Jurnal Akuntansi dan Keuangan, Vol. 27, No. 2, November 2025, 128-139 DOI: https://doi.org/10.9744/jak.27.2.128-139
ISSN 1411-0288 print / ISSN 2338-8137 online

The Influence of Payment Schemes and Monitoring on Budgetary Slack: An Experimental Study

Aryani Intan Endah Rahmawati
Sharia Accounting Department, UIN Raden Mas Said Surakarta, Jalan Pandawa, Sukoharjo 57168, Indonesia
Email: aryani.rahmawati@staff.uinsaid.ac.id

ABSTRACT

The misuse and markup of the budget is one of the most prevalent forms of corruption in Indonesia. The concept is the same as budgetary slack, which is to deliberately lower the budget target to make it easier to achieve. This study investigates the impact of different payment and monitoring schemes on budgetary slack using a 2x2 experimental design. Two independent variables are manipulated: the payment system (PBP vs. FP) and the presence of monitoring (yes or no), with 140 respondents participating. The findings of this study revealed that the average budgetary slack was greater in the PBP than in the FP payment scheme. Furthermore, budgetary slack increases under the PBP payment scheme when monitoring is present. These findings contribute to the understanding of how payment and monitoring systems interact to influence behavior and decision-making in budgeting processes. These findings also suggest that organizations should carefully consider the choice of payment schemes and monitoring systems to reduce the risk of budgetary slack, as different configurations can lead to unintended increases in slack, which may undermine organizational performance and accountability.

Keywords: Performance-based pay; monitoring; budgetary slack.

INTRODUCTION

Agency theory highlights the difference in interests between agents and principals, where the principal wants to maximize profits while the agent minimizes efforts to achieve payment standards [10] [58]. Several previous studies have stated that a performance-based payment system, or PBP, can unite these different interests [7] [10] [56] [77]. In general, there are two main approaches to compensation payment systems: fixed payment and performance-based pay (PBP). The fixed payment system provides a stable amount of wages over a specified period, regardless of performance [8] [34]. This system remains applicable in stable business conditions; however, it is perceived as lacking the ability to motivate high-performing employees [34].

On the other hand, PBP is a payment system where the employer provides the type, level, and amount of monetary and non-monetary payments based on the skills, knowledge, competence, and appropriateness of employees [8], [34], [59]. Several previous studies have found that PBP can affect effectiveness [10] [63], generate good effort and performance [41] [43] [78], and be fair and motivating [41] [47].

However, a fundamental question arises: Is performance-based pay (PBP) superior to fixed payment? Various previous studies have yielded mixed results, depending on the context and sector of implementation. The agency theory posits that there exists a divergence of interests between the agent and the principal. The principal aims to maximize profits efficiently, while the agent seeks to minimize effort in achieving the targets set by the principal. The implementation of a performance-based payment (PBP) system can mitigate this discrepancy in interests [10] [15] [47] [72].

On the other hand, agency theory also states that if agents are compensated based on target achievement, they have an incentive to conceal or manipulate information to make the targets easier to achieve [9] [26] [37] [44]. As a consequence, PBP schemes have the potential to undermine individuals' intrinsic motivation in the workplace [10] [18] [39] [46] [55] [56] and increase the potential for employees to behave opportunistically [64].

The motivation crowding theory states that PBP can suppress intrinsic motivation because performance is controlled by compensation [31] [50]. Arousal theory also states that when employees receive monetary compensation such as PBP, their focus is on monetary rewards, which leads to increased dishonesty [27] [56]. On the other hand, [18] states that rewarding employee performance, coupled with a high degree of self-control, can lead to an increase in intrinsic motivation. Research by [41] also indicates that well-designed PBP systems can significantly enhance intrinsic motivation.

PBPs also result in disparities in employee final pay, which results in the inequalities described by social comparison theory [38] and equity theory [1]. Employees with the PBP system compare their competence and pay with their colleagues [57] [69] [76]. Pay disparities create inequality and cause employees to adjust their attitudes, behavior, and cognition, including changing their output, reducing effort, and even leaving the workplace [74]. On the other hand, [41] and [16] found that employees perceive performance as a crucial determinant of their wages, indicating that performance-based payment (PBP) systems reflect fairness and equity.

However, most previous research on dysfunctional behavior has focused on the implementation of performance-based pay (PBP), rather than fixed wages. PBP can encourage information manipulation to achieve higher compensation [9] [26] [37] [65] [69]. Conversely, fixed wage systems have a lower potential for information manipulation since they do not directly link payment amounts to performance. PBP may also diminish intrinsic motivation, as employees' motivation shifts from internal to external (monetary) factors [46]. Employees may experience frustration due to uncertainty in compensation, high performance targets, or the lack of bonuses [39] [66]. On the other hand, fixed wages provide income certainty, which increases one's sense of security, thereby potentially reducing the risk of diminishing intrinsic motivation. Additionally, PBP tends to generate greater inequality compared to fixed payment systems [48] [62] [70] [72] [79].

The payment scheme investigates budgetary slack as a dysfunctional behavior. Budgetary slack is the tendency of budget managers (subordinates) to exaggerate their performance abilities in order to create slack in their budget [52]. Budgetary slack can arise from dishonesty for personal financial gain [22]. Such behavior leads to an inefficient allocation of company resources and reduces company profits due to a larger allocation of compensation.

Table 1. Trends in Enforcement of Corruption Cases in 2019-2023

	2023	**2022**	**2021**	**2020**	**2019**
Budget Abuse Mark-up	259	303	133	118	39
Rank	50	59	54	63	41
	4	3	4	3	2

Source: Report on Monitoring Trends in Enforcement of Corruption Cases for 2019-2023

Budgetary slack is similar to markup in that it refers to the difference between the proposed and actual price. The report on the trend of monitoring Indonesian corruption over the last five years in table 1 shows that the mode of abuse and budget mark-up has always been in the top four positions [5]. This indicates that there is still a significant amount of budgetary slack, and it is necessary to understand the factors that influence it in order to develop more effective internal control.

The budgetary slack will be larger if the PBP scheme is used instead of the fixed payment scheme. PBP schemes result in different final payments between employees and can lead to inequality [2] [14]. The inequality leads to adjustments and changes in behavior, attitude, cognition, and performance among employees [28]. The PBP scheme allows employees to get as many incentives as possible above the predetermined budget target. Therefore, it is very likely that the target is set as low as possible to get a lot of incentives, so that the potential for budgetary slack is more likely to occur.

