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THE EFFECT OF *LOCUS OF CONTROL* ON THE RELATIONSHIP BETWEEN JUSTICE AND ESCALATION OF COMMITMENT LEVEL'S IN CAPITAL BUDGETING

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Abstract

Penelitian ini bertujuan untuk mengetahui dan membuktikan pengaruh locus of control terhadap hubungan antara justice dan tingkat eskalasi komitmen. Penelitian ini menggunakan subjek mahasiswa Program Profesi Akuntansi Joint Program Magister Akuntansi Terapan (31 orang) dan Magister Ekonomika Pembangunan (32 orang) Fakultas Ekonomika dan Bisnis Universitas Gadjah Mada. Penelitian ini dalam bentuk eksperimen design 2 x 2 between subject. Sebelum melaksanakan eksperimen sesungguhnya, penelitian ini dilakukan pilot test untuk menguji instrumen yang digunakan. Hipotesis yang disusun diuji dengan menggunakan analysis of variance (Anova). Eksperimen dilakukan dalam 4 empat tahap yang membutuhkan waktu lebih kurang 20 menit. Hasil penelitian menunjukkan bahwa prosedur yang fair dalam sebuah perusahaan tidak berpengaruh secara signifikan terhadap tingkat eskalasi komitmen. Sedangkan distribusi yang fair dalam sebuah perusahaan berpengaruh secara signifikan terhadap tingkat eskalasi komitmen. Hipotesis prosedur dan distribusi yang fair akan berpengaruh positif terhadap tingkat eskalasi komitmen menunjukkan prosedur dan distribusi yang fair dalam sebuah perusahaan tidak berpengaruh secara signifikan terhadap tingkat eskalasi komitmen. Kemudian dengan adanya locus of control yang dimiliki oleh setiap karyawan tidak berpengaruh secara signifikan terhadap tingkat eskalasi komitmen.

Kata-kata kunci: Locus Of Control, Justice, Procedual Justice, distributive Justice dan eskalasi komitmen

BACKGROUND

Many considerations were made in decision-making in the capital budget to invest. The rational decision making mention that corporate managers trying to maximize corporate profits. Managers must invest in projects that give the greatest benefit for the company and periodically assess the economic performance of the projects. They have to continue the profitable project, and to avoid loss, the manager should stop projects that are not profitable.

Bazerman (1994) defines escalation as an irrational act is a degree in which the individual doing the escalation of commitment to specific actions that were previously up to a point that past models of rational decision making. Individual or general managers have difficulty in separating the decisions taken previously by the decision relating to the future. As a consequence, individuals will tend to bias his decision because of past actions and have a tendency to escalating of commitment especially when receiving negative feedback (Bazerman, 1994).

In Staw (1976 and 1981) revealed that managers who initiate a project and the project was not profitable even more inclined to continue the project than a manager who did not start the project. Behavior of decision makers is often referred to as escalation of commitment. Escalation of commitment refers to the tendency by decision makers to survive or mengeskalisasi commitment to a failing course of action (Brockner, 1992). In Kardous (2004) mentions that in the investment process should avoid projects that have a lower performance and this is an important function of management control systems.

Justice consists of two types of procedural justice and distributive justice. Distributive justice is the justice of actual outcome that received by employees (Gilliland, 1993) while according to Magner and Johnson (1995) distributive justice related to the outcome because the emphasis on the distribution received regardless of how the distribution is determined. While procedural justice relating to justice in the procedures used to determine the distribution of outcomes (Leventhal, 1980). Assessment of fairness in the organization have an effect on the attitudes and reactions of employees. The employees want fair treatment either from the distribution and procedures. If they assess that the treatment they receive fair will affect the two types of outcomes, namely employee satisfaction and employee commitment. The higher they perceive the justice of a policy or management practices will have an effect on improving employee satisfaction and employee commitment.

Locus of control concept is based primarily on social learning theory (Reiss and Mitra, 1998). Social learning theory states that the choices made by individuals from a variety of potential behaviors available to them (Phares, 1976 in the Reiss and Mitra, 1998). Locus of control is defined Mac Donald (1976 in Tsui and Gul, 1996) as the extent to which a person feels contingency relationship between actions and results they get. Someone who believes that they have control over their destiny is called internally. In this case, they believe that the control lies within themselves. On the other hand, the external is people who believe that their results are determined by the agent or extrinsic factors outside of their own.

