

RESEARCH THESIS

ASSESSMENT OF ISSUES AND DEVELOPMENT OF POSITIVE ACCOUNTING THEORY IN BONUS PLAN PERSPECTIVE

Complied and submitted by

**ALVIN AULIA HAVAS
A31116801**



Submitted to

**ACCOUNTING DEPARTMENT
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS HASANUDDIN
MAKASSAR
2020**

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As one of the requirements to obtain
Bachelor of Economics degree

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ALVIN AULIA HAVAS
A31116801

Has been examined and approved for testing

Makassar, 29th September 2020

Supervisor I



Prof. Dr. H. Gagring Pagalung, S.E., Ak., M.S., CA
NIP. 19630116 198810 1 001

Supervisor II



Dr. H. Amiruddin, S.E., Ak., M.Si., CA., CPA
NIP. 19641012 198910 1 001

Head of Accounting Department
Faculty of Economics and Business
Universitas Hasanuddin



Dr. Hj. Andi Kusumawati, S.E., M.Si., Ak., CA., CRA., CRP
NIP. 19660405199203 2 003

RESEARCH THESIS


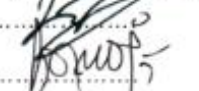
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Complied and submitted by

ALVIN AULIA HAVAS
A31116801

Has been maintained in the thesis examination
on **19th November 2020** and
declared to have met the graduation requirements

Approve,
Examining Committee

No.	Examiner Name	Position	Sign
1.	Prof. Dr. H. Gagaring Pagalung, S.E., Ak., MS., CA	Chairman	1..... 
2.	Dr. H. Amiruddin, S.E., Ak., M.Si., CA., CPA	Secretary	2..... 
3.	Dr. Darwis Said, S.E., Ak., M.SA, CSRS, CSRA	Member	3..... 
4.	Dr. H. Syarifuddin Rasyid, S.E., M.Si., CRA., CRP	Member	4..... 

Head of Accounting Department
Faculty of Economics and Business
Universitas Hasanuddin



Dr. Hj. Andi Kusumawati, S.E., M.Si., Ak., CA., CRA., CRP
NIP 196604051992032003

AUTHENTICITY STATEMENT

I, the undersigned below:

Name : Alvin Aulia Havas
Student ID Number : A31116801
Department : Accounting (Undergraduate)

Hereby, states that the thesis entitled:

ASSESSMENT OF ISSUES AND DEVELOPMENT OF POSITIVE ACCOUNTING THEORY IN BONUS PLAN PERSPECTIVE

is the result of my own scientific work and to the best of my knowledge in this thesis there is no scientific work that has ever been submitted by another person to obtain an academic degree at a tertiary institution, and no work or opinion has ever been written or published by someone else, except written in this text and mentioned in citation sources and references.

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Makassar, 19th November 2020

Who made the statement,



Alvin Aulia Havas

PREFACE

Praise and deep gratitude to Allah SWT, the Almighty God, for His everlasting blessings, grace, guidance, given to the author in the completion of this thesis. Greetings and salawat may always be devoted to the Prophet Muhammad SAW. For the grace of Allah, the author is finally able to complete the thesis titled "ASSESSMENT OF ISSUES AND DEVELOPMENT OF POSITIVE ACCOUNTING THEORY IN BONUS PLAN PERSPECTIVE".

This thesis is prepared in order to fulfill an academic requirement in achieving a Bachelor of Economics degree in Accounting study program at the Faculty of Economics and Business, Universitas Hasanuddin.

During the process of preparing this thesis, the author received prayers, advices and guidance from various parties. Therefore, the author would like to thank these various parties who have contributed to the completion of this thesis.

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10. All other parties who have given their contribution directly or indirectly throughout the entire process.