Financial incentives have a dualistic effect, as they can motivate managers to work harder to achieve targets but may also encourage manipulative behavior if not accompanied by adequate monitoring mechanisms [58]. Monitoring is an additional control to prevent budgetary slack caused by the use of the PBP system [9] [10]x [40]. Superiors can monitor the performance of their subordinates through monitoring to reduce information asymmetry and the potential for budgetary slack [23] [30]. The results of [19] and [51]'s study show that monitoring can reduce reporting errors because of the detection risk.

On the other hand, monitoring instills a sense of distrust in the individual under observation [45] [77] [80]. Monitoring can raise suspicions of dishonest behavior, lowering intrinsic motivation to be honest [11].

The increase in dishonesty caused by monitoring can be explained by two theories: the behavioral agency theory and the fraud triangle theory [80]. According to behavioral agency theory, the agent acts positively toward trust, so monitoring creates the impression that the agent cannot be trusted to carry out the principal's duties. This assumption is supported by the cheating triangle theory, which undermines the intrinsic motivation to be honest. Monitoring the results of budget achievement will increase budgetary slack. When employees are monitored, they may become suspicious and distrustful, increasing the possibility of budgetary slack. Intrinsic motivation can wane, reducing capabilities for higher compensation. When faced with high compensation, employees lie more and care less about the consequences that harm the company [20]. Studies by [12] [13] [56] yielded findings that monitored individuals produced dishonest behavior.

Previous studies have predominantly employed agency theory as the foundational framework to examine payment systems and monitoring, generally concluding that these variables help reduce budgetary

slack. However, this study takes a different perspective by using agency theory as the grand theory to propose that both monitoring and payment systems may increase budgetary slack. Several complementary theories support this reinterpretation. For the payment system variable, four supporting theories are employed—motivation crowding theory, arousal theory, social comparison theory, and equity theory—which collectively suggest that certain payment structures can lead to unintended behavioral consequences. In the case of monitoring, fraud theory is used to argue that excessive oversight may foster distrust and counterproductive behaviors. This theoretical shift provides a novel viewpoint, challenging the assumptions of prior research and offering new insights into the dynamics of budgetary slack.

This study uses an experimental method with a 2 x 2 design (payment schemes x monitoring scheme) with final-year student participants. It is intended that researchers gain complete control over the variables and their behavior to increase internal validity. The results of the study show that the average budgetary slack is greater for participants with the PBP payment system than FP. Monitoring, as opposed to no monitoring, strengthens this average budgetary slack. The study's results can expand the company's perspective by highlighting the negative impacts of some implemented controls. These findings can encourage companies to develop other controls that are more effective, such as sanctions [13], audits [19], trust [56], moral awareness [12], and perceptions of fairness [41] [42].

This paper is structured as follows: the second area contains theory and logical thinking for the formulation of hypotheses. The third area describes the experimental research design, the fourth area is the results, and the last area contains summaries, conclusions, and future research.

Literature Review and Hypothesis Development

PBP payment systems and monitoring have been widely studied as internal controls to prevent opportunistic behavior such as budgetary slack [10][47]. Implementing a PBP system that pays agents based on their performance can prevent opportunistic behavior. This system connects the interests of agents who want to minimize effort to achieve payment standards with principals who want agents to work diligently to maximize profits [10]. The application of the PBP system can reduce conflicts of interest between agents and principals, as stated by agency theory. However, agency theory also suggests that when agents are rewarded based on achieving certain targets, they may be motivated to withhold or distort information to make those targets easier to attain. This notion is further supported by four competing theories, namely motivation crowding theory, arousal theory, social comparison theory, and equity theory, which collectively suggest that performance-based compensation may diminish intrinsic motivation, thereby leading to an increased tendency for budgetary slack.

Previous studies have also utilized agency theory to reduce information asymmetry, viewing it as a key factor in preventing opportunistic behavior. However, agency theory can also serve as a theoretical foundation for formulating the hypothesis that monitoring may increase budgetary slack. Furthermore, this study adopts an alternative approach to agency theory, namely behavioral agency theory, which places greater emphasis on psychological and behavioral economic factors in understanding agent behavior. Fraud theory, a complementary theory that explains this potential outcome, further supports this perspective.

The Effect of Payment Schemes on Budgetary Slack

Agency theory highlights the difference in interests between principals who want to maximize profits and agents who want to maximize payments but minimize effort [10]; [49]. Performance-based pay (PBP) schemes can link these different interests [7]; [10]. PBP is a payment system in which the employer determines the type, level, and amount of monetary and non-monetary compensation based on employees' skills, knowledge, competencies, and suitability [8]. This scheme allows employees to receive a high variable share of compensation if their performance exceeds the target. Employees can work optimally to achieve maximum compensation so that the principal will also receive maximum profit.

Agency theory asserts that when agents receive compensation based on target attainment, they may be incentivized to withhold or manipulate information to facilitate the achievement of those targets. PBP schemes can reduce intrinsic motivation [10] and [51] because they provide performance-dependent monetary compensation. The performance is driven externally rather than internally, thereby reducing intrinsic motivation [10] [80]. This finding is supported by the motivation crowding theory, which states that the promise of giving certain extrinsic incentives after completing some tasks can damage intrinsic motivation [50]. Arousal theory also states that when employees are compensated through systems such as PBP, they experience increased arousal [17], which reinforces their focus on monetary rewards. Both of these theories indicate that performance-based payments will reduce intrinsic motivation that leads to dishonesty.

The main problem in the PBP scheme is related to the issue of equality [75]. The PBP scheme will result in a final pay difference because compensation is given based on the performance of each employee. This difference will lead to behavioral adjustments that can be explained by social comparison theory, equity theory, and the fair wage hypothesis. Social comparison theory [38] suggests that pay differentials such as PBP schemes lead to peer comparisons.

Equity theory also explains that employees will compare their input (effort) and output (salary) with their colleagues [1]. If there is injustice, employees will adjust their behavior, attitudes, and cognition, including changes in inputs and outputs, and leave the job [75]. The fair work wage hypothesis also states that employees will leave their company if they perceive unfairness in salary payments [2]. The pay inequity refers to the average salary that differs from that of colleagues who hold the same job and status. [60] and [53] stated that one key reason why PBP may fail to influence employee behavior and performance is related to issues of perceived procedural justice within the organization.

The PBP payment type is different from a fixed salary. A fixed salary payment occurs when employees are paid according to the agreed amount, regardless of their performance [75]. This type of payment has a low potential for budgetary slack, as employees are less motivated to improve or decrease their performance due to receiving the same salary.