The phenomenon from escalation of commitment states that individuals increase their commitment to find evidence that the initial decision has been made based on considerations and prediction states that the investment will generate profits but it did not. This shows that the perception, understanding and previously confidence stated profitable investment but further evidence of declining investment performance (Brockner, 1992), negative (Brody and Kaplan, 1996), failing (Staw and Ross, 1978), so this negative evidence against the belief or early understanding and be a strong trigger to make efforts to allocate greater resources to support and justify the initial confidence.

Investments that have been issued by the company will be run and will be justified by the manager. With obligations and the consequences faced by managers, then justice is

expected by the managers in the form of outcome or other reward provided by the company in accordance with the things that have been sacrificed by the manager. With these phenomena, the authors led to justice as independent variables in the hope that the escalation of commitment can be lowered when a company treats all employees with fairness of procedure and fairness of distribution. The procedural justice related to justice in the procedures used to determine the distribution of these results. Procedural justice is more focus on fairness the procedures used to distribute outcomes (Alexander and Ruderman, 1987). Then, according to Alexander and Ruderman (1987) mentions that the procedural justice related to fairness the organization or systematic evaluation. Thibaut and Walker (1975) based on the model of dispute resolution and more focus on the fairness of the procedures used in the distribution of outcomes. With justice procedures conducted in a fair, it expected that escalation of commitment will going up. Justice is perceived by managers in determining the outcome of the procedure will receive will be very important for managers. Then for distributive justice, namely distributive justice in actual results received by the employee (Gilliland, 1993) while according to Magner and Johnson (1995), distributive justice related to the outcome because the emphasis is on the distribution received regardless of how the distribution is determined. So, with justice in the distribution made by companies about the outcomes that would be obtained by each employee equitably distributed escalation of commitment is expected to be improved.

Of the two types of the distribution and procedures justice it can be concluded that procedural justice associated with the procedures undertaken by the company in the process of distribution of results, and distributive justice is achieved after procedural justice when done by the company and can be felt by the employees that the procedures conducted by the company have actually been fair. But with the equity in the company's procedures implemented, this will not guarantee the achievement of justice in the distribution of outcomes in accordance with the sacrifices and the work carried out by the manager. With the procedures fairness and fairness in the distribution, then the escalation of commitment for managers is expected to be enhanced because fair is very important for every individual. Later in the process of justice, justice had acquired after procedures justice implemented and after procedure justice, can be expected that the equity in the distribution of results and can be really felt by the employee.

Then after described above, that the justice is expected to increase the level of escalation of commitment, then the relations between the two variables are influenced by the locus of control. Locus of control appear as moderating variable in the relationship between justice and the level of escalation of commitment. The concept of locus of control is primarily based on social learning theory (Reiss and Mitra, 1998). Social learning theory as described above stated that the choices made by individuals from a variety of potential behaviors available to them (Phares, 1976 in the Reiss and Mitra, 1998). Someone who believes that they have control over their destiny is internal in which they believe that the control lies within themselves. On the other hand, the external is people who believe that their results are determined by the agent or extrinsic factors outside of their own. For example: is determined by fate, luck, strength or anything else that can not be predicted. In Singer and Singer's study (2001) tried to express the escalation of commitment different in individuals with sensitizer and repressor and the individual's internal locus of control and external locus of control. Results revealed

that individuals tend to escalate repressor is greater than the individual sensitizer, as well as individuals who tend to internal locus of control experienced greater escalation than individuals who tend to be external locus of control.

When related with the relationship between justice and the level for escalation of commitment, based on the above studies so the level for escalation of commitment can be more reduced with an external locus of control in the form of self-control made or influenced by others. However, by using an internal locus of control that is control by yourself and there is no influence from other parties are also expected to affect the relationship between justice and escalating levels of commitment.

Based on the above, then the writer can make the following problem statement:

1. What is justice procedural and distribution can increase the level for escalation of commitment?
2. What is the relationship between justice procedural and distribution with the level for escalation of commitment is influenced by internal locus of control and external locus of control?

