

Making of Financial Statements in the Context of Behavioral Accounting

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ABSTRACT

The purpose of this study is to find out how accounting behavior affects financial statements. The research method used is a literature review of articles contained in Google Scholar with keywords searching for accounting articles and financial statements. The so-called users in this case are external parties of the company, such as investors, creditors, and government agencies, while the internal parties of the company are managers and employees of the company. Accounting has an important role as the financial controller of the company and can be used to evaluate and make plans for the future of the company. Accounting must be supported by a good system of conduct from the humans involved in it so that the preparation of accounting reports can be appropriate, relevant, and reasonable. The outcomes of the study determined that accounting conduct has a very important relationship with the composition of relevant and reasonable financial statements so that decision making can be done properly and appropriately and fraud can be avoided.

INTRODUCTION

The role of accounting in financial management for a company is increasingly important because financial accounting provides information for external parties such as investors, creditors, and the government. Meanwhile, management accounting provides information for internal companies, such as managers and company employees (Suproyono, 2018). In general, people think accounting is only arithmetic, but in practice, accounting is part of an information system that identifies a record and communicates economic incidents in an organization to interested users (Weygandt, Kimmel, & Kieso, 2013). Accounting has an important role, namely as a controller, or controlling the company's finances. Besides that, it is also used as a company evaluation media, as a company planning medium for the future, and as important information that can be used by companies in making decisions. Accounting information systems can be effective if the people involved in them can choose and make the right business decisions, which relate to the behavioral aspects of decision-makers.

Behavioral accounting is part of the science of accounting that discusses the relationship between human behavior and the accounting system and the organization that houses it. The lack of application of behavioral accounting in companies can lead to fraud. Reflecting on the Enron case, where the fraud occurred because company management and KAP Anderson did not apply behavioral accounting properly and violated business ethics and professional ethics, A similar case also occurred at PT Kimia Farma, where the old directors and KAP Hans Tuanakota and Mustofa committed fraud by presenting lower profits than they should have (Prasetyo, Chairunnas, & Argaheni, 2021). However, this contradicts the opinion (Fernando & Sitorus, 2020) that the dysfunctional behavior of accounting staff has no significant effect on accounting fraud; the behavior of accountants involving attitudes, emotions, and motivation has no effect on accounting fraud. Behavioral accounting includes several things (Sari, 2018), namely: 1) the influence of human behavior on the design, construction, and use of accounting systems; 2) the influence of accounting systems on human behavior; and 3) methods for predicting and strategies for changing human behavior.

Behavioral accounting studies the relationship between human behavior and the accounting system (Purnama & Azizah, 2019). There are 3 contributors in behavioral science namely psychology, sociology and human behavior. Psychology deals with how individuals behave, which focuses on individual actions responding to stimuli from the environment and human behavior explained by traits, drives and motives (Sari, 2018). Sociology is a science that focuses on general societal aspects and seeks to obtain general patterns of society (Soekanto, 2012). Human behavior is a set of behaviors possessed by humans and influenced by customs, attitudes, emotions, values, ethics, power, persuasion and/or genetics. Human behavior can experience changes, the key factors of changes in human behavior (Sawarjuwono, 2012), include: 1) an individual's behavioral intention which is characterized by someone who has formed a strong positive desire or made a commitment to carry out a certain

behavior, 2) environmental constraints implied by the absence of environmental constraints that can cause certain behaviors to form or occur, 3) skills or abilities where behavior changes will occur if a person has the ability to do so, 4) attitude or anticipated outcomes of a given behavior where a person is believed will make changes if he has taken into account the benefits, 5) norms, that is, a person is believed to carry out the behavior if he feels wrong, becomes a bad person or is generally accepted if he does not meet general norms (norms), 6) self-standard in this case change behavior will not occur if a person thinks that he is better if he can maintain the size of his personal values, 7) emotional reaction in which a person is emotionally inclined to behave rather than not and 8) self-efficacy in which a person thinks that he has the capacity to behave in a number of circumstances different.

An indicator of the success of a business entity is financial reports (Mulyati, Hati, Syafruddin, & Rivaldo, 2021). Financial reports are written reports that can provide quantitative information regarding financial position and accompanying changes and results achieved during a certain period so that financial reports must be reported in a relevant and fair manner (Hama, Degher, Suparmanto, Suherman, & Pramesita, 2018). (Shoimah, Wardayati, & Sayekti, 2021) states that financial reports are information media that explain all activities that provide an overview of financial conditions in a certain period of time. (Irianto & Pamosoaji, 2018) the purpose of financial reports is to provide relevant information to meet the interests of donors, members of the organization, creditors and other parties who are providers of resources for the organization.

Based on this background, the researcher is interested in conducting a literature study on the effect of behavioral accounting on the preparation of financial statements. The formulation of the problem for this research is how behavioral accounting can affect the preparation of financial statements and the purpose of this study is to determine the effect of behavioral accounting on the preparation of financial statements.