Based on the various theories and hypotheses above, it can be concluded that the PBP scheme can reduce intrinsic motivation and result in different pay between employees. Employees who experience reduced intrinsic motivation tend to prioritize monetary rewards, thereby increasing the potential for budgetary slack. The difference in pay also causes a decrease in business because employees feel it is unfair, one of which is with budgetary slack [4] [35]. Employees who perceive unfair processes may develop negative views that can affect their overall perception of the organization [21]. Therefore, it can be concluded that the budgetary slack will be higher in the PBP scheme than the fixed payment scheme.

The findings of [50] show that the PBP scheme creates a decreasing effect of intrinsic motivation. Compensation incentives like PBP can increase the likelihood of misreporting because they provide managers with an incentive to manipulate information to receive higher compensation [37]. [43] found that PBP schemes are associated with high levels of workplace inequality and lead to earnings management. [58] also found that budget-based bonuses can encourage more budgetary gaming, such as the creation of budgetary slack.

H_1: The budgetary slack will be greater in the PBP payment scheme than the fixed salary payment scheme.

The Effect of Payment Schemes and Monitoring on Budgetary Slack

[10], [40], and [56] suggest monitoring as a way to reduce unethical behavior due to the implementation of PBP schemes. This is because there is a detection risk that prevents personal gain [19]. However, agency theory and fraud triangle theory [56] explain how monitoring can have the opposite effect.

Behavioral agency theory states that the agent behaves positively towards trust, so that monitoring creates a feeling that the agent is not trusted in carrying out the principal's duties. The fraud triangle theory states that monitoring will lead to a rationalization of dishonesty. This rationalization arises because monitoring undermines the self-esteem and climate of trust of the employees being monitored. Both of these impair the intrinsic motivation to be honest [11].

Budgetary slack will be greater for employees who are monitored than those who are not. Monitoring creates feelings of distrust in employees' honesty [12] [45] [77]. Employees will also rationalize that monitoring undermines their self-esteem and confidence, leading them to behave unethically. The presence of information asymmetry increases the likelihood of budgetary slack [24] [36] [61]. This effect is due to the fact that employees understand their level and skills, whereas superiors do not have complete knowledge of both [57]. The rationalization and asymmetry of the information will cause employees to lower the budget target before monitoring takes place.

[56] and [33] found that monitored individuals produced dishonest behavior, while unmonitored individuals behaved in the opposite way. [12] also found that the number of lies did not decrease with monitoring because there was rationalization. [73] found reporting fraud when the company is monitored. Monitoring will increase the budgetary slack resulting from the PBP scheme. Employees who receive both treatments will be less motivated, increasing the chance of budgetary slack.

H_2: The budgetary slack will be greater in the PBP payment and monitoring scheme than in the fixed salary and no monitoring scheme.

RESEARCH METHOD

Experiment Design and Participants

The experimental design of 2x2 between subjects is used to determine the effect of the independent variable on the dependent variable, as well as the moderating variable that affects the relationship between the two. Each independent

variable has two levels, namely payment schemes (PBP and fixed payments) and monitoring (yes and no). The experimental method was carried out by manipulating the two independent variables.

As many as 120 accounting students in their final year participated in the experiment. The researcher randomly selected four classes, each class containing 40 students. The four classes were chosen because there were four independent variable manipulation conditions, namely PBP, FP, monitoring, and no monitoring. The first class receives PBP manipulation with monitoring, the second class receives PBP manipulation without monitoring, the third class receives FP manipulation with monitoring, and the last class gets FP manipulation without monitoring. There were 114 people who successfully passed the manipulation check, allowing the data to be processed. The experimental method was chosen because it can manipulate only the variables of interest, while the other variables are constant, so that it can increase its internal validity [15]. The use of students is also permitted if the experimental task does not require a specific task [68]. The study by [3] also found that there is a similarity in behavior between working professionals and students. The participant acts as a substitute manager in a company that makes budget targets through a simple budgeting game, so it does not require in-depth knowledge. The experimental method used involved final-year students with the consideration that they had taken all accounting courses, especially management accounting and management control systems.

Operational and Measurement Definition

The independent variable in this study is the payment scheme, the dependent variable is budgetary slack, and monitoring is the moderating variable. Payment schemes are divided into two, namely PBP schemes and fixed payments. Participants with the PBP scheme are given fixed payments plus variable payments depending on performance that exceeds the predetermined budget target. On the other hand, participants with payment schemes still receive fixed payments regardless of how much performance is generated, whether they reach the target or not. This payment scheme scenario replicates the research of [9].

The dependent variable in this study is budgetary slack, which is the difference between the planned performance targets and actual performance capabilities [25]. This study measures the budgetary slack by comparing the participants' pre- and post-introduction budget targets to the payment scheme. The budgetary slack scenario is taken from [23]'s study.

The moderating variable that affects the relationship between the independent and dependent variables is monitoring. This variable was manipulated by splitting participants into two groups: monitored and unmonitored. Monitored participants verified their answers after completing the game in the experiment, while the other treatment groups did not. This monitoring manipulation is based on the study of [40].

Experimental Procedure

The experimental protocol in this study was divided into three parts, namely the informed consent section, the core research section (consisting of three sessions), and the manipulation check section. Each participant received one consent form and three bundles, which were opened and worked on together according to the directions of the experimenter.

The first section seeks consent from participants to collect research data by having them sign a consent form. Following that, participants were instructed to concentrate on the three booklets that were opened and performed in accordance with the experimenter's instructions. The first booklet requires participants to fill in demographic data and best estimates. After filling in the demographic data, participants were asked to translate the letter code into numbers as a representation of the manager's production performance. Participants then receive a monitoring manipulation based on the group they belong to. Participants in the monitoring group had their answers corrected and the number of correct answers counted, while the answers of participants in the unmonitored group were not corrected. This answer is used as the basis for determining the best estimate of the budget target to be achieved. Information asymmetry still exists even though the participants' answers are corrected, because the budget target is determined by the participants themselves, not the same as the correct corrected answers. Participants then determine what the best estimate is if they do similar tasks in the same time.

The second booklet contains the payment schemes offered to managers, namely PBP and fixed payments. The following are the respective payment schemes:

- PBP Payment Scheme
  = IDR 15,000 if A < B
  = IDR 15,000 + [IDR 3,000 (A-B)] if A B
- Fixed payment scheme = IDR 15,000
  (A < B or A > B)

Notes: A= actual points; B = budget target

Managers under the PBP scheme will receive a fixed payment of IDR 15,000 and a variable payment

of IDR 3,000, which is multiplied by the difference between the target and future actual performance. The researcher gives the manager a fixed payment of IDR 15,000 when their actual performance is less or more than their target under the fixed pay scheme. This study uses real terms payment so that the participants internalized the payment scheme more. After receiving an explanation of the payment scheme, managers receive the opportunity to revise their budget targets (best estimates) that they have previously set. The difference between the new and old budget targets determines the budgetary slack by managers.