May all assistance and guidance from these parties will be rewarded with kindness and merits of Allah SWT. Finally, the author hope this thesis will provide benefits to the readers. However, the author is fully aware that this thesis is far from perfect. If there are any mistakes made in this thesis, it is entirely the responsibility of the author. Therefore, critics and suggestions from the readers are highly expected by the author.

Makassar, 19th November 2020



Alvin Aulia Havas

ABSTRACT

Assessment of Issue and Development of Positive Accounting in Bonus Plan Perspective

Alvin Aulia Havas
Gagaring Pagalung
Amiruddin

This study aims to analyze and determine issue and development of positive accounting in bonus plan hypothesis. The study is conducted by using descriptive method which more focuses on literature approach. Sources of data in this study are secondary data in the form of literature studies consisting of various books, articles, mass media, papers, and scientific journals related to the problem being researched. The data analysis method used in this study is content analysis who conducted by in-depth discussion of the content of written or printed information. The results showed that bonus plan hypothesis show many kind of development that used in the practice of current accounting era.

Keyword: *Assessment, Development, Positive Accounting, Bonus Plan*

ABSTRAK

Kajian Isu-Isu dan Perkembangan Teori Akuntansi Positif Dalam Perspektif Hipotesis Rencana Bonus

Alvin Aulia Havas
Gagaring Pagalung
Amiruddin

Penelitian ini bertujuan untuk menganalisis dan menentukan masalah dan perkembangan akuntansi positif dalam hipotesis rencana bonus. Penelitian dilakukan dengan menggunakan metode deskriptif yang lebih menitikberatkan pada pendekatan literatur. Sumber data dalam penelitian ini adalah data sekunder berupa studi pustaka yang terdiri dari berbagai buku, artikel, media massa, makalah, dan jurnal ilmiah yang berkaitan dengan masalah yang diteliti. Metode analisis data yang digunakan dalam penelitian ini adalah analisis isi yang dilakukan dengan pembahasan mendalam tentang isi informasi tertulis atau tercetak. Hasil penelitian menunjukkan bahwa hipotesis rencana bonus menunjukkan berbagai macam perkembangan yang digunakan dalam praktik era akuntansi saat ini.

Keyword: *Kajian, Perkembangan, Akuntansi, Rencana Bonus*

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CHAPTER I

INTRODUCTION

1.1 Background

Accounting is a process of recording, summarizing, clarifying, processing, and presenting transaction data related to finance. Accounting is one of the important sciences used in various matters relating to transactions that occur within a company. Transactions that occur will be processed into financial reports so that interested parties know various informations in a company.

The science of accounting developed when Leonardo da Vinci's friend Lucas Pacioli wrote a book introducing a system known as the double-entry system in a mathematics textbook published in 1494 entitled *Summa de Aritmatica, Geometrica Proortioni et Propotionallia*. The book describes a summary of arithmetic, geometry, proportion, and proportionality that contains mathematical knowledge taught during the Renaissance. The subtitle "Tractus de Computies et Scriptoris" explains the bookkeeping system which is the basis for the emergence of accounting. Based on Lucas Pacioli's book, accounting began to develop rapidly with the introduction of the single entry and double-entry bookkeeping systems in 1775. In 1800 the balance sheet was applied as the main report used in the company. Furthermore, in 1825 it developed again and was equipped with financial auditing. In 1850 the profit/loss statement replaced the balance sheet position as a report that was considered more important and began to be implemented.

Lucas Pacioli's book describes the implementation of the bookkeeping system that is the basis of accounting, the system changed the way people write financial reports, but it does not show that accounting emerged at that time. Its development is based on changing times and the needs of society in terms of recording, recording financial statements since money was introduced and used in the world of commerce and continues following the economic system applied at that time. Even though the recording process has been carried out, it is not enough so that the science of accounting continues to develop and evolve. In its development, accounting science is divided into several periods, namely: pre-theory period, general scientific period, normative period, and specific scientific period.

