

EQUITY THEORY IN ACCOUNTING RESEARCH

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Abstract

Equity theory is the theory relating to justice. The topic of justice has become a concern of social scientists since before the 1960s. This issue arises because there is a problem in the allocation of resources. As a universal phenomenon in the entire social system sizes, ranging from small groups of up to society as a whole. Therefore, many social researchers from various disciplines, such as political scientists, economics, sociology, and psychology examines allocation problems. At first the concept of justice is to be at the level of social psychology and then applied in the organization. In the field of equity accounting theory related to fairness associated with the budget process. This paper will discuss how the concept of organizational justice, the emergence of a wave theory of justice, the concept of justice in the investigation of accounting and measurement of distributive justice and fairness from the perspective of accounting procedures.

Keywords: Theory Equity, Accounting Research, Justice, Allocation Resources, Fairness

INTRODUCTION

According Colquitt, Greenberg and Zapata-Phelan (2005), the organization, the concept of justice is not only focused on justice alone, but also on how individuals perceive and understand the justice (in the literature using the terms justice and fairness which turns). Fairness in the organization describes the differences facing employees in the work environment. For example, workers will face the distribution of the allocation of resources, such as payments, awards, promotions, and the outcome dispute resolution known as distributive justice or distributive justice (Adam, 1963; Leventhal 1976). Another problem faced by the workers is how these

workers assess decision-making procedures relating to outcomes, known as procedural justice or procedural justice (Tilbaut and Walker, 1975; Leventhal 1976). Besides the issue of distributive justice and fairness of procedures, individuals within the organization will also face how the treatment of the authorities in the organization of the person as compared to the other known as interactional justice or interactional justice (Greenberg, 1993).

To explain what is meant by justice organizations, Colquitt, Greenberg and Zapata-Phelan (2005), explained through four main waves that determine the development of the theory of justice. The first is called the fairness wave distribution, the second is called the wave of justice procedure, the so-called third wave of interactional, and the latter is called integrative wave. This last wave appears simultaneously with interactional waves. The following will explain each of the wave appearance.

Justice wave Distribution

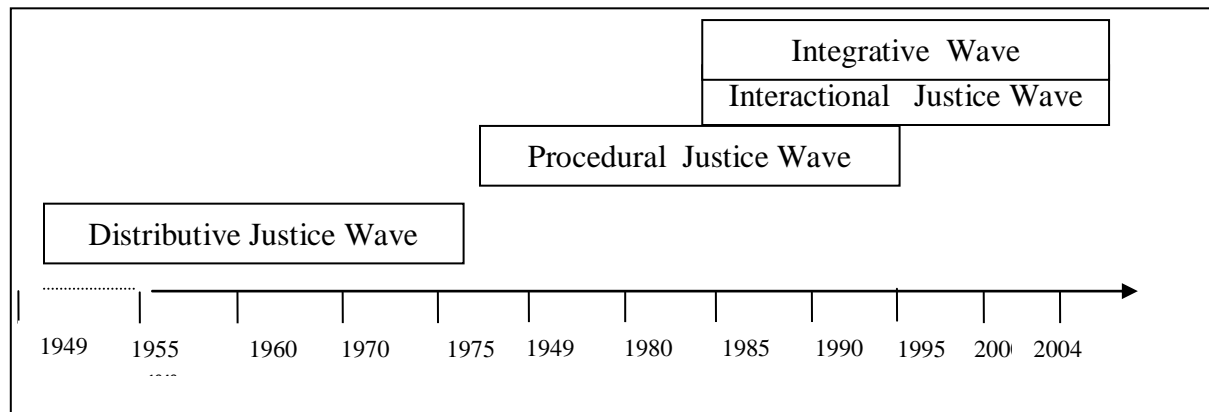
Theory of justice in the first wave he called distributive justice wave. This theory began in the 1950s until the 1970s. At that time the theory of justice-oriented focus on how to distribute resources, known as distributive justice. Colquitt, Greenberg and Zapata-Phelan (2005) suggests that there are some thoughts that appear on this wave of distributive justice, but the well-known theory that emerged in this period is the equity theory propounded by Adam (1963; 1965). Adam theory is the theory underlying the development of theories further. Equity theory is a theory of justice related to the ratio between the output (eg, reward) and input (contribution) as compared with the ratio of someone else. Adam's equity theory is very famous, and after a while his appearance began to be criticized, for example by Pritchard (1969) in Colquitt, Greenberg and Zapata-Phelan (2005). Pritchard criticize that definition input and outcomes are not so obvious, so some variables, such as job responsibilities can be included into the second category of inputs or outcomes, there is also a version of the alternative (Walster, Berschied, and Walster, 1973, in Colquitt, Greenberg and Zapata-Phelan, 2005). Then, Leventhal (1976) and Deutsch (1975) theory proposed revised Adam, by using multiple allocation norms to determine the distribution.