The last booklet requires managers to do the same tasks as before to see if the budget is achieved. If the manager gets the PBP scheme, this actual performance will be compared with the target, and if it exceeds it, they will get compensated. On the other hand, a manager with a fixed payment scheme will receive IDR 15,000 regardless of the result of this actual performance. This booklet also contains a manipulation check to determine the participants' understanding of the manipulation of the given experiment, namely the payment and monitoring scheme. The experimental protocol concludes with an explanation of the experiment's objectives, followed by a debriefing and the distribution of payments.

RESULTS AND DISCUSSION

The data of participants who passed the manipulation check and were successfully processed were 114 out of a total of 118 data. Participants are final-year students and are in the age range of 19-23 years. 93% of the participants were female. The researcher did the randomization test and the test of the influence of the subjects' characteristics before testing the hypothesis. This study conducted a randomization test using Chi-Square and found that there was no difference in the characteristics of the subjects between each group (Pearson 2 gender = 0.944 and age = 0.602 with a significance value above 0.05). These results indicate that the randomization has been running effectively. Next, the researcher examines the effect of the characteristics of the subjects on budgetary slack. The results of the ANOVA test indicated that there was no significant difference in budgetary slack caused by the characteristics of the subjects (F gender = 0.551; age = 0.108).

Hypothesis Test

Two-way ANOVA is used to see the effect of each independent variable on the dependent variable. The test results in panel A show that the payment scheme has a significant effect on budgetary slack (F=33,928; p<0.05). This effect is deepened by the analysis in Panel B, which states that the average budgetary slack is greater for employees with PBP schemes than for fixed pay (1.84 and 0.17). These results are significant, which can be seen in the results of the t-test in Panel C, so that these findings support the first hypothesis.

Table 2. ANOVA Results and Comparison of Payment Scheme Variables and Monitoring of Budgetary Slack

Panel A: ANOVA Result

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	101.237[a]	3	33.746	15.909	0.000
Intercept	107.393	1	107.393	50.628	0.000
Payment Scheme	71.968	1	71.968	33.928	0.000
Monitoring	8.683	1	8.683	4.093	0.045
Payment scheme*monitoring	12.006	1	12.006	5.660	0.019
Error	233.333	110	2.121		
Total	463.000	114			
Corrected Total	334.570	113			

R Squared = 0.303 (Adjusted R Squared = 0.284)

Panel B: Comparison of Payment Scheme Variables and Monitoring of Budgetary Slack

Payment Schemes	Monitoring		Total
	Monitoring	No Monitoring	
PBP	**Cell 1** n = 33 Mean = 2.39 St. deviation = 2.135	**Cell 2** n = 28 Mean = 1.18 St. deviation = 1.634	n = 61 Mean = 1.84 St. deviation = 2.002
Fixed Pay	**Cell 3** n = 31 Mean = 0.13 St. deviation = 0.499	**Cell 4** n = 22 Mean = 0.23 St. deviation = 0.612	n = 53 Mean = 0.17 St. deviation = 0.545
Total	n = 64 Mean = 1.30 St. deviation = 1.933	n = 50 Mean = 0.76 St. deviation = 1.364	

Panel C: Independent *t-test* the First Hypothesis

	Payment Scheme	n	Mean	Std. deviation	Std. Error Mean	Sig. (2 tailed)
Budgetary Slack	PBP	61	1.84	2.002	0.256	0.000
	Fixed Pay	53	0.17	0.545	0.075	0.000

The results of further data processing also show that there is an interaction between payment schemes and monitoring that affects budgetary slack (F=5.660; p<0.05). Panel B cells 1 and 4 show that the mean budgetary slack for participants receiving the PBP payment scheme and being monitored is greater than for participants with a fixed payment scheme and not being monitored (2.39 and 0.23).

This research used independent t-test to see the significance of the second hypothesis, which is a comparison of cell 1 and cell 4.

Table 3. Independent T-test of Hypothesis 2

Panel A: PBP Payment Scheme for Monitoring

	Monitoring	n	Mean	Std. deviation	Std. Error Mean	Sig. (2 tailed)
Budgetary Slack	Yes	33	2.39	2.135	0.372	0.017
	No	28	1.18	1.634	0.309	0.015

Panel B: Fixed Payments against Monitoring

	Fixed Payments	n	Mean	Std. deviation	Std. Error Mean	Sig. (2 tailed)
Budgetary Slack	Yes	31	0.130	0.499	0.90	0.523
	No	22	0.230	0.612	0.130	0.539

Table 3 Panel A shows that the mean budgetary slack for participants with the PBP payment scheme is significantly different between participants who are monitored and those who are not. The mean budgetary slack for the monitored participants is greater than that for those who are not.

However, Panel B stated that there was no difference in the Mean between monitored and non-monitored employees who received regular payments. These results show partial support for the second hypothesis.

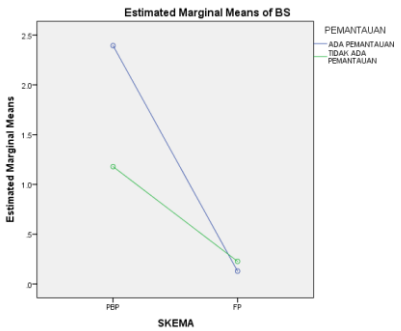

Figure 1. Interaction Effect of Scheme and Monitoring on Budgetary Slack

Figure 1 shows an illustration of support for both hypotheses. The budget slack line in the PBP scheme is higher than the fixed payment scheme, which means the budget slack in the PBP scheme is larger than the fixed payment scheme. The two lines also intersect/interact, which indicates that there is an interaction between payment and monitoring schemes. In the PBP payment scheme, the monitoring line is higher than the no monitoring line, which means the budget slack is higher in the PBP payment scheme and there is monitoring. On the other hand, the no-monitoring line is higher than the monitoring line, which means lower budgetary slack in fixed pay and no-monitoring schemes.

Discussion

Agency theory states that there are two basic alternatives that companies face when setting payments, namely fixed and variable payments [57]. Fixed pay is a fixed amount that each employee receives, while variable payments or compensation amount to different amounts depending on the employee's performance. Compensation must be well designed to increase shareholder value and prevent opportunistic behavior that can increase management's behavior in its interests [32].

