

Tandi et al. (2018) explain that obedience pressure influences the form of orders made by individuals in positions of authority. Meanwhile, peer pressure is the influence of peers to follow attitudes, values, or behavior to conform to the individual or group that influences them. (Dhull & Beniwal, 2017).

2.3. Authentic Leadership

Authentic leadership prioritizes self-awareness, sincere behavior, focus on goals, and emotional relationships with subordinates (Nikolić & Kvasić, 2020). Leaders with authentic leadership are mission-oriented and focus on achieving results for the organization, not personal interests (Nikolić & Kvasić, 2020). Duarte et al. (2021) explain that authentic leadership prioritizes long-term goals and values ethical behavior. Walumbwa et al. (2008) identified four dimensions that form the basis of authentic leadership, namely: self-awareness, relational transparency, balanced processing of information, and an internalized moral perspective.

2.4. Budgetary Slack

Budgetary slack is a form of dysfunctional behavior that is contrary to ethical standards in the budget preparation process (Sairazi et al., 2021). Budgetary slack arise when budget estimates are higher than budget realization (Robey et al., 2022; Rohma et al., 2023). Eendenich & Trapp (2020) explains that a budgetary slack is an action that is deliberately carried out by exaggerating costs and reducing income in order to create targets that are easy to achieve. Budgetary slack behavior is considered to violate the objectives of the budgeting process and result in a decrease in overall long-term performance.

2.5. Hypothesis Development

Social pressure directly impacts an individual's decision to behave unethically and encourages dysfunctional behavioral tendencies (Patel, 2023; Sujana & Dewi, 2022). Hartikasari and Hapsari (2020) show that social pressure drives the trend towards budgetary slack. Based on the perspective of

social learning theory, individuals tend to learn from observing and imitating the behavior of others (Bandura, 1971). In the context of budgetary slack, individuals may imitate superiors and colleagues who engage in budgetary slack behavior and consider it a norm or acceptable behavior in the organization. Individuals under obedience pressure learn to obey authority figures, namely superiors, by observing and experiencing the consequences of obedience and disobedience.

Obedience pressure encourages budgetary slack behavior (Hasan & Andreas, 2019; Mahmudi & Supriyadi, 2019; Prayudi & Dharmawan, 2019). Individuals under peer pressure observe and implement behavior to gain acceptance and avoid rejection from the social group. Cannon and Thornock (2019) show that the tendency for budgetary slack is based on peers' behavior. Obedience pressure has a stronger influence than peer pressure on the tendency of budgetary slack (Mirza & Adi, 2020; Mirza & Khoirunisa, 2021). Thus, based on the perspective of social learning theory, subordinates in conditions of obedience pressure will carry out the same behavior as their superiors as role models in behavior. Thus, hypothesis 1 proposed is:

H1. The tendency for budgetary slack behavior tends to be higher in conditions of obedience pressure than in conditions of peer pressure.

Baquero (2023) shows that authentic leadership creates a healthy work environment by involving positive motivation and emotions in every work activity, thereby giving rise to positive work behavior. Syam et al. (2017) explain that authentic leadership can minimize the tendency to behave dysfunctionally in the work environment. Based on the perspective

of social learning theory, individuals learn new behavior by observing and imitating other people's behavior, especially those with higher power and status (Bandura, 1971).

A leader's behavior and actions can impact the understanding of subordinates. Agustina et al. (2024) explain that leaders set an organization's tone, work culture, and performance standards that impact how subordinates work. A leader's behavior and actions can impact the understanding of subordinates (Shen & Lei, 2022). If a leader consistently applies values such as transparency and honesty in managing budget resources, then subordinates will learn to prioritize the same values in decision-making. Hence, it can foster a culture of responsible budget management, reducing the possibility of budgetary slack. Thus, based on the social learning theory perspective, subordinates will imitate and implement the authentic values that superiors apply in every work activity. Thus, hypothesis 2 proposed is:

H2. The tendency for budgetary slack behavior tends to be higher in low authentic leadership conditions than in high authentic leadership conditions.

Social learning theory emphasizes that subordinates tend to imitate and implement superior behavior. Chen et al. (2023) explain that in an unethical environment, there is an increased tendency to follow superior decisions by engaging in unethical behavior. Individuals under conditions of obedience pressure and peers are likely to behave with budgetary slack according to the party's decision to exert the pressure. Authentic leadership has a major role in fighting the tendency of dysfunctional management behavior in organizations (Weiss et al., 2018). Ribeiro et al. (2018) explained that authentic

leadership is a determinant of improving employee performance. Wei et al. (2018) show that authentic leadership builds employee motivation to complete their work tasks. Thus, based on the perspective of social learning theory, a high level of authentic leadership can encourage subordinates to learn and apply their superior, authentic values.