Justice Wave Procedure

After the 1970s the concept of justice enters the next stage of development called Colquitt, Greenberg and Zapata-Phelan (2005) The development of this concept occurred due to the limitations set out Adam's equity theory. John Thibaut, namely a social psychology, and Lauren Walker a professor of law, both of them since the 1970s known as the social psychology. They introduced the concept of justice procedure as a form of justice distribusi optimal control. Then,

in 1975, Thibaut and Walker (1975), distinguishes the procedure theory put forward in two forms, namely the decision control and process control. After Thibaut and Walker (1975, 1978) the development of the theory of equity is then performed by Leventhal, he was also a social psychology. In 1976 Leventhal make posts to provide an alternative theory of thought towards equity titled "What should be Done with Equity Theory? New Approaches to the Study of Fairness in Social Relationship ", (this paper was later published in 1980).

Figure 1. Four Wave Theory and Justice Research Organization



Source: Colquitt, Greenberg dan Zapata-Phelan, 2005

In the article it was revealed that there are some major problems in the theory of equity. First, equity theory uses the concept of justice unidimensional, not multidimensional. Second, equity theory only pay attention to the final distribution of awards. Procedure that takes into account the distribution of unobserved. The focus of this theory is only focused on the distribution of justice, while issues concerning justice neglected procedures. The concept of justice unidimensional view that justice will occur if the rewards in accordance with the portion of contributions. This theory assumes that the perception of fairness is very strongly influenced by the contribution rule. Someone with a large contribution will receive greater outcomes. This theory ignores the other roles of the standards of justice which affect perceptions of fairness of distribution. Therefore, some researchers suggest using multidimensional approach of fairness. One approach to justice multidimensional proposed by Leventhal (1976), which he called "judgment justice model". Theory of justice proposed by Leventhal this assumes that the individual consideration of justice is not only based on contribution rule, but it also needs the rule which states that a person with greater needs will receive greater outcomes or on the equality rule which states that every person shall receive The same outcomes in accordance

with the needs or contribution to the concept of justice. Leventhal reflects the needs, equality, and the contribution or a combination of these factors (Leventhal, 1976). The model is a multidimensional judgment justice which eliminates the problems that arise in the theory of equity. This model is considered as an alternative to explain the theory of equity. Assuming the theory of justice judgment stated that the perception of each individual to justice based on the rule of justice. Leventhal (1976) defines justice as a rule an individual's belief that the distribution of outcomes, or procedures for the distribution of outcomes, fair and appropriate if it fulfills certain criteria.

On this definition, there are two categories of justice that emerged, namely the distribution rule and procedural rule. Distribution rules defined as an individual's belief that the rules are fair and in accordance with the awards, sanctions or resources are distributed according to certain criteria. The criteria in the form of correspondence between the award and contributions rule, compatibility between the award and the rule needs or divided based on equality rule that contributions rules, needs ruled an equality rule is the main thing in distributions rule that will affect the individual's perception of fairness distribution (Leventhal, 1976). Procedural rule is a second category of justice rule expressed by Leventhal (1976). Procedural rules describe the beliefs of individuals that stated that the allocation procedure has to meet certain criteria, which have a fair and appropriate. To meet procedural rule, Leventhal (1976) proposed six rules (discussed in subtitles justice procedures) so that an individual has a perception of the procedural fairness. The theory put forward Tibaut and Walker (1975) and Leventhal (1976) became a basic theory in the study of justice procedures, some researchers next apply both theories on empirical studies conducted.