HYPOTHESIS DEVELOPMENT.

Escalation of Commitment, Self-Justification Theory and Prospect Theory

Escalation of Commitment is defined as a phenomenon in which people decide to increase or add to its investment, though new evidence to explain that the decision has done is wrong. Investment can be money, time and effort or energy. Escalation of commitment is also called nonrational escalation of commitment (Bazerman, 1994). Bazerman (1994) mentions that a person tends to a certain type of bias when he approaches a decision made in a sequence that is a trend. Term nonrational escalation of commitment is used to indicate a situation in which people can make irrational decisions based on rational decisions of the past or to justify actions that are under way. Escalation of commitment is a series of actions or behavior of individuals, groups or organizations that tend to decide to allocate greater financial resources at the following investment projects, although declining investment performance information (Staw, 1976 and Ross, 1978; Staw, 1981; Ross and Staw, 1986).

Bazerman (1994) states that to eliminate the non-rational escalation with the ability to identify factors that stimulate psychocological escalation behavior. Perpetual biases factor that is due to biases each person has a different perception. This perpetual biases appear after making a commitment to specific action and will suggest a number of corrective procedures. In addition, the determination of monitoring systems that will help the perception of a person before a consideration of decisions made and proved useful. The second factor, judgmental biases explain even someone filtering information will be used to make the next decision, he still must make decisions. The important argument of this factor is that all losses of the initial investment will mathematically distorting efficaciously consideration of previous actions. Individuals tend to avoid risk to positively framed problems and risk-seeking to frame the issue in the negative. Someone needs to ask the individual to assess a new decision from a neutral point of the referendum that eliminates the risk-seeking extreme behaviour, which observed

from various subjects of the high responsibility (decision makers who have to spend money or resources for his actions. Festinger (1957) describes self justification theory is a theory of cognitive dissonance and Kiesler's (1971) mentions that the theory of psychological commitment to explain the motivation of a manager escalation of commitment. Festinger (1957) defines cognitive dissonance as an inconsistency between the two conditions occur together by individuals.

Kahneman and Tversky's Prospect Theory explains that in conditions of uncertainty, a person faced with the alternative options that provide the same benefits. The first is the alternative choice is certainly beneficial but smaller than the second option. While the second option is an alternative option may not obtain greater benefits with a probability of 50%, then the person will tend to choose the first alternative that is favorable for sure. This illustrates the attitude of risk rejection (risk aversion). In contrast under conditions of uncertainty, a person faced with the alternative choices are certainly harmful and the second is a possible alternative choice or of loss not or possibility of loss but with a greater probability of 50%, then the person will tend to choose the second alternative is probably no possibility of loss or loss of greater with 50% probability. This illustrates the attitude of acceptance of risk or risk seeking (Watkins, 2006).

Procedural Justice and Distributive Justice, Equity and Inequity Theory

Leventhal (1980) defines that procedure justice is justice in the procedures used to determine the distribution of these results. Procedural justice is more focus on fairness the procedures used to distributing outcomes (Alexander and Ruderman, 1987). According to Alexander and Ruderman (1987) mentions that the procedural justice related to fairness of the organization or systematic evaluation. Thibaut and Walker (1975) based on the model of dispute resolution and more focus on the fairness of the procedures used in the distribution of outcomes. To solve the problem in the prescription of distribution is to use basis of equity theory proposed by Adams (1965). According to Adam (1965) and Walster et al. (1973) in Lind and Tyler (1988) mentions that the outcome of the relationship between the procedure and the distribution must be constant. Gilliland (1993) defines that distributive justice is the justice that comes from the actual results (outcome) obtained an employee. Then Magner and Johnson (1995) mentions that distributive justice related to the outcomes obtained. This is because the emphasis on the distributive received regardless of various the distribution determined. Distributive justice focuses on the fairness of rewards and punishment and compensation received by employees (Alexander and Ruderman, 1987). Then Alexander and Ruderman (1987) mentions that distributive justice related to personal or individual outcomes obtained. This suggests that attitudes and behavioral responses to income related to income based on the perception of fairness (Walster et al., 1978).