It is possible that authentic leadership can be a filter for actions that have the potential to cause budgetary slack, such as social pressure. A high level of authentic leadership that consistently upholds the

values of transparency and honesty will encourage the tendency for budget slack behavior to be lower than at a low level of authentic leadership. Thus, budgetary slack behavior in conditions of obedience pressure will tend to be lower in conditions of high authentic leadership than in conditions of low authentic leadership. Therefore, hypothesis 3 proposed in this study is:

H3. Authentic leadership moderates the influence of social pressure on budgetary slack behavior.

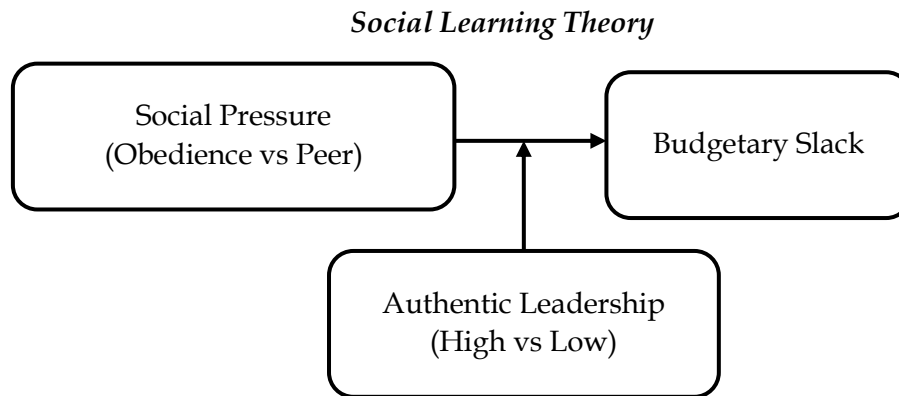


Figure 1. Research Model

3. Method, Data, and Analysis

3.1. Research Design

This research uses a laboratory experiment with a 2x2 factorial design between subjects involving students with specific criteria as experimental subjects. Social pressure was manipulated into two, namely obedience pressure and peer pressure. Authentic leadership is categorized into two, namely high and low. Participants are positioned as subordinates who are given assignments

related to budgetary slack and descriptions of conditions in the work environment.

Based on the cases given to participants, participants were asked to determine the best estimate of budget targets and targets that would be submitted to upper-level management. The experimental design in this research is presented in Table 1 below:

Table 1. Experimental Design

		Authentic Leadership	
		High	Low
Social Pressure	Obedience	Cell 1 (Participant under condition obedience pressure and high authentic leadership)	Cell 2 (Participant under condition obedience pressure and low authentic leadership)
	Peer	Cell 3 (Participant under condition peer pressure and high authentic leadership)	Cell 4 (Participant under condition peer pressure and low authentic leadership)

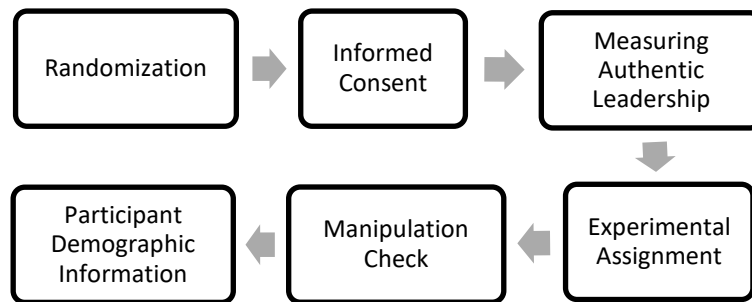
Source: Data Processed (2023)

3.2. Experimental Assignment

The manipulation of social pressure variables in this study refers to Mirza & Khoirunisa (2021) and adopts the case scenario of Hartmann & Maas (2010), which is then modified and adapted to the research context. The experimental assignment in this research refers to Chong & Loy (2015) with several modifications that position participants as subordinates of the production department whose job is to translate a series of production codes in the form of letters into numbers according to the key codes provided. Participants were asked to add up the production codes translated into numbers.