Interactional Justice wave

Until the mid-1980s, the main focus of researchers justice procedure only on the structural characteristics of the formal decision-making procedures. Few who have attention to interpersonal nature of the perpetrators who carry out these procedures. Furthermore, Bies and Moag 1986 (in Colquitt, Greenberg and Zapata-Phelan 2005: 29) to analyze the treatment of interpersonal treatment as it is considered in the concept of justice. Later, this concept is known as the concept of interactional justice. This concept in the late 1980s to the early 1990s being debated in the world of education is considered as the third form of justice. Interpersonal treatment is conceptually different from the structure of the procedure. According Bies and Moag 1986 (in Colquitt, Greenberg and Zapata-Phelan, 2005: 29), there are four rules that can be used to identify interpersonal treatment, as follows:

- 1) truthfulness. Authorities should be open, honest and candid in their communication when implementing the decision-making procedures, and should avoid any sort of deception.
- 2) Justification. Authorities should provide adequate explanation of the outcomes of the decision-making process.
- 3) Respect. Authorities should treat individuals with sincerity and dignity, and refrain from deliberately being rude to others or attacking them.
- 4) Propriety. Authorities should refrain from making statements or asking improper prejudicial question (eg, Reviews those pertaining to sex, race, age, or religion) (Bies and Moag 1986 in Colquitt, Greenberg and Zapata-Phelan, 2005: 29).

The fourth rule proposed Bies and Moag (1986) is different from the concept of justice procedure proposed Thibaut and Walker (1975) and Leventhal (1976). Bies and Moag concept (1986) is then also strongly influence other studies, such as Folger and Konovsky (1989), Tyler and Bies (1990), and Greenberg, Bies and Eskew (1991). Folger and Bies (1989) extending the four rules and Moag Bies (1986) by identifying additional criteria to implement the procedure. Such criteria called "seven key managerial responsibility", namely 1) truthfulness, 2) justification, 3) respect, 4) feedback, 5) consideration of employee views, 6) consistency, and 7) bias suppression.

Further, Tyler and Bies (1990) identified the same principle he called "proper enactment of procedurest", while Greenberg, Bies and Eskew (1991) suggests that there are six things that should be considered by managers to create justice, namely three on structural aspects (eg, consider the views of employees, neutral, consistent with the rules applied) and three on interpersonal considerations (eg punctuality in using feedback, the use of adequate explanation, and treatment dignified and respectable). Some of the rules set out Folger and Bies (1989), Tyler and Bies (1990) and Greenberg, Bies and Eskew (1991) repeated the proposed rules and Moag Bies (1986), as truthfulness, justification and respect, while some others together with who pointed Thibaut and Walker (1975) and Leventhal (1976). Use of one of the concepts put forward by Folger and Bies (1989), Tyler and Bies (1990) and Greenberg, Bies and Eskew (1991) referred to as interactional justice, although using different terms (Colquitt, Greenberg and Zapata-Phelan, 2005: 31).

The term interactional justice (interactional justice) is then used by the Nili Greenberg in research in 1993. Greenberg (1993a) develop interactional justice constructs into two dimensions, namely interpersonal justice that refers to Bies and Moag (1986) and informational justice developed through component justification and truthfulness. In contrast to Greenberg (1993a), Moorman (1991) conducted an investigation which separates the concept of interactional fairness of justice procedure in people's behavior. Moorman (1991) developed the

proposed measurement is based on the concept of Folger and Bies (1989), Tyler and Bies (1990), and Greenberg et al. (1991). Then, the separation of the concept of interactional fairness and justice continue to do its testing procedures were initiated over the 2000s.