Adams (1965) in Goodman and Friedman (1971) defines inequity is a condition that any time there will be on everyone depends on one's perception that the ratio of inputs and outcomes from other outcomes ratio of other inputs that are different. This situation perceived as a person and another person experiencing the change direct relationships and when both relations change in three parts, and someone is going to compare himself with others. Equity

theory states theory of distributive justice related to the perception of employees and the balance between inputs such as the work done and skills, which they give with the results as they receive salaries. At the time of the individuals in the organization perceive that the ratio of input they provide to the rewards they receive a balanced, they feel the fairness (equity). On the other hand, imbalance in the ratio between the input and return them to the perception leads to a lack of fairness (Cowherd and Levine, 1992 in Pareke, 2000). Fair actions committed by the company against any employee determine the extent of commitment and sacrifice of an employee. Given the perceived fairness by employees, then this can increase the commitment and sense of responsibility toward the project and employees will run the project better. But if justice is expected by the employee is not implemented by the company, then this will reduce the commitment and sense of responsibility toward the project.

Locus of Control

Rotter (1990) defines locus of control is external and internal controls that led to the expectation level of someone that behavior as reinforcement or outcome in behavior contingency or getting something personal characteristics compared with the level of a person's expectations that the reinforcement or outcome of changes in the functions, benefits, fate under strong control or can not be predicted. Based on the theory of locus of control, that the behavior of a manager in the preparation of the budget will be influenced by the characteristics from locus of control it. Character traits of internal locus of control are those who believe that an event is always in control and will always take the role and responsibility in determining right or wrong. Conversely, people with external locus of control believe that events in his life beyond its control, and believe that life is influenced by fate, luck, and opportunity and more trust powers outside him. Research Singer and Singer (2001) tried to express the escalation of commitment different in individuals with sensitizer and repressor and the individual's internal locus of control and external locus of control. Results revealed that individuals tend to escalate repressor is greater than the individual sensitizer, as well as individuals who tend to internal locus of control experienced greater escalation than individuals who tend to be external locus of control.

Hypotheses

According to Alexander and Ruderman (1987) that procedural justice is more focus on fairness in the procedures used to distribute the outcome. And according to Gilliland (1993) defines that distributive justice is the justice that comes from the actual results or outcome obtained an employee of fair procedure. While the escalation of commitment is a series of actions or behavior of individuals, groups or organizations that tend to decide to allocate greater financial resources at the following investment projects, although investment performance information decreased/decline and the investment can be money or power (Staw and Ross, 1978; Staw, 1981; Ross and Staw, 1986). So, when a manager is treated fairly in a project both in procedural justice and distributive justice, the escalation of the level of commitment will increase.

H1a: A fair procedure would have a positive effect on the level for escalation of commitment

H1b: A fair distribution would have a positive effect on the level for escalation of commitment.

H2a: A fair of procedure and distribution would have a positive effect on the level for escalation of commitment

According to Singer and Singer (2001) of individuals who tend to internal locus of control experienced greater escalation than individuals who tend to be external locus of control. Locus of control is moderating variables that affect the relationship between justice and the escalation of commitment. If a manager is being treated unfair, in which the manager is an external locus of control which has high sensitivity level will decrease the level for escalation of commitment is higher than when a manager is an internal locus of control which has a low sensitivity level, the hypothesis 3 is:

H3: When a manager with an external locus of control were treated unfair of the level for escalation of commitment will be lower than when a person with internal locus of control were treated unfair.

RESEARCH METHOD

Subjects in this study is student of the Accounting Profession Program Joint Program of Master in Accounting and Masters in Development Economics Faculty of Economics and Business Gadjah Mada University. Student of the Accounting Profession Program Joint Program of Master in Accounting that is the subject is a student in regular classes most of the accounting educational background and most do not have work experience that is considered sufficient understanding and experience in management and budget execution. And students of Master in Development Economics regular classes most of which have work experience that is considered sufficient understanding and experience in the field of managerial and implementation. This research in the form experiments design of 2 x 2 between subject. Experiments designed by using the two treatments in two different conditions, namely: procedural justice and distributive justice and fair and unfair conditions. To reduce the influence of extraneous variables that can interfere with the internal validity of research results (Hartono, 2007). So this experiment did randomization to treatment conditions. In this case, each participant will only have one condition and treatment will be different from other participants and will measure the level for escalation of commitment.