Each correct answer will be converted into points. Participants will later consider these points to determine the best estimate of the budget target. Participants are told that they will receive a bonus from the company based on their performance. Next, participants will be given information about the pressure and pressure to reduce the budget target. Participants will be asked to determine the size of the budget.

The target will be proposed after receiving this pressure. The experimental procedure in this research was carried out through several stages, according to Rohma (2022), which were then modified and adjusted to the research context. The first stage is randomization of the distribution of research instruments to participants. The second stage is that participants are asked to fill out an informed consent form stating that the participant is willing to take part in the experiment until completion. Participants were asked to complete the authentic leadership measurement in the third stage. In the fourth stage, participants complete assignments and receive general case-related information. Participants were asked to fill out a manipulation check in the fifth stage. In the sixth stage, participants were required to provide demographic information. The experimental implementation procedure is presented in Figure 2 as follows.



Source: Data Processed (2023)

Figure 2. The experimental implementation procedure

3.3. Operational Definitions and Variables Measurement

The independent variable in this research is social pressure. Social pressure is an influence individuals receive due to interactions with other individuals or groups that can impact individual behavior and decisions. Social pressure was manipulated into two, obedience pressure and peer pressure, adopted by Mirza & Khoirunisa (2021). The condition of obedience pressure is a condition when an individual receives coercion to carry out orders from a superior. Meanwhile, conditions of peer pressure are characterized by the encouragement that individuals receive from their colleagues to take consistent actions.

The moderating variable in this research is authentic leadership, a leadership style that emphasizes self-awareness, transparency, and ethical behavior (Nikolić & Kvasić, 2020). Authentic leadership is categorized into high and low. The question instrument refers to Walumbwa et al. (2008), which categorizes participants into high and low based on the median value.

If a participant has a value below the median, they are in the low category; if they have a score above the median, they are in the high category. It should be noted that in this study, superiors in the context of obedience pressure tend to rely on formal authority and organizational hierarchy. Decisions are taken unilaterally and tend to force and emphasize the targets that have been set. Subordinates tend to fear negative consequences if they do not fulfill orders. Meanwhile, superiors in the context of authentic leadership tend to rely on a participatory approach and support employee empowerment. Superiors inspire subordinates through exemplary individuals by instilling values of honesty and integrity. In this way, subordinates feel more appreciated and commit to achieving common goals.

The dependent variable in this research is budgetary slack. Budgetary slack is measured by calculating the difference between the proposed budget amount and the best-estimated budget amount.

Based on assignments from Chong and Loy (2015), the measurement of budgetary slack is obtained from the difference between production carried out by subordinates and production targets.

This study includes participant demographic information such as age, gender, religion, GPA, and management accounting grades as control variables. Dummy variables for gender (male and female), religion (Islam and Christian), GPA (≤ 2.00 , $2.01 - 3.00$, $3.01 - 3.49$, and ≥ 3.50), and management accounting grades (A, B+, B, C+, C, D+, D, and E). The purpose is to ensure that there is no difference in making budgetary slack based on age, gender, religion, GPA, and management accounting grades. Thus, the tendency to make budgetary slack is caused by the manipulation given, not by the participants' demographic factors.

All variables for each participant were measured based on individual characteristics. This was carried out to avoid potential contextual bias that might arise from organizational environmental factors. Differences in the organizational environment may affect how individuals act, resulting in less generalizable results.

3.4. Participant

This research involved students as experimental subjects. The use of students who have taken management accounting courses as research subjects is considered to have a basic understanding of budgets and problems that often occur in budgets (Geng et al., 2020; Rohma & Anita, 2024). Arnold & Triki (2017) and Chong & Sudarso (2016) suggest involving accounting students in information processing behavior and decision-making research because accounting students are prospective

professionals in the accounting field. The budgeting context includes a structured form of decision-making because the budget is a routine decision carried out by management accountants. Thus, using accounting students as participants is considered quite representative and adequate.

3.5. Hypothesis Testing

Hypothesis testing in this study used SPSS with the One-Way Analysis of Variance (ANOVA) technique with a significance level of 5% (.05) for direct influence and a significance level of 10% (.10) for moderation influence. The hypothesis is stated to be supported if the results of the hypothesis test have a significance value of $< .05$ for direct influence and $< .10$ for moderate influence. The hypothesis is rejected if the significance value is $> .05$ or $> .10$. ANOVA has several basic assumptions that must be met in order to produce valid conclusions, namely normality, homogeneity, and independence.