Integrative Justice wave

Wave integrative justice coincided with a wave of interactional justice. At this wave is characterized by a theory that is directly developed based on previous research. There are three concepts that emerged during this period, namely counterfactual conceptualization (like referent cognition theory is shortened by RCT and fairness theory), group-oriented conceptualization (like the group value models, the relations models, and the group engagement model), and heuristic conceptualization (eg fairness heuristic theory and uncertainty management theory). The following will explain the concepts and theories that developed in integrative waves.

1) Counterfactual Conceptualization

There are two theories developed in counterfactual concept was initiated Folger. The first, referred to as the referent cognition theory (RCT) (Folger, 1986a, 1986b). Both fairness theory (Folger, 1993). RCT theory is considered as an approach that overcomes the weakness of equity theory put forward Adam (1965). Adam put forward this theory focuses on the sense of distress, whereas RCT theory focuses on anger and resentment. According to RCT, resentment against the decision is considered the maximum in case of three conditions:

- 1) referent outcomes are high, meaning that the better state of affairs Easily alternative could be imagined;
- 2) the percived likelihood of amelioration is low, meaning that there is little hope that the future will be better outcomes;
- 3) justification is low, meaning that the event ought to have occurred differently (Colquitt, Greenberg and Zapata-Phelan, 2005: 19).

Outcomes RCT theory reflects the distribution of justice, fairness of procedures, and explanations on interactional justice. The effect of three components of RCT have been tested Folger and Martin (1986) and Cropanzano and Folger, (1989). The second theory developed Folger and Cropanzano (1998) is the fairness theory. This theory was developed Folger because in theory RCT little to distinguish the responsibility and moral obligation in the event of negative events in the organization so that Folger (1993) recast RCT theory which is the initial step in pengeseran RCT theory becomes a theory of justice. Then, the theory of justice has

been used by some researchers as a basis for predictions (Collie, Bradley, and Spark, 2002; Colquitt and Cherkoff, 2002).

1) Group-Oriented conceptualization

Tyler, Lind, and the association developed the concept of justice is based on the orientation of the group. Based on this concept evolved three theories, namely as follows: (1) group value models, (2) the relational model, and (3) group engagement models. Group value model developed Lind and Tyler (1988) is based on Thibaut and Walker (1985). According to Lind and Tyler (1988) procedural justice in the long term will be obtained from the relationship between each other, which he called self-interest or instrument models. Then, the group value of this model developed into a relational model (Tyler and Lind (1992).

2) Heuristic conceptualization

There are two theories that are included in the Heuristic conceptualization, namely fairness heuristic theory and uncertainty management theory (Colquitt, Greenberg and Zapata-Phelan, 2005). Fairnes heuristic theory developed after testing of the relational model. This theory assumes that justice is a key that determines the legitimacy of the parties where the authorities will use the perception of justice to make a decision whether to accept the orders of the authorities. People will use heuristics to make decisions fairness. Heuristics is defined as a psychological aspect which is used to decide to accept or reject the orders of the authorities. This theory was developed Lind et al. 1993) were then tested by some researchers, such as Van den Bos et al. (1997: 1980), Van de Bos, and Miede Ma (2000).

3) Uncertainty management theory

This theory arises because there is uncertainty about the trust that is at the core of the heuristic theory. This theory was developed by Lind and Van den Bos, 2002; Van de Bos and Lind, 2002 after conducting experiments through the manipulation of uncertainty. Conclusion The results of the study revealed that justice can eliminate uncertainty.