The pre-theory period from 1492 to 1800, this period there has been no accounting theory formulated by experts, a situation in which the financial recording system has been implemented in society, but the public still considers this recording activity as a form of daily life so that various types of transactions occur in this period is normal, so suggestions and statements put forward by various parties are not considered as theories.

The general scientific period from 1800 to 1955, during this period various parties began to develop a theory, but this theory only led to an explanation of accounting practice. The reason why this period emphasized more on the explanation of accounting practices was that the science of accounting in this period was developed based on empirical methods derived from observations and not based on logic.

The normative period from 1956 to 1970, in this period, the experts began to formulate the correct accounting rules and practices, in its development emphasized more on "what should be". Accounting in this period became a rule

that must be followed in preparing financial reports. In this period, the criticism of historical cost appeared. Information based on market cost was much more relevant than historical cost.

The specific scientific period from 1970 to the present is considered a positive era that makes various accounting experts think that accounting theory is not only based on what it should be but must be tested for its level of truth. This is because in the previous period it was considered too subjective in accounting practices, so this approach received a lot of criticism because the assessment was based on subjective judgments only and did not involve hypothesis testing.

With the division of accounting periods and various developments in accounting practices, various accounting theories emerged, namely the theory put forward by Belkaoui and Godfrey. Several methods can be used to formulate accounting theory into pragmatic theory, pragmatic psychological theory, normative theory, and positive theory. The development of accounting which leads to the creation of a theory, shows that accounting changes from an activity to a science. Accounting becomes a science because it experiences the development of the human mindset to make an effort to investigate, improve, and find a science that can be transformed into a form of formulation, both theoretically and in calculations that lead to a generally accepted conclusion.

The development of accounting, which is considered a science, has an impact on the division of accounting science, in the past accounting was only the process of recording transactions and focused more on making financial reports that were used as a basis for decision making. Along with the times, the division of accounting is increasingly varied according to its function. The division of accounting knowledge has become a differentiator according to its application in the world of business and finance. Based on the function of accounting is divided

into several categories that are easy to understand based on the definition and function. These processes can be grouped into types of financial accounting, auditing, management accounting, taxation, budget accounting, non-profit accounting, cost accounting, accounting systems, and social accounting. The use of accounting science in society cannot be separated from the development of accounting theory that occurs due to changing times, especially due to advances in technology. Various parties do not deny that accounting theory and accounting science will continue to process the following changes that occur.

Accounting science is now starting to use positive accounting theory to solve problems that occur. Positive accounting theory tries to formulate research problems by observing phenomena that are not present in previous habits so that they can provide the latest and comprehensive solutions. Some parties create a perspective on positive accounting theory that can be applied in the long term up to 10 years. One of these perspectives according to Watt and Zimmerman, there will be changes in the application of accounting practices in the future according to its development. Accounting has evolved to adapt to ongoing changes, the evolution of information. The development of information from positive accounting theory is different when compared to information before the application of positive accounting theory, this information can be divided into: market transactions, internal transactions to the firm, and transactions in the political process.

Information that appears in the development of positive accounting theory is the result obtained based on observations made by researchers on a financial transaction conducted at that time. Various reasons for positive accounting theory are still used today is because this theory focuses more on observations that occur and not on predetermined standards. The results of the observations made by accountants on a financial transaction at that time are not always the same,

this is because developments, information, and people's perspectives on financial statements are constantly changing. The approach taken by positive accounting theory becomes a process of developing hypotheses and factors that influence accounting science and testing the validity of a hypothesis empirically. Researchers/accountants look back at the processes and functions that are running, so this shows the development of positive accounting theory is a need to explain and predict accounting practices in society.

The very rapid development of technology affects financial transactions, so that various parties continue to observe various things that affect concepts, theories so that researchers/accountants cannot rely on just one concept in normative accounting theory. It can be said that accounting theory is very much dependent on changes and technological developments so that normative accounting theory is not following technological developments. Positive accounting theory shows flexibility in solving problems and phenomena that arise in trade and economic systems that have been renewed due to technological changes. Normative accounting theory does not explain the concept of changes that occur as a result of the times because it is rigid in the standards set.

