

An Accountant's Perspective in Assessing Behavioral Accounting in Aspects of Decentralization and Employee Performance Evaluation

Sri Trisnaningsih¹, Hanni Fadhillah²

Magister of Accounting, UPN "Veteran" Jawa Timur, Surabaya

Corresponding Author: Sri Trisnaningsih trisna.ak@upnjatim.ac.id

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ABSTRACT

This research aims to present an in-depth literature review related to the role of accountants in assessing behavioral accounting in the decentralization aspect and evaluating employee performance in organizations. The focus of the research involves understanding accountants' views regarding performance measurement in a decentralized context. This research examines several research articles regarding behavioral accounting in the aspect of decentralization and performance evaluation by collecting data using documentation methods in the form of primary and secondary data. The collected data is then analyzed according to theory to draw a conclusion that shows the research objectives. The results of this research show that Behavioral Accounting is used by companies to measure employee performance but is not widely used for decentralization aspects because there are still many companies that do not place decision-making authority in branch management. Decentralization also has no influence on measuring employee performance or managerial performance. Employee behavior is used more to measure performance which is related to the employee's own incentive assessment.

INTRODUCTION

Behavioral accounting is a part of accounting science that discusses the relationship between human behavior and the accounting system and the organization that houses it. In this era, behavioral accounting is very much needed in the business decision making process in maintaining the survival of a business. Lack of implementation of behavioral accounting in companies can cause fraud (Trisnaningsih & Pitaloka, 2023). Reflecting on the Enron case, where fraud occurred because company management and KAP Anderson did not implement behavioral accounting properly and violated business ethics and professional ethics. Behavioral accounting can help provide deeper insight into how individual and group behavior can shape and be influenced by accounting practices, thereby supporting the development of better and more sustainable accounting practices. (Ramdani & Rodiah, 2024) Like research conducted by (Nongkan et al., 2021) regarding Evaluation of the Implementation of Behavioral Accounting in Measuring Employee Performance (Study at PT. ASTRA INTERNATIONAL, TBK - Daihatsu Sales Operation (DSO) Malalayang Branch. The results show that the company's optimization in implementing behavioral accounting in measuring employee performance is quite good and optimal. However, the company will get even more optimal employee performance measurement results if the company applies behavioral accounting to all the indices contained in the Sales Satisfaction Index (SSI) performance measurement. Supported by research (Aprilla Tutu et al., 2023) Regarding the Application of Behavioral Accounting in Measuring Employee Performance at BCA Finance Manado, the results of research into measuring employee performance at BCA Finance Manado have implemented behavioral accounting in measuring employee performance, resulting in the conclusion that the role of behavioral accounting through a strict budget control system plays an important role in measuring employee performance. supports that many companies have implemented behavioral accounting in assessing employee performance, using the company's existing accounting system with the employee's own behavior.

However, this is in contrast to the Decentralization Aspect, where there are still many companies that have not implemented behavioral accounting to carry out decentralization or delegated central management decisions to lower management. This is supported by research conducted by (Khairiyah et al., 2023) regarding the Influence of Management Accounting System Information Characteristics, Environmental Uncertainty, and Decentralization on Managerial Performance in Hotels in Bengkulu City which results in decentralized characteristics not affecting managerial performance, where based on the basis of decision making these results show that there is no influence of decentralization characteristics on managerial performance. This is in line with research conducted by (Badewin & Nurdin, 2020) regarding the Effect of Decentralization and Management Accounting Systems on Managerial Performance in Banking in Tembilahan, Indragiri Hilir Regency, Riau, which shows that decentralization does not have a significant effect on the dependent variable, namely managerial performance in banking in Tembilahan. This is

because the research carried out was located at a subsidiary banking company in Tembilahan, so the decentralization process, regarding the granting of authority to lower levels, is somewhat difficult for us to fulfill in its entirety because this branch banking carries out all its activities in accordance with whatever is the vision and mission. those at the central company.

The difference between aspects of Decentralization and Performance Evaluation in the application of Behavioral Accounting motivates researchers to examine further the accountant's perspective in assessing behavioral accounting in aspects of Decentralization and employee Performance Evaluation using the literature study method by comparing the results of previous research taken in journals and articles indexed by Sinta. 3 to 6 and indexed by Copernicus along with supporting books related to this research.