CONCEPT OF JUSTICE IN ACCOUNTING RESEARCH

In accounting research the concept of justice is the study of management accounting research. Researchers accounting uses the concept of justice is in the process of budgeting (Linguist, 1995; Magner and Johnson, 1995; Lau and Lim, 2002; Libby, 1999; Wentzel, 2002; Magner et al., 2006; Maiga and Jacob, 2007). Linguist (1995) was the first accounting researchers tested the theory of justice that consists of distributive justice, procedural justice and referent cognition. They found that participation is a form of process control. Individuals are given a voice (low process-control) in the preparation of the budget, have experience and better job satisfaction compared with individuals who are not given the right voice. This is despite the influence of the

budget that they receive unfair. However, these effects are not found on the performance. Findings Lindquist (1995) further concluded that if the high-control process that occurs through a vote will be effective only if the budget received unfair. When the budget received unfair, individuals who do vote have work experience and satisfaction with the lower budget than individuals who only have voice (low process-control).

At the same time Magner and Johnson (1995) re-examine the concept of fairness in the allocation of budget resources of the organization. In the study Magner and Johnson (1995) wanted to see how the head of the municipal department heads to distributive justice and procedural justice in budgeting resource allocation. Test of the concept of justice is done using organizational justice literature. In the study Magner and Johnson (1995) develop measurements of the distribution of justice and fairness procedures referenced by researchers next accounting (Wentzel, 2002, Maiga and Jacob 2007). Magner and Johnson (1995) concept of distributive justice related to the notion of fair share that is very prominent in the literature of public budgets. Justice division of the expectations associated with the receipt of the size distribution of the resources of government programs than other programs. Magner and Johnson used the concept of justice procedures set forth Greenberg (1986); Folger and Konosky (1989), which includes distributive justice based on the needs, expectations, and what should be accepted (will be explained on the fairness of distribution, whereas the concept of fairness of the procedures used Magner and Johnson (1995) is based on the theory Leventhal (1976) previously has been tested empirically (Greenberg, 1986; Greenberg 1987).

Other accounting researchers were also very influential in the subsequent accounting studies is Libby (1999). Libby using the theory of justice organizations to conduct experiments testing against two component models proposed justice Cropanzano and Folger (1991). What is meant by the two components of the model is if the perception subordinate to the budget allocation is fair, then no action will be taken and the budget process will be ignored. On the other hand, if the perceptions of unfair allocation) or a negative, subordinates will act to correct the perception of injustice. The consequence is subordinate would consider justice process used to allocate resources in a certain amount. On the other hand, if the process used to determine the budget allocation perceived fair, subordinate actions would be constructive (eg performance will increase or at least does not decrease) and if the process is perceived as unfair, would decrease the motivation that has a negative impact on the organization, such as decreased commitment to the organization or commitment on purpose, increasing turnover and low efficiency, and effectiveness of work (Libby, 1999). Results of experimental research on organizational justice is done by Libby (1999) show that if all individuals were asked involved in the budgeting process, through the process of their voice will ask for explanation from superiors

or receive an acceptable explanation why their involvement had no effect or what their shortcomings. Voice and explanation process defined Libby (1999) as a budgeting process that is fair.

Research Linquist (1995) and Libby (1999) inspired Wentzel (2002) for a test of the theory of justice. Wentzel study is different from the researcher Linquist (1995) and Libby (1999). Linquist and Libby using experimental methodology, while Wentzel (2002) tested the theory using real-world setting interest self theoretical models and group value models (Tyler, 1989; Lind and Tyler, 1988). There are two concepts of justice which are used in research Wentzel (2002), that distributive justice and procedural justice. Measurement used for both concepts is the scale adopted from Magner and Johnson (1995). Theories of justice in organizations and associations Magner used to identify how the criteria of formal budgeting procedures were fair.

There are four criteria for fair formal budgeting procedures identified in their research (Magner and Johnson, 1995; Magner et. Al. 2000; Magner et al., 2000, Little, Magner and Walker, 2002). The four criteria are as follows:

- 1) Voice; formal budgetary procedures should give managers adequate opportunity to voice their opinions about the budget decisions that affect the unit or part of each.
- 2) Appeal; formal budget procedures should contain provisions that enable managers to appeal decisions that affect their unit budgets.
- 3) Accuracy; formal budget procedures should ensure that decisions affecting the budget managers in obtaining accurate information.
- 4) Consistency; Budget formal procedure should be applied in a consistent manner throughout the unit and from period to period.