Based on positive accounting theory, several hypotheses have accommodated transactions that develop in the company's business, such as the bonus plan hypothesis, the debt hypothesis, and the political cost hypothesis. The bonus plan hypothesis is a planning hypothesis by companies that leads to bonus distribution using the method of increasing profit for the current period which is ultimately aimed at increasing the bonus value received by workers in the company and increasing company profits.

The debt/equity hypothesis is a hypothesis aimed at adjusting the level of the company's debt/equity ratio. The use of the company's debt/equity ratio is regulated in such a way that managers can increase the level of company profit by reducing the proportion of loans/debt planned for several financial periods. It can also reduce credit limits and the cost of technical errors.

The political cost hypothesis is a hypothesis aimed at reducing periodic profits depending on the type and size of the company, seen from the perspective of the company's interests in the political and profit planning aspects. An assumption that the value of information is very important in companies to avoid political intervention that leads to conflicts between companies and the government. This is to streamline the company's operations because the political process is not much different from the market process.

Based on some of the hypotheses stated above, positive accounting theory is the benchmark used by various accountants to make hypotheses based on changes that occur. In the future, there may be a new hypothesis that accountants will formulate which will become a part of the development of accounting science in the future. As time goes by, it is necessary to develop new accounting theories to overcome the magnitude of the impact of changes that occur due to technology. Accounting continues to change according to the development of time, starting from the barter system to e-money transactions which are being implemented today, with current technological developments, the accounting system will become easier.

One of the priorities of this research is the bonus plan hypothesis, which is currently a trend in the business world. This hypothesis is the choice of management in making decisions for both the company and the management interests or both. Therefore, the researcher wants to explore the bonus plan

hypothesis to find out the reasons why companies choose to use bonus plans and companies that do not, and how the experts view the bonus plan hypothesis. The decision to implement the bonus plan by the company is earnings management and this can be seen from several different points of view, both those who consider it legal or illegal for completing research.

How the effect of positive accounting theory on the bonus plan hypothesis is applied in the company and how is the attitude of management in seeing the application of the bonus plan on company profits. Therefore, the researcher wants to make a thesis entitled "Assessment of Issues and Development of Positive Accounting Theory in Bonus Plan Perspective."

1.2 Research Question

Based on the background that has been described, the research questions that can be formulated in this study are as follows:

1. How can positive accounting theory affect the current transaction system?
2. What is the form of developing a bonus plan hypothesis on current accounting developments?
3. How is the effect of the bonus plan hypothesis in the development of accounting that continues to develop today?
4. How does the bonus plan hypothesis affect the development of accounting that continues to develop today?

1.3 Research Purpose

Based on the background and research question that has been described, the expected objectives of this study are as follows:

1. Knowing how much influence positive accounting theory has on transactions today.
2. Knowing how positive accounting theory can create a bonus plan hypothesis.
3. Explain the form of developing a bonus plan hypothesis on current accounting developments.
4. Explain how the bonus plan hypothesis affects accounting practices in current accounting developments.

1.4 Significance of the Research

1.4.1 Theoretical Significance

Theoretically, the researcher hopes that the results of this study can become a basis for understanding positive accounting theory from experts who have put forward the positive accounting theory and how the bonus plan hypothesis plays a role in the development of accounting today, it is hoped that another perspective on positive accounting theory as well as the bonus plan hypothesis that is developing today can be studied further.

1.4.2 Practical Significance

Practically, the researcher hopes the results of this study can be beneficial:

1. The author, this study is useful for adding insight and knowledge about positive accounting theory and bonus plan hypotheses as well as

understanding how the development of positive accounting theory and bonus plan hypotheses are implemented in accounting today.