To measure distributive justice variable used is the scale created by Niehoff and Moorman (1993). This scale includes the fairness of the outcome differences from a job that includes payroll levels, workload and job responsibilities. According to Niehoff and Moorman (1993), a high level of reliability for this scale. To measure procedural justice variables created by Niehoff and Moorman (1993) which reflects the presence of formal procedures in making decisions. Items of this scale designed in the form of perceptions of formal procedures. And this scale includes items that measured the level of the individual perceive that unbiased and accuracy of the information collected before a final decision and the subordinates are given the

opportunity to participate in decision-making process. Sample items in this scale are: (1). All decisions have consistently used the work and influenced by subordinates. (2). Subordinates are allowed to give opinions and consideration in making employment decisions.

To measure of moderating variables for locus of control to use the Work Locus of Control (WLCS) developed by Spector (1988) which consists of 16 items of questions by using 5-point Likert scale. Internal locus of control is shown by the value of the respondent's answer is smaller than the mean score and vice versa for external locus of control is indicated by the value of the respondent's answer is greater than the mean score (Reiss and Mitra, 1998; Fauzi, 2001). To test the validity of the instrument, the researchers first had to do a pilot test on the instrument to be used in the experiment. The pilot test program involves students taking a Master degree of Accounting Sciences Faculty of Economics and Business Gadjah Mada University. Pilot test data based on gender, the pilot test subjects consisted of 9 women and 1 man. Overall, the subject had understood the experimental design is presented. This is evident from cronbach alpha for 0.78. From the mean alpha cronbach instrument presented is reliable enough, although at the time of the pilot test, the subject of many experimental instruments questioning stage III. After the pilot test conducted, the researchers asked test subjects to give the pilot input and criticism. Based on these inputs, the researchers improve the things that are considered necessary. After the repairs are done, hopefully things are questionable subject during the pilot test will not be repeated so that the experiment can be a good and successful and can reduce bias research results.

This procedure is performed to determine whether the case or treatment will be given can be understood by the subject and to know that there may be errors in the design. For the pilot test that is the subject asked to give suggestions regarding the instruments used for the experiment. Pilot tests are also expected to show how the control environment that can interfere with concentration and effectiveness of time the subject in the experiment. While to know whether the measurement instrument really reliable so as to obtain consistent results, then conducted a reliability test.

The hypothesis compiled tested using analysis of variance to compare the effects of the two conditions of fair and unfair treatment and two of procedural justice and distributive justice to the level for escalation of commitment and influence of locus of control on the relationship between justice and the level for escalation of commitment.

RESULT AND DISCUSSION

Research conducted with 63 people which is the subject of students from class Joint Professional Accounting Program Master of Accounting Program at Gadjah Mada University and the class of Master Program Development Economics Gadjah Mada University. Of 63 subjects participated in the experiment, as many as eight people subject can not pass the manipulation check, so can not be included in the data processing. So that can be processed subject is the subject of 55 people consisting of 49 people (procedural justice) and 41 people (distributive justice). From the demographic table below, can be seen that subjects consisted of 24 men (43.6%) and 31 women (56.4%) with most of the age to 25 years (54.5%) and aged between 26 to 35 years (40%) . The subject is also known to have a dominant account-

ing educational background (61.8%) and have work experience (58.2%). Subjects known to have the dominant work experience between 1 and 5 years (51.2%).

The subject of work experience in mind that the mean work experience of the subjects experienced and inexperienced job working on this research are not significantly different than the mean of subjects who have work experience 2.5000 and 2.3043 for mean the subjects who have no work experience. From the table 4.3. the above is also known that the test results of Levene's test subjects in this study are not significant and greater than p-value 0.05, so the population on the subject have the same variance.

Hypothesis Testing Results.

