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Reactions of individuals to financials reporting: An examination of behavioral research

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Abstract

The information presented through financial statements depends on the understanding and reliability of the compilers of the information. Therefore, the behavior of compiling information becomes an important part and determines decision-making behavior. The method used is qualitative. Qualitative method is a descriptive research method and tends to use analysis. Based on the analysis that has been done, the subject makes decisions or judgments based on his

thoughts so that there are advantages and disadvantages. The advantages are the ability to make decisions, the verb protocol is useful in checking information retrieval, and is useful in theory development. The drawback is that it can affect the auditor's process, as well as the existence of an incomplete opinion. Accounting can not be separated from aspects of human behavior and organizational needs for information that can be generated by accounting.

Keywords: Financial Reporting, Behavioral Research

1. Introduction

Accounting is a science that is not just talking about numbers and information about finance, but about the behavior of the renderer reports finances as well. Accounting can produce information finances that can be used of the users as the process of decision-making businesses. The aim of information that is giving guidance in selecting the actions of the most good for allocating source power are scarce on the activities of business and economics. Motivation and behavior of implementing the system information accounting becomes aspects important of a system of information accounting. The users of financial statements can be divided into two groups, namely internal users (*internal users*) and external users (*external users*). Internal parties function as users of information to conduct a series of evaluations and manage company performance. While external parties function as users of information as decisions in making decisions related to investments and decisions in the organization. Parties to the external together with the internal, but they seem to be more focused on the amount of investment that they do within the organization such.

Individual behavior can-not be separated from accounting (Bornberg and Shields, 1989; Khomsiyah and Indriantoro, 2000) ^[1]. This is related to the process of presenting financial information by users in making decisions on the use of resources. Behavioral accounting is in all parties are interested in either making up information or the executive or the wearer. Compilers or implementers of accounting systems play an important role in providing accounting information. The information that is presented through the statements of financial depend on the understanding and reliability of constituent information. By because it is, the behavior of constituent information becomes part of an important and determines the behavior of decision -making.

2. Literature Review

2.1 Definition of Behavioral Accounting

Behavioral accounting is a science that studies the relationship between human behavior and the accounting system, as well as the relationship with society and its organization. So it can be said that behavioral accounting consists of three parts, namely: human behavior, organization, and accounting. Research Behavior is the study which considered how the reactions of individuals to behave when given an item specific of information. Study the behavior of the first time carried out in the year 1960 (Maines 1995) will however become very popular in the 1970s when it adopted okwh researchers like Ashton and Libby. According Bimberg and Shields (1989, p.24) ^[1] Research Behavior Accounting apply the theories and methodology of science knowledge of the behavior to assess the relationship between the information of accounting with the behavior of humans (including organization).

2.2 Classification of behavior in accounting

A. Management Control

This study deals with issues as budgetary rules that affect management performance level and behavior.

B. Accounting Information Processing

Research that relates how the statements of financial processes accounting information.

C. Accounting Information System Design

The branch of research that deals with behavioral issues for designing information systems.

D. Auditing Process Research

Branch of research that often use a lens m orking, p enelitian which examines the auditors in the process of making decisions and protect such a problem whether that signaled an auditor will be formulated an opinion on the report of finance.

A. Organizational Sociology

Branch of study which investigates the changes that may occur in a system of accounting of an organization and linking changes in the system of accounting of the events specified.

2.3. IN-depth Review of Behavioral Research

Research in pengukapan report financial by using the approach that is different from where the research is poise how the reactions of individuals in the disclosure of accounting. According to Libby (1981, p.2) research this is research that tries to describe the behavior of individuals who are often based on a branch of psychology which is called the theory of decision- p rilaku.

The aim is to describe the behavior of a decision that actually, to evaluate the quality and theory test process is psychological in line great that generate behavior. Besides that, the explanation is revealed weaknesses in behavior and

often advise bidders for shortcomings such.