2. Educators and students, this research is useful to be able to increase knowledge and contribution of thoughts about the Assessment of Issues and Development of Positive Accounting Theory in Bonus Plan Perspective that exist today.
3. Educational institutions, this research is useful as a material for consideration in compiling learning programs and determining appropriate learning methods and media for people who need accounting theory material and accounting perspectives today.

1.5 Structure of Research

The writing of this thesis is divided into five chapters. The introductory part includes the thesis title, approval sheet, validation sheet, statement of authenticity, foreword, table of content, and list of tables.

Chapter I: Introduction – consists of background, research question, research purpose,, the significance of the research and the structure of research.

Chapter II: Literature Review – focuses on the literature review used in the study. Where the theory is in the form of definitions and definitions taken from book excerpts related to the preparation of thesis reports as well as several previous studies related to the topic chosen by the researcher and the thought frame made before the hypothesis is concluded.

Chapter III: Research Metodology – contains the methodology used in research to obtain and process data, and discusses the types of research

carried out in the joint thesis research design, presence of researcher, place of research, types and sources of data, data collection techniques, data analysis techniques, data validation checking, and stages of research.

Chapter IV: Research Result and Discussion – contains research results that explain the object of research, the results of hypothesis testing, as well as the interpretation and discussion of the research results selected by the researcher.

Chapter V: Conclusion and Suggestion – contains conclusions from the research results, research limitations, and suggestions for further researchers.

CHAPTER II

LITERATURE REVIEW

2.1 Review of Theories and Concepts

A literature review is something that is made by researchers to apply boundaries between researches that will be achieved from a study. According to Emilia (2008), a bibliography is a basis used in a study to evaluate other people's research or look for gaps that can be found in previous researchers. The literature review can come from various sources that have been researched by previous researchers, it can be used as a basis for research and as evidence to convince readers that the research being carried out is well known to researchers working in the field of research or the topic being researched.

According to Leedy (1997), a literature review must contain the expressions of previous researchers who have the same topic as the research that the researcher will carry out. Leedy explained that the literature review is the basis prepared by the researcher in making research steps. Where these steps are things that continue to be used in research today.

The steps made in the literature review have various benefits which Emilia divides them into:

1. Taking care of the depth of knowledge possessed by the researcher, so that the supervisor or editor of a national or international journal will know the expertise of the researcher.

2. Shows the period that has been occupied by the researcher on the topic being researched. Literature review according to Pearce (2005) in his book *How to Examine a Thesis* says that a piece of compelling evidence to say that researchers understand the topics they research is by looking at the results of research that has spent a long time studying their research field and spending time reading topics in the field to get a theory or get the results of the research he researched.
3. Show that the researcher understands comprehensively about the theory used in his research.
4. Appreciate the results of other people's research and give awards to researchers who have worked in the previous time and show that the results of their research help researchers to carry out further research and make researchers consider the results of previous research to help researchers understand the topic under study.

2.1.1 Accounting Theory

Accounting theory is a learning area that discusses definitions from various points of view of accounting, where accounting theory has not yet obtained an understanding that can explain accurately, so that the theory cannot be used as a concrete reference, resulting in a process of changing accounting theory in various things so that it can be a reference according to its development. Accounting theory consists of two words, namely theory and accounting. In formulating an empirical understanding of accounting theory, researchers start from describing the understanding of theory, understanding accounting, and then accounting theory

Based on the opinion of Labovits and Hagedorn (1993), they define theory as a series of variables that are interconnected with an analysis to present a systematic view of phenomena by determining the relationship between variables, intending to explain natural phenomena. This is determined by how and why the variables and statements are interrelated. While accounting itself is a process of recording, summarizing, clarifying, processing, and presenting transaction data related to finance. With the existence of accounting, it will make it easier for someone to make decisions and other goals.