The study divided from 4 cells intersubjective 2x2 research design, subjects divided into 4 cells and their subjects get a one-time treatment. This study hypothesized that fair procedures will have a positive impact on the level for escalation of commitment. Result of test for Analysis of varians on the p-value > 0.05 indicates that a fair procedure in a company do not affect significantly the level for escalation of commitment. These results indicate that the procedures used to determine the distribution of outcomes was ignored by employees so that fair or unfair distribution of a process of determining the outcome will not affect the level for escalation of commitment for the employee.

Table 1
Result Of Test for Statistis Analysis of varians

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	14.297	1	14.247	6.590	0.014
Intercept	982.297	1	982.297	452.804	0.000
DJ	14.297	1	14.297	6.590	0.014
Error	84.605	39	2.169		
Total	1104.000	41			

R² = 0.28; PJ = Procedural Justice

The table 2 showed that fair distribution have a positive impact on the level for escalation of commitment. Result of test for Analysis of varianson the p-value < 0.05 indicates that a fair distribution of a company significantly affect the level for escalation of commitment. From hypothesis testing, it can be seen that the level for escalation of commitment increases when a company employee to do a fair distribution of outcomes. In equity theory (Adams, 1965), it is stated that the theory of distributive justice related to the perception of employees and the balance between inputs incurred by the employee and the outcome. Employees pay more attention to outcomes that will be received at the end compared with the procedures in the process of determining outcomes. With the results shown above, it is seen that the employees would prefer a fair distribution process than the procedure in determining a fair distribution

of outcomes. Thus, the escalation rate will increase employee commitment to the equitable distribution than on the distribution determining procedures such outcomes.

Table 2
Result Of Test for Statistis Analysis of varians

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	14.297	1	14.247	6.590	0.014
Intercept	982.297	1	982.297	452.804	0.000
DJ	14.297	1	14.297	6.590	0.014
Error	84.605	39	2.169		
Total	1104.000	41			

$R^2 = 0.145$; DJ = Distributive Justice

From the table 3 to answer the hypothesis procedures and a fair distribution would have a positive impact on the level for escalation of commitment. Result of test for Analysis of varianson the p -value > 0.05 indicates that the procedures and a fair distribution of a company do not affect significantly the level for escalation of commitment. From the above results, shows that employees do not see the two processes and procedures for the distribution of outcomes, and this does not raise the level for escalation of commitment employees to the company.

Table 3
Result Of Test for Statistis Analysis of varians

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	8.291	2	4.145	1.800	0.182
Intercept	387.608	1	387.608	168.340	0.000
PJ * DJ	8.291	2	4.145	1.800	0.182
Error	73.681	32	2.303		
Total	1018.000	35			

$R^2 = 0.101$; PJ = Procedural Justice; DJ = Distributive Justice

From the table 4. It can be seen that a manager with an external locus of control were treated unfair then the level for escalation of commitment will be lower than when a person with internal locus of control were treated unfair. Result of test for Analysis of varianson the p -value > 0.05 indicates that the existence of locus of control is owned by each employee does not affect significantly the level for escalation of commitment. If a manager is being treated unfair, where the manager it was an external locus of control which has high sensitivity level will decrease the level for escalation of commitment is higher than when a manager is an internal locus of control which has a low sensitivity level.

Table 4
Result Of Test for Statistis Analysis of varians

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	47.263	20	2.363	0.953	0.550
Intercept	771.838	1	771.838	311.300	0.000
PJ * DJ * LOC	47.263	20	2.363	0.953	0.550
Error	34.708	14	2.479		
Total	1018.000	35			

$R^2 = 0.28$; PJ = Procedural Justice; DJ = Distributive Justice

This is not evident from the above test, thus a person who treated unfair will not be able to reduce the level for escalation of commitment is lower. So by looking at the locus of control is held by any manager or employee can not affect the level for escalation of commitment.

CONCLUSION

This study attempted to examine the effects of acquired equity in the company's managers and how the level for escalation of commitment managers to the company's after the treatment was the procedure and the distribution of outcomes that will be received by the manager. Justice is done by the company against its employees is necessary in accordance with the sacrifices that have been issued by the employee. For example, the employee took out all the skill and ability has to the success of a project undertaken. In justice is divided into two that procedures and distributive justice.