PBP is one type of compensation that, according to previous research, can affect effectiveness [10], generate favorable business and performance [15], and be fair and motivating [47]. However, PBP contradicts several theories which state that PBP can lead to opportunistic behavior.

The findings of data processing also show that the mean budgetary slack for participants receiving the PBP scheme is greater than the fixed payment scheme. This result is consistent with the social comparison theory [38], which states that employees compare compensation with their colleagues, leading to perceptions of unfairness. Inequity of pay can lead employees to reduce their efforts, one of which is by lowering budget targets/budgetary slack according to the fair business wage hypothesis [2] and equity theory [1]. These findings also support the arousal theory [17] and the theory of decreased motivation [50], which state that PBP increases focus on money while suppressing intrinsic motivation, potentially leading to opportunistic behavior.

According to [50], the PBP scheme has a demotivating effect because it strengthens extrinsic motivation while decreasing intrinsic motivation. This study is also in line with [6], [29], and [67]'s research, which states that budgetary slack tends to be higher in slack-inducing payment schemes. These schemes specify that compensation will only be given if the individual meets the predetermined targets, with no penalty system in place [71]. This scheme is similar to the pay-by-performance (PBP) model.

The results of this study do not indicate that fixed wages are better than performance-based pay (PBP). However, fixed wages do not actively create negative issues like PBP can when poorly designed. PBP should be combined with other incentive systems, such as individual and group incentives [54] [78], sanctions [13], audits [19], trust [56], moral awareness [12], and perceptions of fairness [41] [42] [66] to mitigate the side effects of dysfunctional behavior.

One way to minimize the impact of PBP schemes is to conduct monitoring [9] [10] [40]. Monitoring can reduce opportunistic behavior because of the risk of detection [19]. However, behavioral agency theory states that monitoring can lead to negative behaviors when trust is lacking [56]. The fraud triangle theory also states that monitoring raises the rationalization/justification of opportunistic behavior because monitoring it undermines the self-esteem and trust of others being monitored [12] [56].

The results of data processing support the second hypothesis, which indicates that the mean budgetary slack is greater for participants with PBP and monitoring schemes than for fixed payment schemes and no monitoring. The mean budgetary slack in the PBP scheme in the initial hypothesis is larger than the fixed payment scheme, strengthened by monitoring. Monitoring fosters distrust and feelings of suspicion, lowering intrinsic motivation [12]; [56]. Monitoring will be effective if combined with efficient sanctions [13], the creation of trust among employees, and fairness [56].

The findings of this study are consistent with the findings of [56] and [33], who discovered that monitored individuals acted dishonestly and vice versa. [73] also found that companies tend to behave opportunistically when there is monitoring. [45]'s study found a negative correlation between electronic monitoring and management trust.

CONCLUSION

This study examines the factors that have the potential to increase budgetary slack using experimental methods. Experimental examination of the impact and interaction of controls can help interested parties to assess risk and develop more effective internal controls. The PBP payment scheme is the primary factor that can increase budgetary slack, as it leads to different payment amounts for employees. As a result, according to social comparison theory, employees will compare their results with their peers and, if there are differences, will change behaviors such as lowering effort (budget) according to the fair-effort wage hypothesis and equity theory. Arousal theory and motivational decline theory also state that PBP schemes damage intrinsic motivation so that dishonest behavior such as budgetary slack is greater.

Monitoring during the budget preparation process increases the budgetary slack associated with the PBP scheme. Monitoring creates feelings of suspicion, undermines trust according to agency theory, and rationalizes deviant behavior based on the fraud triangle theory, so that greater budgetary slack occurs.

Budget slack does not occur solely due to performance-based pay (PBP) and monitoring factors; however, the results of this study serve as a warning to companies to design compensation systems and internal controls effectively. Although PBP payment systems can motivate performance improvement through variable incentives, this study also indicates that such systems can lead to dysfunctional behaviors, such as budget slack, dishonesty, and payment inequality. Therefore, companies need to be cautious in designing and implementing PBP to avoid negative impacts on employee motivation and behavior.

Additionally, this research highlights the importance of monitoring as a means to reduce dysfunctional behavior resulting from PBP systems. However, monitoring can also have negative effects if conducted too stringently. Thus, companies should design monitoring systems that incorporate humanistic qualities, such as the creation of trust and fairness.

One limitation of the study is the difficulty in determining the amount of PBP and fixed payment schemes that participants need to internalize it. We conducted pre-study surveys with several participants outside the experimental group to mitigate this limitation. Future research can employ experimental manipulation along with group monitoring to compare results with those of this study. Additionally, future research can investigate how payment schemes and budgetary slack affect the public sector, as markups and budget abuse have consistently ranked among the most prevalent forms of corruption in Indonesia.

REFERENCES

[1] Adams, J. S. (1963). Towards an understanding of inequity. *Journal of Abnormal and Social Psychology*, *67*(5), 422–436. https://doi.org/10.1037/h0040968

[2] Akerlof, G. A., & Yellen, J. L. (1990). The Fair Wage-Effort Hypothesis and Unemployment. *The Quarterly Journal of Economics*, *CV*(2), 255–283.

[3] Alm, J., Bloomquist, K. M., & Mckee, M. (2015). On the External Validity of Laboratory Tax Compliance Experiments. *Economic Inquiry*, *53*(2), 1170–1186. https://doi.org/10.1111/ecin.12196

[4] Altenburger, M. (2017). The Effect of Injunctive Social Norms and Dissent on Budget Reporting Honesty. *Journal of International Accounting Research*, *16*(2), 9–31. https://doi.org/10.2308/jiar-51744

[5] Anandya, D., Easter, L., & Ramadhana, K. (2021). Hasil Pemantauan Tren Penindakan Kasus Korupsi Semester I 2021. *Indonesia Corruption Watch*.

[6] Anastasia, D., & Lasdi, L. (2022). the Effect of Compensation Schemes, Obedience Pressure, and Self-Efficacy on Budgetary Slack. *Journal of Applied Finance & Accounting*, *9*(2), 63–72. https://doi.org/10.21512/jafa.v9i2.8291

[7] Aoki, N., & Rawat, S. (2020). Performance-Based Pay: Investigating Its International Prevalence in Light of National Contexts. *American Review of Public Administration*, *50*(8), 865–879. https://doi.org/10.1177/0275074020919995

[8] Azman, I., Mohammad Fuad, Z., Aimi, A., Hasan Al-Banna, M., & Rashidi, A. (2014). Effect of Manager's Role in Performance Based Pay on Employee Outcomes. *Global Journal Al-Thaqafah*, *4*(2), 41–58. https://doi.org/10.7187/gjat652014.04.02

[9] Bailey, C., Fessler, N., & Laird, B. (2019). Performance-Based Pay, Performance Monitoring, and Dishonest Behavior: The Plot Thickens. *Advances in Management Accounting*, *31*, 91–112.