Some accounting researchers also used the concept of justice, especially justice procedure as a condition that must be considered in the performance evaluation process (Lau and Lim, 2002; Sholihindan Lau, 2003; Sholihin and Pike, 2013; Bellavance, Landry, and Schiehl, 2013) and job satisfaction (Sholihin and Lau, 2003). The accounting researchers use the concept of justice as the study of the behavioral aspects of accounting. Why aspect of justice has become a focus of study in the behavioral aspects of accounting. According Luft (1997) it is based on the assumption that if the accounting researchers ignore this aspect of justice within the scope of management accounting research, means there is an incomplete picture of the behavior of management accounting is closely linked in the planning of management accounting is applied in an organization.

MEASUREMENT OF DISTRIBUTION JUSTICE

Measurement of distributive justice is relatively consistent throughout the study. Measurement of distributive justice based on equity, namely by asking the justice received compared to contributions given (Price and Muller, 1986; McFarlin and Sweeney, 1992; Colquitt, 2001). Measurements using the norms of equality and need by asking respondents the level of fairness (Kashima, Siegel, Tanaka & Isaka, 1988; Wagstaff, Huggins, and Perfect, 1993) or the degree of inclination of the distribution (Chen, 1995). In the study of accounting, Magner and Johnson (1995) uses three indicators that illustrate the distribution of justice feel the justice of distribution. All three indicators reflect the needs and expectations. These three indicators developed by Magner and Johnson (1995) This is in conformity with the concept of justice is expressed Greenberg, 1986; Folger and Konovsky, 1989). One last indicator or indicators added Magner fourth and Johnson is an indicator to describe the overall evaluation of the fairness of distribution. These indicators are presented in the statement-a statement as follows:

- 1) my department received the budget that it deserved (Budget Relative to Deserved Level);
- 2) the budget adequately reflected the needs of my department (Budget Relative to Needs);
- 3) the budget for my department was what it expected it to be (Budget Relative to Expectations);
- 4) I Considered the budget for my department to be fair (Overall Distributive Justice) (Magner and Johnson (1995).

Indicators measuring the distribution of justice put forward Magner and Johnson (1995), and then developed Wentzel (2002) by adding one indicator of the principle of representative adopted Leventhal (1980), namely the principle of information (Greenberg, 1993). Indicators measuring the distribution of justice developed Wentzel (2002) are as follows:

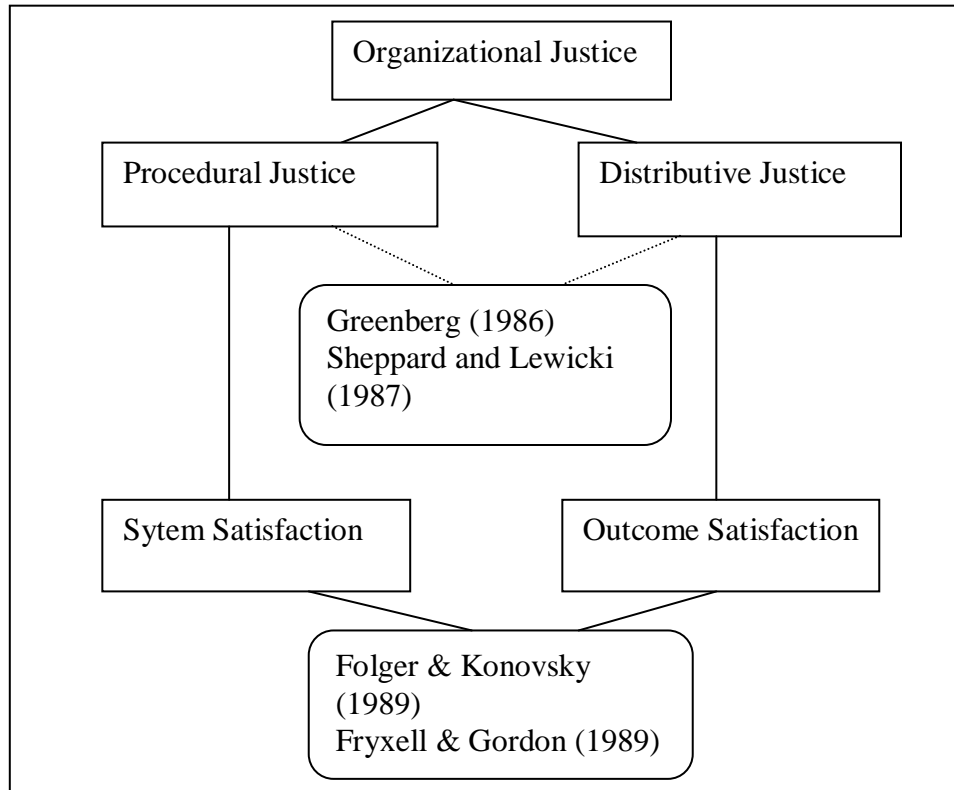
- 1) My responsibility area received the budget that it deserved.
- 2) The budget allocated to my responsibility adequately area Reflects my needs.
- 3) My responsibility area's budget was what I expected it to be.
- 4) I Consider my responsibility area's budget to be fair.
- 5) My supervisor expresses concern and sensitivity when discussing budget restrictions placed on my area of responsibility.