In justice of procedures, an employee only consider the procedure performed by the company in the process of determining the distribution of outcomes. In the process of determining this distribution, employees hope for justice in accordance with the sacrifices that have been issued. So, when associated with the level for escalation of commitment should be enhanced. Whereas in distributive justice, an employee is more directly concerned how many outcomes are obtained in accordance with the sacrifices that have been issued. If the outcome had been received in accordance with the fair perceived sacrifice incurred if the employee is related to the level for escalation of commitment should be enhanced. The study predicts that the a fair procedures and a fair distribution would have a positive impact on the level for escalation of commitment. Statistical test results of variance analysis showed that the procedure is performed in the process of determining the distribution of outcomes is not a positive influence on the level for escalation of commitment. This shows that the manager does not consider the procedure performed by the company in determining the distribution of outcomes. These results indicate that managers do not perceive that if the company performed the procedure in the process of determining the distribution of outcomes is felt not done in a fair (fair) then it will not change the level for escalation of commitment to employees (managers) against the company. Also helped found that managers pay more attention to the distribution of outcomes conducted by the company in accordance with the sacrifice of

those managers. Distribution of outcomes is the amount actually obtained by the manager, so if the company doing this is the fair distribution of the level for escalation of commitment to the company's managers come up. These results prove that the manager does not consider how the process undertaken in determining the distribution of outcomes, but more attention to the number of managers had received outcomes. So that it can be concluded that a fair distribution will determine the increase in the level for escalation of commitment manager than a fair procedure. Then, for the interaction between procedural justice and distributive justice, showing no significant results. That is, managers do not consider these two aspects of justice and procedural justice is distributive justice. So that it can be concluded that managers only see one of these two aspects of distributive justice.

For a proof of a manager with an external locus of control were treated unfair then the level for escalation of commitment will be lower than when a person with internal locus of control were treated unfair, the result shows that the existence of locus of control, the level for escalation of commitment can not be derived. Thus, it is not evident from previous predictions. These results indicate that locus of control factor which is owned by a manager in determining whether or not a fair or actions taken by the company do not affect level escalation of commitment to the company.

Based on the results of this study imply that managers do not consider the procedure in the process of determining the distribution of outcomes but managers pay more attention to the distribution of these outcomes. It means that managers focus more on outcome of actually acquired, and this in accordance with the equity theory (Adams, 1965) which states that the balance between the inputs that were sacrificed by the manager and outcomes that will be accepted. These results indicate that managers consider only the distribution of outcomes that have been made by the company in accordance with perceived fair sacrifice incurred by the manager. This will affect the level for escalation of commitment held by managers of the company.

As most experimental studies that manipulate the conditions in the laboratory or classroom situation, the results of this study can not be generalized to the real situation. This research priority to internal validity of using student subjects as a proxy manager in Indonesia. Some reasons are used as the student program and the Master of Professional Accounting Development Economics has the theoretical ability to analyze the data provided. Masters in Development Economics students used as subjects because most already have experience in the budgeting process so that it can understand the data provided. While students accountant professional education program, but most do not have work experience but have acquired the courses of capital budgeting which is expected to understand the data provided. Research that will come recommended not to use students as research subjects but rather the managers of the company. Because the use of student weakness as a subject that is in the generalize research findings (external validity). Following limitations, the use of subjects used in this study are approved and the orders of the lecturers courses and not the subject of an initiative to follow this research. Therefore have considerable impact with the indicated number of subjects who did not qualify manipulation check (as many as eight people). It is alleged they are not paying attention to the case given, so their responses can not be processed.

This study did not obtain any empirical evidence hypothesis. Supported the hypothesis that proved only in a fair distribution of outcomes obtained by the manager that increases the level for escalation of commitment. This hypothesis does not receive expected because the data do not support, which may be due to few samples used in this study. Only sample taken from the Accounting Profession Program students and Masters in Development Economics Faculty of Economics, Gadjah Mada University. This study tested only procedural justice and distributive justice and moderating variable locus of control, which affects the level for escalation of commitment. For moderating variables, there are many variables or other factors that could affect the relationship between justice and the level for escalation of commitment. Other factors such as self esteem, over confidence and under confidence. Then the number of hypotheses that are not proven, may be caused by other factors or the need for improvement of research instruments to be more perfect that it gives a more convincing results in the future

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