2.4 Decision making processes and using heuristics

According to Tversky & Kahneman (1974) has identified that related There are three main heuristics in making decisions, namely:

1. Representation, individuals who use the representativeness heuristic rate to possible categories of ownership of items to consider how items similar is the peculiarity of its member categories.
2. Anchoring and adjustment, adjustment heuristic indicates that individuals often make a judgment early or estimates based on experience of time past or through calculation partial of the various factors involved.
3. Availability

3. Method

The method that is used is qualitative. Method Qualitative is a method of research that is descriptive and tend to use the analysis. Qualitative methods aim to explain the phenomenon as deeply as possible through the collection of in -depth data. In research it aims to give an overview of the introduction of accounting behavioral as well as aspects of behavioral in decision -making and decision -making.

The method that is used in research this is to employ the approach of the model Brunswik lens, models have been used as a method to examine the relationship between mutliple cues (some information) and decisions, opinions, or predictions that became the basis for the opinion research that most require a forecast (for example, bankruptcy) or evaluation (eg internal control). Researchers use lens models to examine the relationship between various information and decisions or predictions, by looking for rules in responding to these signs. Makers decision (for example, employees who provide loans bank) viewed through the lens cues (eg, the ratio of finance) are probabilistically associated with an incident, to reach conclusions about a case, for example the possibility of their credit problems or non- standard.

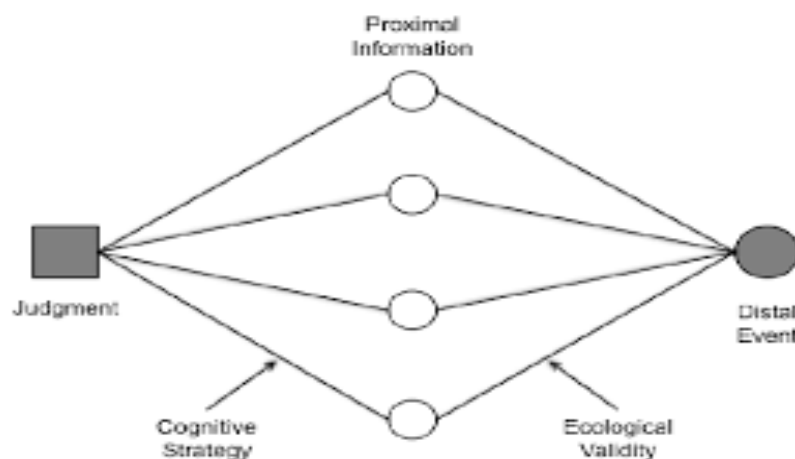


Figure 1

In developing version of certain of the model lens Brunswik, subjects were asked to make ratings for a number of large cases are based on the device signaling the same. For example, they may be asked to assess whether some companies tend to fail, given the capital employment companies, price-earnings, income net per share, debt to equity, and the ratio of the other. A modellinier, which depicts the relationship fungsiona l between cues (ratio) and

response (probability of failure), then built as a tool to represent the way in which information is processed by the individual.

4. Results and Discussion

4.1. Result

Based on the analysis that has been done subject of taking a decision or judgment by thinking that there are advantages

and drawbacks. The advantages are the ability to make decisions, the verb protocol is useful in checking information retrieval, and is useful in theory development. The drawback is able to influence the process of auditors, as well as their opinions are not exhaustive.

Many issues that cause results contrary by the limitations of the study keprilakuan which is caused by a number of subjects that slightly raises the question whether the can in be applied on a population that is large, the conditions are created often differ with the state of the field

4.2. Discussion

Decision management influence events in the future. Information accounting focuses on events in masalalu not by itself can alter the impact but if things were done through the process of making decisions with events in the future and its consequences. Decision -making and information concerning the results of the performance of accounting that focuses on the period of time that is different, then both are linked by the fact that the process is the use of the data of accounting particular are modified in addition to the information of non-financial.

5. Conclusion

Behavioral accounting is a branch of accounting that studies the relationship between human behavior and accounting information systems. Accounting keprilakuan explain how the behavior of humans affecting the data of accounting and decision- business as well as how the data accounting affects the decisions of business and the behavior of humans. In behavioral accounting, human behavior becomes a consideration in making decisions. Because of the dimensions of social of the organization are. So that it becomes an important element that must be in every report by accountants. Selection and determination of a decision business also involves aspects of behavioral of the decision -making. By thus, accounting not be separated from aspects of the behavior of humans as well as the needs of the organization will be the information that can be generated by the accounting. Finally, the accounting is not a static, but will always evolve along the time line with the development environments of accounting, in order to provide information that is needed by users.

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