[10] Bajorek, Z. M., & Bevan, S. M. (2015). Performance-Related-Pay in The UK Public Sector: A Review of the Recent Evidence on Effectiveness and Value for Money. *Journal of Organizational Effectiveness People and Performance*, *2*, 91–109.

[11] Banfield, E. C. (1975). Corruption as a feature of governmental organization. *The Journal of Law and Economics*. https://doi.org/10.4324/9781351311366

[12] Beck, T., Bühren, C., Frank, B., & Khachatryan, E. (2018). Can Honesty Oaths, Peer Interaction, or Monitoring Mitigate Lying? *Journal of Business Ethics*, *163*(3), 467–484. https://doi.org/10.1007/s10551-018-4030-z

[13] Behnk, S., Barreda-Tarrazona, I., & García-Gallego, A. (2018). Punishing Liars-How Monitoring Affects Honesty and Trust. In *PLoS ONE* (Vol. 13, Issue 10). https://doi.org/10.1371/journal.pone.0205420

[14] Belfield, R., & Marsden, D. (2003). Performance Pay, Monitoring Environments, and Establishment Performance. *International Journal of Manpower*, *24*(4), 452-471+489. https://doi.org/10.1108/01437720310485933

[15] Blazovich, J. L. (2013). Team Identity and Performance-Based Compensation Effects on Performance. *Team Performance Management*, *19*(3), 153–184. https://doi.org/10.1108/TPM-11-2012-0035

[16] Boachie-Mensah, F., & Dogbe, O. D. (2011). Performance-Based Pay as a Motivational Tool for Achieving Organisational Performance: An Exploratory Case Study. *International Journal of Business and Management*, *6*(12), 270–285. https://doi.org/10.5539/ijbm.v6n12p270

[17] Bonner, S. E., & Sprinkle, G. B. (2002). The Effects of Monetary Incentives on Effort and Task Performance: Theories, Evidence, and a Framework for Research. *Accounting, Organizations and Society*, *27*(4–5), 303–345. https://doi.org/10.1016/S0361-3682(01)00052-6

[18] Cabanas, S., Proença, T., & Carozzo-Todaro, M. (2020). Pay for Individual Performance: Aiding or Harming Sustainable Intrinsic Motivation? *Sustainability (Switzerland)*, *12*(16), 1–14. https://doi.org/10.3390/SU12166322

[19] Cardinaels, E., & Jia, Y. (2015). How Audits Moderate the Effects of Incentives and Peer Behavior on Misreporting How Audits Moderate the Effects of Incentives and Peer Behavior on Misreporting. *European Accounting Review*, *8180*(October). https://doi.org/10.1080/09638180.2015.1042889

[20] Cardinaels, E., & Jia, Y. (2016). How Audits Moderate the Effects of Incentives and Peer Behavior on Misreporting. *European Accounting Review*, *25*(1), 183–204. https://doi.org/10.1080/09638180.2015.1042889

[21] Caza, A., McCarter, M. W., & Northcraft, G. B. (2015). Performance Benefits of Reward Choice: a Procedural Justice Perspective. *Human Resource Management Journal*, *25*(2), 184–199. https://doi.org/10.1111/1748-8583.12073

[22] Cheng, W. W. H., Lim, C. Y., & Yuen, K. C. K. (2023). Can Honesty Reminders Reduce Dishonesty in Budgetary Slack? *Advances in Management Accounting*, *34*, 203–226. https://doi.org/10.1108/S1474-787120220000034008

[23] Chong, V. K., & Khudzir, N. F. (2018). The Effect of Mutual Monitoring and Need for Achievement on Budgetary Slack in a Team-Based Environment. *Advances in Accounting Behavioral Research*, *21*, 1–19. https://doi.org/10.1108/S1475-148820180000021001

[24] Chong, V. K., & Strauss, R. (2017). Participative Budgeting: The Effects of Budget Emphasis, Information Asymmetry and Procedural Justice on Slack – Additional Evidence. *Asia-Pacific Management Accounting Journal (APMAJ)*, *12*(1), 181–220.

[25] Chong, V. K., & Sudarso, D. (2016). The Effect of Organisational Ethical Climate and Peer Monitoring Control Systems on Budgetary Slack: An Experimental Study. *Asia-Pacific Management Accounting Journal*, *11*(2), 41–64.

[26] Chong, V. K., & Wang, I. Z. (2019). Delegation of Decision Rights and Misreporting: The Roles of Incentive-based Compensation Schemes and Responsibility Rationalization. *European Accounting Review*, *28*(2), 275–307. https://doi.org/10.1080/09638180.2018.1452771

[27] Church, B. K., Kuang, X. (Jason), & Liu, Y. (Sarah). (2019). The Effects of Measurement Basis and Slack Benefits on Honesty in Budget Reporting. *Accounting, Organizations and Society*, *72*, 74–84. https://doi.org/10.1016/j.aos.2018.05.005

[28] Conroy, S. A., Gupta, N., Shaw, J. D., & Park, T. Y. (2014). A Multilevel Approach to the Effects of Pay Variation. In *Research in Personnel and Human Resources Management* (Vol. 32). Emerald Group Publishing Limited. https://doi.org/10.1108/S0742-730120140000032001

[29] Daumoser, C., Hirsch, B., & Sohn, M. (2018). Honesty in Budgeting: A Review of Morality and Control Aspects in the Budgetary Slack Literature. *Journal of Management Control*, *29*(2), 115–159. https://doi.org/10.1007/s00187-018-0267-z

[30] De Baerdemaeker, J., & Bruggeman, W. (2015). The Impact of Participation in Strategic Planning on Managers' Creation of Budgetary Slack: The Mediating Role of Autonomous Motivation and Affective Organizational Commitment. *Management Accounting Research*, *29*, 1–12. https://doi.org/10.1016/j.mar.2015.06.002

[31] Deci, E. L., Olafsen, A. H., & Ryan, R. M. (2017). Self-Determination Theory in Work Organizations: The State of a Science. *Annual Review of Organizational Psychology and Organizational Behavior*, *4*, 19–43. https://doi.org/10.1146/annurev-orgpsych-032516-113108

[32] Dias, A., Vieira, V., & Figlioli, B. (2020). Tracing the Links Between Executive Compensation Structure and Firm Performance: Evidence from the Brazilian Market. *Corporate Governance (Bingley)*, *20*(7), 1393–1408. https://doi.org/10.1108/CG-05-2020-0199

[33] Douthit, J. D., Schwartz, S. T., Stevens, D. E., & Young, R. A. (2022). The Effect of Endogenous Discretionary Control Choice on Budgetary Slack: An Experimental Examination. *Journal of Management Accounting Research*, *34*(3), 99–118. https://doi.org/10.2308/JMAR-2020-016

[34] Drake, A. R., Wong, J., & Salter, S. B. (2007). Performance : Examining the Impact of. *Behavioral Research in Accounting*, *19*, 71–89.