THEORETICAL REVIEW

Behavioral Accounting

According to (Ramdani & Rodiah, 2024) Behavioral Accounting is a branch of accounting that focuses on the relationship between accounting systems and human behavior. There are 3 contributors to behavioral science, namely psychology, sociology and human behavior (Trisnaningsih & Pitaloka, 2023). This study looks at how humans behave influenced decision making process and use of accounting data. Understanding how users use behavioral accounting information is very important for the decision-making process. Through Behavioral Accounting, analysis of psychological and social aspects influence preparation of financial reports, reporting and evaluation of financial performance can be carried out.

Scope of Behavioral Accounting

The following is the scope of behavioral accounting related to human behavior as follows:

- a. Conduct studies on human behavior regarding construction, buildings, and accounting information systems implemented in a company. This right is closely related to the leadership style of company leaders in terms of accounting and design control within the company.
- b. Conduct an assessment of the accounting information system on all human actions by seeing the extent of the influence of the accounting system on performance, productivity, cooperation and decision-making actions.
- c. It is a method that explains and predicts human actions and behavior through strategies and actions.

Behavioral Accounting in the control aspect is very important in organizations. The larger the organization requires more intensive control measures. Control is always associated with performance measurement and individual adaptation to control. Important dimensions in control are organizational structure, internal control, decentralization, and relationships

between administrative hierarchies. The latest development in internal control is the recognition of the control environment as a key success factor in controlling organizational operations.

The scope of control involves many aspects of behavior within it. The scope of control is at the basic level and is a requirement of other components. In other words, if the control environment can run well and healthily, it will make it easier to implement other components. Every organization, whether large or small, must have a control environment that is conducive to organizational development

Decentralization

Decentralization is the delegation of responsibility and power to lower level managers. In this condition level manager Higher levels give responsibility for implementing policies independently to subordinate managers. The independent nature of a manager can have an impact on the manager's greater freedom to think and act to achieve company goals. With increasingly complex administrative conditions, decentralization is very necessary in companies. Company structure has an important role because it influences the performance of sub-units and company performance.

This happens because of decentralization, managers are in the subunit they lead to make decisions, so that the quality of decisions is better. (Khairiyah et al., 2023) Decentralization and centralization refer to how many decisions are made by central management or delegated to business units. Decentralization can help increase organizational efficiency and responsiveness to market changes, while centralization can help in controlling risk and ensuring consistency across the organization. (Aprilla Tutu et al., 2023)

Performance evaluation

Performance evaluation is determination periodic assessment of the operational effectiveness of an organization, parts of the organization and its employees based on predetermined targets, standards and criteria. Because organizations are basically run by humans, performance evaluation is actually an assessment of human behavior in carrying out the roles they play in the organization. The main purpose of performance evaluation is to motivate employees to reach organizational goals and comply with established standards of behavior in order to carry out activities and produce desired result. (Siegel & Marconi-Ramanauskas, 1989)

Standards of behavior can take the form of management policies or formal plans outlined in a budget. Performance appraisal is carried out to suppress inappropriate behavior or dysfunctional behavior and to stimulate and enforce appropriate behavior or functional behavior through timely feedback on performance results and rewards, both intrinsic and extrinsic.

According to (Robbin & Judge, 2013) said that employee performance assessment relies heavily on perceptual processes. An employee's future is closely tied to his or her assessment - promotion, pay rise, and passing on to his or her work are obvious outcomes. Performance appraisal states a evaluation the employee's performance. Performance evaluation can influence employee

performance and satisfaction, especially performance and satisfaction are improved if the evaluation is based on results-oriented criteria and is related to the performer.

The objectives of the Performance Evaluation results according to (Siegel & Marconi-Ramanauskas, 1989) used by management to:

- a. Manage effective and efficient organizational operations by maximizing employee motivation
- b. Assists in personnel decisions such as promotions, transfers, and terminations
- c. Identifies special training and development requirements and provides criteria for selection and evaluation of employee training programs
- d. Provide feedback to employees regarding how their superiors rate their performance
- e. Prepare the basis for award distribution

Performance evaluation affects every component of management accountability. Therefore a thorough understanding of the behavioral aspects of performance evaluation is necessary for effective problem solving.

METHODOLOGY

This research method uses a literature review study to obtain a comprehensive overview. Several articles related to Behavioral Accounting discuss Aspects of Decentralization and Performance Evaluation with Sinta index 3 – 6 and Copernicus which are analyzed to produce conclusions that can be used to explain the accountant's perspective for assessing decentralized behavioral accounting and employee performance evaluation.