JUSTICE MEASUREMENT PROCEDURES

Measurement of procedural justice are more varied and reflect the traditions of flow theory. In the early stages of research studies using the theory of justice procedure Thibaut and Walker (1975) which orientated the voice effect on the perception of fairness. Research conducted generally associated with process control (ability to give an opinion through a voice throughout the process) and decision control which describes the ability of affecting outcomes. Usually the

research conducted experiments and research purposes is done by looking at the relationship of justice to the satisfaction of the procedures and outcomes.

Figure 2. Justice Measurement Procedures



Source: Greenberg, 1990

DISTRIBUTION JUSTICE AND JUSTICE PROCEDURE

In the early studies of items fairness and satisfaction are usually combined and treated as a measure of justice (Lissak and Conlon, 1983; Lind and Lissak, 1985, in Colquitt, Greenberg and Zapata-Phelan 2005: 29). Then, Van De Bos, Wilke, Lind, and Vermunt, 1998 (in Colquitt, Greenberg and Zapata-Phelan 2005: 29) proposed that fairness and satisfaction is influenced differently by control process. According to them, a combination of both as an indicator of justice is very inappropriate. At a later stage, the measurement of equity other procedures designed based on procedures justice Leventhal (1976; 1980). According to Leventhal, there are six rules of justice that can be used to evaluate the fairness procedures. The sixth rule is known as Leventhal's six rule, which consists of rule 1) the consistency rule, 2) the bias suppression rule, 3) the accuracy of the rule, 4) the correctability rule, 5) representative rule, and 6) the ethical rule.

Consistent may include consistent with the person or consistent over time. Consistent against implies that the same procedure applied to all people potentially as a receiver. Leventhal (1976) considers that this norm with regard to the principle of equality of opportunity. For example, each person is given the same information about what they should do to get the rewards available. Consistency over time reflects the stability of the procedure, at least over time within a short period of time. Changes in the mechanism used to modify the allocation procedures may happen, but if done too often or too easy to make changes, the perception of the procedure will be decreased. The rules of the bias-suppression rule assumes that justice procedures according to someone based on bias-suppression that should not be influenced self-interest and prejudice against the allocation process. Bias-suppression will occur in selecting those who will carry out the allocation process. The procedure has a concept of justice to separate between decision makers and who do advocacy. In general, failure to separate the roles judicial and adversary will make the perception of fairness decreased.