THEORETICAL REVIEW

A system that can produce financial information that is used by users to make decisions is called accounting. Accounting cannot be separated from the human behavior involved in it, namely human behavior starting from the process of preparing financial reports, and reporting to the process of making the right decisions. (Ningtyas, 2021) in his research concluded that ethics and ethical behavior are important in financial accounting, cost and management accounting, and public sector accounting in preventing fraud.

Good employee performance can produce appropriate and accountable financial reports. Tests conducted by (Taher, Zuhroh, & Dewi, 2022) state that the behavioral aspect has a positive and significant influence on the quality of financial reports, this reflects that when employee behavior is good in the sense of being honest, trustworthy and responsible it will provide quality financial reports that are good and improving. The quality of financial reports is a normative barometer that needs to be realized in accounting information until

its objectives are achieved for planning, controlling and decision-making purposes (Ridzal, 2020).

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METHODOLOGY

This study uses a method with a literature review approach. According to Andiola, L. M., Bedard & Hux (2017), a literature review is a study that summarizes and synthesizes the results of previous research related to a topic. Trisnaningsih & Alifiah (2022) states that research with a literature review approach contains summaries, reviews, and thoughts from authors by reviewing various documents, such as government publications, academic publications, journals, books, news, and other records that have relevance to the topics discussed.

The Google Scholar database is used to obtain data regarding articles that contain how behavioral accounting influences the preparation of financial reports with the main topic of behavioral accounting and financial reports. The data that has been collected is then reduced to data to retrieve relevant data and rule out inappropriate data, presenting the data in the form of a description to facilitate analysis and interpretation and then drawing conclusions.

RESULTS AND DISCUSSION

A system that can produce financial information that is used by users to make decisions is called accounting. Accounting cannot be separated from the

human behavior involved in it, namely human behavior starting from the process of preparing financial reports, and reporting to the process of making the right decisions. (Ningtyas, 2021) in his research concluded that ethics and ethical behavior are important in financial accounting, cost and management accounting, and public sector accounting in preventing fraud.

The behavioral aspect that applies work attitude in behavioral accounting is the action taken by an employee and his commitment is proportional to the effort made (Ananda, Sudaryanti, & Sari, 2022). Behavior can be in the form of perceptions, attitudes, emotions and motivations. Basically, one's perceptions, attitudes, emotions and motivation influence the actions to be taken. Research (Zainab & Resdiana, 2021) found that perceptions have an effect on the implementation of the village financial system, attitudes have a significant positive effect on the implementation of the village financial system, emotions have an effect on the implementation of the village financial system, motivation has no effect on the implementation of the village financial system, and training has a significant positive effect on the implementation of the village financial system. Research from (Hama, Degher, Suparmanto, Suherman, & Pramesita, 2018) states that attitudes, motivation, perceptions, learning and emotions simultaneously influence the implementation of the cash (accounting) system at PT. Bank NTT Surabaya Branch.

The studies above clash with research conducted by (Sulastri, 2021) which states that attitudes do not have a significant effect on the accounting information system because employees have carried out their duties according to applicable regulations and motivation has no significant effect on the accounting information system. This reflects that the company's management has motivated its employees either in the form of compensation or moral support. Perception does not significantly influence the accounting information system at PT. Mandiri Tunas Finance Bengkulu Branch because the mindset, implementation of tasks and work done by employees is good.

(Lubis, 2010) expressed the opinion that behavioral aspects can affect the rise or fall of employee performance. Performance reflects the success of employees in completing work and their ability to achieve the goals that have been set. Performance can be said to be good if the targeted goals can be achieved properly. Research (Halimah, Rahman, & Sucipto, 2018) illustrates ethics and discipline in implementing financial accounting at PT. Hexindo Adiperkasa, Tbk has been carried out by the rules and guidelines established by the company, where employees who have good ethics will influence the company both monetary and non-monetary.

Good employee performance can produce appropriate and accountable financial reports. Tests conducted by (Taher, Zuhroh, & Dewi, 2022) state that the behavioral aspect has a positive and significant influence on the quality of financial reports, this reflects that when employee behavior is good in the sense of being honest, trustworthy and responsible it will provide quality financial reports that are good and improving. The quality of financial reports is a normative barometer that needs to be realized in accounting information until

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CONCLUSIONS AND RECOMMENDATIONS

Accounting is always evolving with the times. Behavioral accounting is one of the answers from the times to complement traditional accounting. The behavior of managers and employees will affect the financial statements which are the basis for making decisions for the sustainability of the company. Therefore, it is necessary to apply good behavioral accounting so that the financial statements are actually presented in a relevant and fair manner and avoid acts of fraud or fraud.

FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic "Financial Statements in the Context of Behavioral Accounting" to perfect this research, as well as add information to the reader.

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