4. Results and Discussion

4.1. Results

This research involved 115 participants. However, 7 participants failed to answer the manipulation check questions, and 8 participants did not complete several stages of the experiment. Thus, 100 data can be used for further processing with the number of participants in cell 1 of 24 participants, cell 2 of 27 participants, cell 3 of 23 participants, and cell 4 of 26 participants. Before testing the hypothesis, the descriptive statistical analysis presented in Table 2 shows that, on average, the tendency for budgetary slack is the lowest in conditions of peer pressure, namely 1.18.

The results of descriptive analysis based on differences in the treatment of each variable show that budgetary slack tend to be

greater in conditions of obedience pressure with a value of 1.32 than peer pressure, namely 1.18. Meanwhile, descriptively, in authentic leadership, the tendency for budgetary slack tends to be greater in the low authentic leadership condition, 1.50, than in the high authentic leadership condition .841. The average values presented in table 2 provide an overview of the data pattern by the proposed hypothesis. However, further hypothesis testing is needed to see the significance of the differences in each treatment.

Before testing the hypothesis, it is necessary to conduct validity and reliability testing to provide initial confidence regarding the validity and consistency of the instruments used. The test results show that

each question item has a calculated R-value greater than the r-table value of all question items so that the instrument used is declared valid. Reliability testing uses Cronbach's Alpha which is presented in table 3. The analysis results show that the p-value is .757, which indicates that the instrument used is reliable. Thus, there is initial confidence that the instrument used is valid and reliable, so further hypothesis testing can be carried out.

Thus, before conducting a hypothesis test, assumptions must be met. The experimental assignment has been given randomly. The residual data is normally distributed, and the treatment given has a homogeneous variance. Thus, all hypothesis testing assumptions have been met so that One-Way ANOVA testing can be carried out.

Table 2. Descriptive Statistic

Social Pressure	Authentic Leadership	Mean	Std. Deviation
Obedience Pressure	High	1.21	1.548
	Low	1.39	1.498
	Total	1.32	1.504
Peer Pressure	High	0.35	0.702
	Low	1.61	1.713
	Total	1.18	1.561
Total	High	0.81	1.283
	Low	1.50	1.604
	Total	1.25	1.527

Source: Data Processed (2024)

Table 3. Reliability Analysis

	Sig
Cronbach's Alpha	0.757

Source: Data Processed (2024)

Table 4. Hypothesis Testing

	Df	Mean square	F	Sig.
<i>Correlated model</i>	3	6.159	2.785	0.045
<i>Intercept</i>	1	119.315	53.960	0.000
Social Pressure	1	2.344	1.060	0.306
Authentic Leadership	1	11.746	5.312	0.023*
Social Pressure * Authentic Leadership	1	6.660	3.012	0.045**
<i>Error</i>	96	2.211		

*Adj R-square = 0.051, Note: *Sig at level 5%; **Sig at level 10%.*

Source: Data Processed (2024)

Table 5. Marginal Mean for Each Condition

Social Pressure	Mean	Std. Error	95% Confidence Interval		
			Lower Bound	Upper Bound	
Obedience	1.299	.217	.869	1.729	
Peer	.980	.222	.539	1.420	
Authentic Leadership					
High	.782	.248	.289	1.274	
Low	1.497	.186	1.127	1.866	
Social Pressure* Authentic Leadership					
Obedience	High	1.211	.341	.533	1.888
	Low	1.387	.267	.857	1.917
Peer	High	.353	.361	-.363	1.069
	Low	1.606	.259	1.092	2.120

Source: Data Processed (2024)

The hypothesis testing results in table 5 show that the average marginal value is higher in the obedience pressure condition of 1.299 than in the peer pressure condition of .98. However, table 4 shows that the slack in the budget is unaffected by the social pressure variable. with $p = .306$.

Thus, H1 is not supported. This research predicts and finds that the tendency for budgetary slack behavior will tend to be higher in the low authentic leadership condition than in the high authentic leadership condition with $p = .023$ and the marginal average value in the high authentic leadership condition is .782 rather than 1.497. Thus, H2 is supported. The findings of this research predict and find that authentic

leadership moderates the influence of social pressure on budgetary slack behavior with $p = .045$. Thus, H3 is supported.