The accuracy of the rule assumes that the individual opinion of the justice procedure based on the principle of accuracy required as the basis for the allocation process. The application of this rule will be obtained through good information and proper opinion. Information and opinions should be collected and processed by minimizing errors. The principle of accuracy should be set for each component of the procedure by using the relevant methods in gathering information about a potential award recipients. Rules accuracy must be supported by the concept of accountability and record-keeping systems that support. Accountability in question requires the allocation process should be supported by procedures that can prevent crime and provide sanctions if they occur. The most important method in the process of monitoring the behavior of people who do the allocation process is a record. Note that contains facts used as the basis for evaluation.

The correctability rule means that the rules can be improved. It shows that it is possible to modify or improve the decisions made regarding the allocation process so that the level of perception of fairness will increase with the procedures which allow decisions modified at various stages of the allocation process. This procedure is usually performed after the allocation process occurs. The representative rule means that the individual opinion to justice procedures based on the rules of conduct in which the allocation process should be in accordance with the format of formal and ethical values received by each individual. If applied to the data collection process for potential candidates award recipient, observation methods used must meet ethical principles. The sixth rule proposed Leventhal has been supported by several empirical studies such as (Greenberg, 1986; 1987a; 1987b; Sheppard and Lewicki, 1987; Tyler, 1988). In the

study of accounting, the rule is made by Magner Leventhal and Johnson (1995) as an indicator to illustrate the fairness procedures relating to the budgeting process. Magner and Johnson added two other indicators so that there are eight indicators of measurement. The first indicator, voice is a development to representative rule developed by the Folger (1977), while the second (voice) is also a representative development rules that do Farley and Lind (1987). Magner and Johnson (1995) also separates the consistency based on the time and the person becomes two separate indicators which previously was a unity on the consistency of the proposed rule Leventhal (1976; 1980). Measurements can be seen as follows:

- 1) I had sufficient opportunity to present my views and opinions to budgetary decision makers before they set the budget for my unit. [Voice]
- 2) I was Able to influence the budget that was set for my department. [Awards]
- 3) All departments were treated similarly by the budgeting procedures in my municipality. [Consistency across Person]
- 4) I found that the budgeting procedures in my municipality were applied consistently accros time. [Consistency across Time]
- 5) budgetary decision in my municipality were based on accurate information and well-informed opinion. [Accuracy]
- 6) The budgeting procedures contained in my municipality provision that allowed me to appeal the budget set for my department. [Correctability]
- 7) The municipality in my budgeting procedures conformed to my own standards of ethics and morality. [Ethicality]
- 8) budgetary decision makers in my municipality tried hard not to favor one department over another. [Bias Suppression] (Magner and Johnson, 1995).

Measurement developed by Magner and Johnson (1995), and then used by other accounting researchers, such as Wentzel (2002), Maiga and Jacob (2007). Wentzel (2002) in his research to make modifications to the measure Magner and Johnson (1995) is. These measurements can be seen as follows:

- 1) Budgeting procedures are applied consistently across all areas of responsibility.
- 2) Budgeting procedures are applied consistently across time.
- 3) Budgetary decisions for my areas of responsibility are based on accurate information and well-informed opinions.
- 4) The current budgeting procedures Contain provisions that allow me to appeal the budget set for my area of responsibility.
- 5) The current budgeting procedures conform to my own standards of ethics and morality.

- 6) Budgetary decision makers try hard not to favor one area over another responsibility.
- 7) The current budgeting procedures adequately represent the concerns of all responsibility areas.
- 8) Budgetary decision makers adequately explain. (Wentzel, 2002)

In the measurement Wentzel (2002), two first indicators of measurement Magner and Johnson (1995) is not used. He added two other questions. One question related to the role of the representative (Leventhal, 1976; 1980) and another one related to information about procedural justice (Greenberg, 1993).

CONCLUSION

Equity theory is the theory relating to justice. Fairness issue arises because there is a problem in the allocation of resources to the entire social system sizes, ranging from small groups of up to society as a whole. The concept of fairness was originally located at the level of social psychology and then applied in the organization. There are four wave emergence of a wave theory of distributive justice, justice, justice procedures waves, wave interaction fairness and justice integrative waves. In theory accounting equity research relating to fairness associated with the budget process with the development of measurement used perspective accounting researchers.

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