[35] E-issn, I. V. O. L. N. O. P., Robey, S. L., & Mings, A. L. (2022). Horizontal Equity, Self-Efficacy, and Budgetary Slack: Comparing American and Brazilian Cultures. *International Journal of Accounting & Finance Review*, *11*(1), 59–68. https://doi.org/10.46281/ijafr.v11i1.1775

[36] Fanani, Z., & Saudale, G. E. K. (2019). Influence of Information Asymmetry and Self-Efficacy on Budgetary Slack: An Experimental Study. *Jurnal Akuntansi Dan Keuangan*, *20*(2), 62–72. https://doi.org/10.9744/jak.20.2.62-72

[37] Ferdiansah, M. I. (2023). Delegation and Managerial Misreporting: The Role of Incentive Compensation Scheme and Trust in Superior. *Management Accounting Frontiers*, *5–6*, 83–116. https://doi.org/10.52153/prj0531006

[38] Festinger, L. (1954). A Theory of Social Comparison Processes. *Human Relations*, *7*(1954), 117–140.

[39] Field, L. (2015). Using Outperformance Pay to Motivate Academics : Insiders ' Accounts of Promises and Problems The Effectiveness of Outperformance Pay for Academics. *Australian Universities' Review*, *57*(2), (In press).

[40] Gino, F., Krupka, E. L., & Weber, R. A. (2013). License to Cheat: Voluntary Regulation and Ethical Behavior. *Management Science*, *59*(10), 2187–2203. https://doi.org/10.1287/mnsc.1120.1699

[41] Gupta, N., & Mahakud, J. (2020). CEO Characteristics and Bank Performance: Evidence from India. *Managerial Auditing Journal*, *35*(8), 1057–1093. https://doi.org/10.1108/MAJ-03-2019-2224

[42] Gupta, V., Mittal, S., Ilavarasan, P. V., & Budhwar, P. (2024). Pay-for-Performance, Procedural Justice, OCB and Job Performance: a Sequential Mediation Model. *Personnel Review*, *53*(1), 136–154. https://doi.org/10.1108/PR-11-2021-0782

[43] He, W., Li, S.-L., Feng, J., Zhang, G., & Sturman, M. (2020). When Does Pay for Performance Motivate Employee Helping Behavior? The Contextual Influence of Performance When Does Pay for Performance Motivate Employee Helping Behavior ? Wei He Nanjing University Shao-Long Li Wuhan University Rutgers University Wuhan. *Academy of Management Journal*.

[44] Healy, P. M. (1985). The Effect of Bonus Schemes on Accounting Decisions. *Journal of Accounting and Economics*, *7*(1–3), 85–107. https://doi.org/10.1016/0165-4101(85)90029-1

[45] Holland, P. J., & Cooper, B. (2015). Electronic Monitoring and Surveillance in the Workplace The Effects on Trust in Management, and the Moderating Role of Occupational Type. *Personnel Review*, *44*.

[46] Huillery, E., & Seban, J. (2021). Financial Incentives, Efforts, and Performances in the Health Sector: Experimental Evidence from the Democratic Republic of Congo. *Economic Development and Cultural Change*, *69*(3), 1115–1164. https://doi.org/10.1086/703235

[47] Iqbal, S., Yun, T. H., Akhtar, S., & Sohu, J. M. (2019). Impacts of Performance-based Pay on Employee Productivity; Mediated by Employee

Training. *International Journal of Research & Review (IJRR)*. https://www.ijrrjournal.com/IJRR_Vol.6_Issue.10_Oct2019/Abstract_IJRR0032.html

[48] Ismail, A., Mohamed, H. A.-B., Sahol Hamid, N., Zaidi Sulaiman, A., Girardi, A., & Bin Abdullah, M. M. (2011). Relationship between Performance Based Pay, Interactional Justice and Job Satisfaction: A Mediating Model Approach. *International Journal of Business and Management*, *6*(11). https://doi.org/10.5539/ijbm.v6n11p170

[49] Istiqomah, A., & Adhariani, D. (2017). Pengaruh Manajemen Laba terhadap Stock Return dengan Kualitas Audit dan Efektivitas Komite Audit sebagai Variabel Moderasi. *Jurnal Akuntansi Dan Keuangan*, *19*(1), 1–12. https://doi.org/10.9744/jak.19.1.1-12

[50] Jacobsen, C. B., & Jensen, L. E. (2017). Why Not "Just for the Money"? An Experimental Vignette Study of the Cognitive Price Effects and Crowding Effects of Performance-Related Pay. *Public Performance and Management Review*, *40*(3), 551–580. https://doi.org/10.1080/15309576.2017.1289850

[51] Jermias, J., Fu, Y., Fu, C., & Chen, Y. (2022). Budgetary Control and Risk Management Institutionalization: A Field Study of Three State-Owned Enterprises in China. *Journal of Accounting and Organizational Change*, 63–87. https://doi.org/10.1108/JAOC-06-2021-0086

[52] K. Chong, V., & Y. Loy, C. (2015). The Effect of A Leader's Reputation on Budgetary Slack. *Advances in Management Accounting*, *25*, 49–102.

[53] Kim, J. (2016). Impact of Performance Appraisal Justice on the Effectiveness of Pay-for-Performance Systems after Civil Service Reform. *Public Personnel Management*, *45*(2), 148–170. https://doi.org/10.1177/0091026016644625

[54] Klindžić, M., & Galetić, L. (2020). Combining Individual and Collective Employee Incentives to Enhance Organizational Performance. *Društvena Istraživanja*, *29*(1), 71–90.