4.2. Discussion

This research predicts that budget slack behavior occurs to a greater extent under obedience pressure than under peer pressure. However, this research failed to show the impact of social pressure on budgetary slack. This study's findings are inconsistent with Daneshfar & Fahadani (2023), which explains that pressure from superiors triggers dysfunctional performance. This research is not in line with social learning theory, which makes sense

that subordinates will generally observe and imitate the way of behaving of subordinates or superiors in the same environment. Additionally, agency theory explains that budgetary slack arises because of a conflict of interest between the agent and the principal (Desriani et al., 2024).

Agents are motivated to achieve their own goals that may not align with those of the principal or the organization, so budgetary slack can be carried out independently of the hierarchical order. This finding aligns with Sulastri & Wardani (2020) that agents create budgetary slack under the influence of personal interests that conflict with company goals. This research is not in line with Apriwandi and Christine (2023), who found that subordinates tend to make budgetary slack larger when under pressure from superiors.

This research predicts and shows that budgetary slack behavior tends to be lower in high-authentic leadership conditions than low-authentic leadership conditions. These results align with Antunez et al. (2023), who found that authentic leadership contributed to minimizing the occurrence of unethical employee behavior. Gigol (2020) believes that authentic leadership can reduce unethical decision-making behavior. Authentic leadership is an external factor that can encourage positive attitudes and behavior in the work environment (Yamak & Eyupoglu, 2021). This study's results are aligned with social learning theory, which states that individuals tend to learn and imitate the authentic values of leaders in every decision-making process so as to form a positive work environment. (Bandura, 1971). Individuals who apply authentic values will always have positive behavior and actions. Thus, high levels of authentic

leadership that leaders consistently develop will make budgetary slack smaller than low levels of authentic leadership.

The findings of this research succeeded in predicting and showing the moderating role of authentic leadership on the link between social pressure and budgetary slack. This research's findings are consistent with social learning theory. This explains that observations made by individuals of every action and behavior of those in authority and experience will be the basis for learning ideal behavior for the organization (Bandura, 1971). If the authorities develop negative values in every action and behavior, then individual actions and behavior will contain values that are in harmony. Likewise, if peers are experienced in applying negative values in every job, then the individual tends to adopt these negative values. On the other hand, if authorities and experienced peers implement positive values in every action and behavior, individual actions and conduct will not stray from the organization's goals. Thus, authorities and peers with authentic values tend to prioritize the organization's interests.

This finding is in line with Hasnidar et al. (2018) shows that the existence of obedience pressure to make budgetary allowances encourages individuals to learn and imitate the actions and behavior usually carried out by their superiors. Superiors who develop negative values and deviate from the organization's interests will become the basis for subordinates to behave and act.

Veetikazhi et al. (2022) explain that individuals tend to interact more easily with individuals than superiors, thus encouraging mutually beneficial relationships between colleagues and impacting the company. Thus, individuals tend to observe the actions

and behavior of coworkers. Observations can lead to negative behavior, namely budgetary slack.

However, apart from the pressure of obedience and peers, which can give rise to deviant behavior, it should be noted that a positive leadership style plays an important role in minimizing deviant behavior, namely authentic leadership (Qureshi & Hassan, 2019). This study's results are aligned with social learning theory, which explains that individuals learn, observe, and implement the actions and behaviors of their superiors and peers (Bandura, 1971). Consistent development of authentic leadership will strengthen subordinates' authentic values in every action and behavior. Thus, the role of authentic leadership can be used as an effort to minimize budgetary slack caused by pressure in the work environment.

5. Conclusion and Suggestion

This research shows that authentic leadership can filter the negative impact of social pressure on budgetary slack. It provides several main implications. First, it adds to previous research studies by elaborating on social learning theory and considering the existence of authentic leadership to answer inconsistencies in the results of research on social pressure on budgetary slack. Second, this study is a consideration for regulators and management in determining leadership styles to reduce the possibility of budgetary slack.

This research also has several limitations. First, some participants left the web during the experimental process, causing them to repeat several stages of the experiment, which had the potential to cause differences in the treatment they felt. Second, this

research is only limited to presenting authentic leadership as a positive leadership style.

This study provides an overview for management to consider aspects that minimize budgetary slack by reducing social pressure and increasing authentic leadership. Social pressure can be minimized by considering compensation schemes that do not only focus on achieving targets and building a strong organizational culture with ethical values, such as implementing an authentic leadership style. Leaders must be able to inspire their subordinates to focus on the organization's larger goals rather than just on achieving personal or departmental targets. Future research can compare authentic leadership with other positive leadership styles, such as ethical and transformational leadership, to mitigate budgetary slack.

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