

The Situational and Control Determinants of Business Unit's Slack: A Study of Indonesia Manufacturing Business Units

ABSTRACT

This study considers test how the firms' competitive forces and budgetary control systems affect the multidimensional business units' slack (financial and budgetary slack). We tested the model in the higher and lower order forms of slack. In this case, the effects of competitive forces and budgetary control systems to slack are tested at the business units slack and its dimensions, financial and budgetary slack. Our results suggest that lower order model is slightly better than the higher order models. Of the two models, we found the identical findings, in which the presence of slack (either the composite form of slack or the financial and budgetary slack) is not influenced by the extent of competitive forces. However, our results indicate that the relationship hinted an indirect relationship between competitive forces and slack through firms budgetary control systems.