[55] Kuvaas, B., Buch, R., & Dysvik, A. (2020). Individual Variable Pay for Performance, Controlling Effects, and Intrinsic Motivation. *Motivation and Emotion*, *44*(4), 525–533. https://doi.org/10.1007/s11031-020-09828-4

[56] Laird, B. K., & Bailey, C. D. (2016). Does Monitoring Reduce the Agent's Preference for Honesty? *Research on Professional Responsibility and Ethics in Accounting*, *20*, 67–94. https://doi.org/10.1108/S1574-076520160000020003

[57] Larkin, I., Pierce, L., & Gino, F. (2012). The Psychological Costs of Pay-for-Performance: Implications for the Strategic Compensation of Employees. *Strategic Management Journal*, *October*. https://doi.org/10.1002/smj

[58] Libby, T., & Lindsay, R. M. (2019). The Effects of Superior Trust and Budget-Based Controls on Budgetary Gaming and Budget Value. *Journal of Management Accounting Research*, *31*(3), 153–184. https://doi.org/10.2308/jmar-52238

[59] Liessem, T., Schedlinsky, I., Schwering, A., & Sommer, F. (2015). Budgetary Slack under Budget-Based Incentive Schemes—The Behavioral Impact of Social Preferences, Organizational Justice, and Moral Disengagement. *Journal of Management Control*, *26*(1), 81–94. https://doi.org/10.1007/s00187-015-0206-1

[60] Meng, F., & Wu, J. (2015). Merit Pay Fairness, Leader-Member Exchange, and Job Engagement: Evidence From Mainland China. *Review of Public Personnel Administration*, *35*(1), 47–69. https://doi.org/10.1177/0734371X12453057

[61] Ngo, Q. H., Huynh, T. N., & Doan, T. N. N. (2017). A Study on Managers' Creation of Budgetary Slack in Emerging Economies: The Case of Vietnam. *Asian Journal of Accounting Research*, *2*(2), 15–28. https://doi.org/10.1108/AJAR-2017-02-02-B003

[62] O'Halloran, P. L. (2012). Performance Pay and Employee Turnover. *Journal of Economic Studies*, *39*(6), 653–674. https://doi.org/10.1108/01443581211274601

[63] Park, S. J., & Jang, S. (2021). Asymmetric Information and Excess Budget: The Influence of Performance-Based Budgeting on Budgetary Slack in US States. *International Review of Public Administration*, *26*(4), 353–372. https://doi.org/10.1080/12294659.2022.2027599

[64] Park, S., & Sturman, M. C. (2022). When Perception is Reality, There is More Than One Reality: The Formation and Effects of Pay-for-Performance Perceptions. *Personnel Psychology*, *75*(3), 529–555. https://doi.org/10.1111/peps.12466

[65] Park, T.-Y., Eaglesham, R., Shaw, J. D., & Diane Burton, M. (2022). *Beyond Productivity: Incentive Effects on Alternative Outcomes* (Vol. 40). https://doi.org/10.1108/s0742-730120220000040004

[66] Parker, S. L., Bell, K., Gagné, M., Carey, K., & Hilpert, T. (2019). Collateral Damage Associated with Performance-Based Pay: The Role of Stress Appraisals. *European Journal of Work and Organizational Psychology*, *28*(5), 691–707. https://doi.org/10.1080/1359432X.2019.1634549

[67] Patricia, P., & Handoko, T. J. (2022). Pengaruh Skema Pemberian Insentif dan Harga Diri terhadap Budgetary Slack. *Jurnal Akuntansi*

Bisnis, *15*(2), 130–140. https://doi.org/10.30813/jab.v15i2.3185

[68] Peecher, M. E., & Solomon, I. (2001). Theory and Experimentation in Studies of Audit Judgments and Decisions: Avoiding Common Research Traps. *International Journal of Auditing*, *5*(3), 193–203. https://doi.org/10.1111/1099-1123.00335

[69] Ramon, J., Albert, G., Mendoza, R. U., Cuenca, J. S., Flor, J., Vizmanos, V., & Muñoz[1], M. S. (2018). Perceived Effects of the Performance-Based Bonus on Government Employees' Productivity. *Philippine Journal of Development*, *45*(2), 1–23.

[70] Ren, T., Fang, R., & Yang, Z. (2017). The Impact of Pay-For-Performance Perception and Pay Level Satisfaction on Employee Work Attitudes and Extra-Role Behaviors: An Investigation of Moderating Effects. *Journal of Chinese Human Resource Management*, *8*(2), 94–113. https://doi.org/10.1108/JCHRM-06-2015-0012

[71] Sampouw, C. E. (2018). Experimental Study: The Influence of Pay Scheme and Personal Value To Budgetary Slack. *Jurnal Aplikasi Manajemen*, *16*(4), 614–621. https://doi.org/10.21776/ub.jam.2018.016.04.07

[72] Schay, B. W., & Fisher, S. F. (2013). The Challenge of Making Performance-Based Pay Systems Work in the Public Sector. *Public Personnel Management*, *42*(3), 359–384. https://doi.org/10.1177/0091026013495770

[73] Stanley, B. W. (2015). *Financial Statement Misreporting: Does Monitoring Matter? 7*(1), 27–54.

[74] Terpstra, D. E., & Honoree, A. L. (2005). Employees' Responses to Merit Pay Inequity. *Compensation & Benefits Review*, *37*(1), 51–58. https://doi.org/10.1177/0886368704273101

[75] Thomas, P., & Nagalingappa, G. (2012a). Effectiveness of Pay for Performance and Fixed Pay Practices: An Assessment of Pay Satisfaction, Commitment and Turnover Intention. *International Journal of Research in Commerce, IT & Management*, *2*(12). http://ijrcm.org.in/

[76] Thomas, P., & Nagalingappa, G. (2012b). Effectiveness of Pay for Performance and Fixed Pay Practices: An Assessment of Pay Satisfaction, Commitment and Turnover Intention. *International Journal of Research in Commerce, IT & Management*, *12*(July). http://ijrcm.org.in/

[77] V, B., & Pillai, J. (2021). Potential Effect of Electronic Monitoring on the Work. *Elementary Education Online, 20*(5), 1793–1801. https://doi.org/10.17051/ilkonline.2021.05.197

[78] Wang, T., Thornhill, S., & Zhao, B. (2018). Pay-for-Performance, Employee Participation, and SME Performance. *Journal of Small Business Management*, *56*(3), 412–434. https://doi.org/10.1111/jsbm.12268

[79] Williams, M., Zhou, Y., & Zou, M. (2020). Differentiation in Pay for Performance Within Organizations: An Occupational Perspective. *International Journal of Manpower*, *42*(4), 537–555. https://doi.org/10.1108/IJM-01-2020-0038

[80] Zinko, R., Gentry, W. A., & Laird, M. D. (2016). A Development of the Dimensions of Personal Reputation in Organizations. *International Journal of Organizational Analysis*, *24*(4), 634–649.