RESULTS AND DISCUSSION

Behavioral accounting in the decentralized aspect focuses on understanding the behavior of individuals or units in the organization that play a role in making decisions related to finance. This involves performance measurement, incentives and performance assessments based on unit or individual contributions to decentralization goals. The relationship between behavioral accounting in the decentralized aspect involves several things, namely:

- a. Determining an Incentive System, where management must design a performance-based incentive system to motivate individual employees to achieve predetermined targets. Employee behavior towards the company can help management determine the incentives to be given.
- b. Performance Measurement, management needs to develop work matrices to evaluate the achievement of goals for each decentralized unit or division. By using behavioral accounting, management can place employees in each division according to their field of expertise.

- c. Budget Determination, management can prepare a budget for each unit based on the allocation of human resources owned by the company efficiently and in accordance with organizational goals.
- d. Performance Reporting, lower management can also contribute to providing relevant financial and non-financial reports to provide insight into the performance of each unit to central management.
- e. Training and Development, behavioral accounting can provide information that can be used to identify the training and development needs of individuals or teams at the decentralized level

In this aspect, behavioral accounting at decentralization plays a role in achieving conformity between the overall goals of the organization and the actions of individuals or units at a more decentralized level.

In research conducted by (Khairiyah et al., 2023) that decentralization does not have an influence on managerial performance, which means that the absence of decentralization aspects carried out by several companies does not affect employee performance results. This shows that good employee performance can be achieved by being oriented towards employee behavior which encourages the achievement of predetermined targets without implementing decentralization. In other words, units or divisions that are not given the power to make decisions about a company can achieve good performance results.

There are several reasons why some companies do not implement decentralization, including

1. Central Control, where some companies may prefer tight control from the top level to ensure consistency and compliance with operational standards.
2. Distrust in local decisions, some organizations may doubt the ability of lower-level units or individuals to make effective strategic decisions.
3. Implementation Complexity: The transition process towards decentralization can be complex and require changes in organizational culture and management systems.
4. Business Environment Instability In unstable business conditions, some companies may feel safer with central control to respond quickly to changes.
5. Implementation Costs Implementation of decentralization can require significant investment in technology and training to ensure operational efficiency at all levels.

This is supported by research conducted by (Badewin & Nurdin, 2020) which states that decentralization does not have a significant effect on the dependent variable, namely managerial performance in banking in Tembilahan. This is because the research carried out was located at a subsidiary banking company in Tembilahan, so the decentralization process, regarding the granting of authority to lower levels, is somewhat difficult for us to fulfill in its entirety because this branch banking carries out all its activities in accordance with whatever is the vision and mission. those at the central company.

The results of these two studies are different from previous research conducted by (Ghiofani, 2021), which states that partial decentralization has a significant effect on managerial performance at PT. Auxano Pekanbaru is because decentralization is a broader concept and relates to how far top management delegates authority. The partial research results show that decentralization has an effect on managerial performance at PT. Auxano Pekanbaru. This means that the better decentralization will influence the optimal managerial performance achieved and vice versa, the worse decentralization will influence the lower performance achieved.

In line with research conducted by (Mustofa & Trisnaningsih, 2022) that Decentralization is defined as the delegation of responsibility and authority from top level management to lower level management who have an important role in the company, where decentralization can speed up the decision making process and provide motivation to managers at various levels to improve their performance which will have an impact on improving company performance. In addition, decentralization can provide convenience in the process of collecting and utilizing information, so that upper level management does not have obstacles in the process of formulating strategic planning and decision making.

In employee performance evaluation, behavioral accounting plays a key role by focusing on aspects of individual behavior that can influence the achievement of organizational goals. Some of the roles of behavioral accounting in employee performance evaluation involve:

1. Development of Performance Metrics, Assists in designing performance metrics that include behavioral aspects such as initiative, cooperation, and leadership, in addition to achieving quantitative targets.
2. Incentive and Compensation System, Integrating behavioral factors in the incentive and compensation system to provide encouragement to employees to demonstrate the desired behavior.
3. Use of the Balanced Scorecard, Applying a Balanced Scorecard approach that measures performance not only from a financial perspective but also involving customer perspectives, internal processes, and learning/growth, including behavioral aspects.
4. Integrated Performance Reporting, Presenting performance reports that not only include quantitative results but also provide insight into behavioral aspects that influence employee performance.
5. Feedback and Development, Provides feedback regarding employee behavior, assists in personal development planning, and indicates areas where improvements can be made.

