

ABSTRACT

This study aims to analyze the effect of the attribute framing and justification on decision making through the capital budgeting process and also to examine the effect of justification as a moderation on the effect of attribute framing on capital budgeting decisions. The capital budgeting decision in this study is a decision on the proposed capital budgeting project in the form of approving or rejecting the proposed project. The attribute framing studied is information about the proposed capital budgeting project which is presented positively and negatively. The justification given is the giving of reason or justification for the judgment or decision that has been taken.

This study uses quasi-experimental research design with the data taken is primary data. The quasi-experimental research was designed 2 x 2 between subjects which was conducted to 83 students in the Magister of Management of Financial Concentration of Diponegoro University. Data analysis techniques used in this study were one-way ANOVA and two-way ANOVA.

The results of the study showed that attribute framing can influence decision making through the capital budgeting process with information presented positively resulting in a decision to agree higher to a proposed capital budgeting project. The justification is obtained with similar results that justification can influence decision making with a decision to approve the proposed capital budgeting project produced lower when asked to provide justification. In addition, results were obtained that justification was not able to reduce the effect of the attribute framing on taking capital budgeting decisions. This shows that there is no moderating effect between the interaction of giving justification with the framing attribute.

Keywords : Capital budgeting, attribute framing, justification