By integrating behavioral aspects in performance evaluation, behavioral accounting helps create an environment where employees are encouraged to demonstrate behavior that is in line with organizational values and goals. This is supported by research conducted by (Nongkan et al., 2021) regarding Evaluation of the Implementation of Behavioral Accounting in Measuring Employee Performance (Study at PT. Astra International, TBK - Daihatsu Sales Operation (DSO) Malalayang Branch. The results show that the company's

optimization in implementing behavioral accounting in measuring employee performance is quite good and optimal. However, the company will get even more optimal employee performance measurement results if the company applies behavioral accounting to all the indices contained in the Sales Satisfaction Index (SSI) performance measurement. The company has implemented behavioral accounting in performance measurement. The company carries out internal control indirectly through the Sales Satisfaction performance measurement Index (SSI). The index or performance measurement measure applied by the company is behavioral accounting for aspects of internal control, especially in the information and communication components. This is normal because in the business it runs, the company makes direct contact with the company's customers. Companies in their daily business activities must be faced with situational processes where sales (employees) play a full role in handling customers who come to the company. Apart from that, the Company has employees with good performance according to the results of performance measurements.

Backed by research.(Aprilla Tutu et al., 2023)Regarding the Application of Behavioral Accounting in Measuring Employee Performance at BCA Finance Manado, the results of research into measuring employee performance at BCA Finance Manado have implemented behavioral accounting in measuring employee performance, resulting in the conclusion that the role of behavioral accounting through a strict budget control system plays an important role in measuring employee performance. Based on the results of research on employee performance measurement, BCA Finance Manado has implemented behavioral accounting in measuring employee performance. It can be concluded that the fixed budget control system in measuring employee performance through aspects and characteristics of strict budget control has been carried out well. The strict budget control that applies to BCA Finance Manado has complied with the requirements for behavioral accounting in describing employee performance. This is demonstrated by the suitability of the budget plan and its actualization. In other words, the achievement of budget targets has been met, and the efficiency characteristics of strict budget control have been implemented well. So with these results, researchers draw the conclusion that the role of behavioral accounting through a strict budget control system plays an important role in measuring employee performance. This supports the fact that many companies have implemented behavioral accounting in assessing employee performance, using the company's existing accounting system with the employee's own behavior.

From the behavioral accounting assessment, the performance evaluation aspect has several key elements, namely:

1. Measurement Accuracy

Accountants ensure that the behavioral metrics used in performance evaluations can be measured accurately and objectively, thereby providing an accurate picture of employee contributions.

2. Integration with Accounting Systems

Integration of behavioral aspects into the organization's accounting system to ensure consistency and linkage with financial and operational data.

3. Transparency and Objectivity

Promote transparency in the assessment of employee behavior and ensure that the evaluation process is objective, avoiding bias or unfair assessments.

4. Appropriateness of Incentives and Compensation

Identify ways to link behavioral metrics to incentive and compensation systems, so that rewards can be given according to appropriate positive contributions.

5. Integrated Reporting

Present information about performance in an integrated manner, covering behavioral aspects in strictly audited performance reports.

By involving the accountant's perspective in performance evaluation, the process can become more accurate, transparent and integrated, supporting better decision making in human resource management and overall organizational performance management.

CONCLUSIONS AND RECOMMENDATIONS

1. The conclusion of this research is that behavioral accounting connects the accounting system and human behavior, where humans here are employees or individuals in the organization. BehaviorHumans are used by managerial parties to assess and measure performance achievements or targets that have been determined by the company or organization. Behavioral accounting plays a major role in helping management to determine the budget that must be spent to provide incentives for employee achievement of company goals. Another thing with employee performance evaluation, behavioral accounting also influences the decentralized aspect, although not all companies use the decentralized aspect because there are many top management who do not believe in giving lower management the ability to make decisions. The large number of frauds that occur in several companies are also one of the reasons why many companies do not implement decentralization aspects.
2. The suggestion for this research is to provide new variables in this research because not many people have researched the two different aspects that are related to each other. Additional empirical facts need to be added to other research that will research the same theme so that readers can feel the relevance of this research topic.

FURTHER STUDY

In writing this article the researcher realizes that there are still many shortcomings in terms of language, writing, and form of presentation considering the limited knowledge and abilities of the researchers themselves. Therefore, for the perfection of the article, the researcher expects constructive criticism and suggestions from various parties.

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