Understanding accounting theory, based on the opinion of Vernon Kam (1986) defines accounting theory as a comprehensive system. Vernon Kam divides the elements of theory into several elements such as basic assumptions, definitions, accounting objectives, principles or standards, and procedures or methods. Where the aim is to explain the relationship of various variables that exist in the accounting structure so that it can predict possible phenomena. According to some experts, the point of view of accounting theory is divided based on the nature given and applied according to the era, namely accounting theory as the language (pragmatics), accounting theory as justification (normative), and accounting theory as explanation and prediction (positive) and other perspectives, namely accounting theory as reasoning (deductive and inductive).

2.1.2 Pragmatic Accounting Theory

In this theory, accounting is considered an art that cannot be formulated. The accounting formulation method is more of an activity to explain or describe and analyze existing practices and accept them according to what is obtained. This pragmatic accounting theory is based more on observing the behavior of

accountants or parties who use information obtained based on financial reports, where the information is used as a test material to find out information and benefits in a financial reporting context, both externally, internally, and managerial.

Pragmatic accounting theory uses an inductive approach. According to Yamin (2007), an inductive approach is an approach in which there are various cases, facts, examples, or causes that reflect a concept or principle. Then the researcher tries hard to combine, find, or deduce the basic principles of the things he is researching. Therefore this approach is better known as the discovery or Socratic approach. Therefore, in pragmatic accounting theory, the pattern is observing the process of accounting principles and procedures. This theory is developed based on an observation about how accountants act in certain situations, as well as based on observations about what accountants will do to a financial report or a company's economic events.

2.1.3 Psychological Pragmatic Theory

The psychological pragmatic theory is a theory created based on an approach based on observations of the reactions of accountants when they see the results of the information released by accountants. This method observes the reactions of users of financial statements to accounting outputs that have been compiled from various standards, principles, guidelines, or rules. Because this method is more directed at the reaction of users of financial statements, this method is also often referred to as behavioral accounting. The reaction issued by accountants when viewing financial statements will be information that will be used to ascertain whether the financial statements contain important information or vice versa.

This theory develops because there is a difference that occurs in the reactions of related parties even though the information released by this accountant is the same. The difference occurs because some people have a different reaction, where some people can react logically, but others may have reactions that must be conditioned based on influence or people who cannot react. This causes the responses of decision-makers from each individual to be different even in the face of the same information.

2.1.4 Syntactic Theory and Sematic Theory

The syntactic theory is a theory that develops based on logical relationships, where it is closely related to a rule that can be explained based on human logic. This theory is based on logical thinking which is usually written in accounting activities that have been formulated in the elements that make up the financial reporting structure or accounting structure in a company such as management, reporting entities, information users, accounting systems, and report preparation guidelines.

While the semantic theory is inversely proportional to the synthetic theory because this theory emphasizes direct observation in the real world, so this theory explains the phenomena that occur in the real world and how the reality occurs in companies in the world. This theory is more of an effort to find and formulate various elements that are important in financial reporting so that this theory leads to an activity of discussion and a definition of the meaning of elements, identifying attributes, and determining the nominal amount as an attribute.

2.1.5 Normative Theory

This theory considers accounting as a rule that must be followed regardless of whether accounting practices are currently practiced or not. Accountants are more focused on how things happen according to what is written in the applicable accounting standards. This theory is more about how accountants explain the information that must be communicated to users of information and how the accounting will present that information in the form of financial statements. The normative theory is often referred to as a priori theory (cause and effect) which uses deductive thinking and is not based on empirical research results, so this theory is more limited to semi-research.

This theory only states hypotheses about how accounting should be practiced without testing that hypothesis. Normative accounting theory is based on the classical economic concept of profit and prosperity (wealth) or the economic concept of rational decision making, this theory is also called accounting measurement theory. The reason why this theory is called a rational decision-maker is that this theory tends to use a mindset based on concepts that are already written in the theoretical principles.

Therefore this theory usually uses a deductive process in carrying out an analysis and describes the resulting accounting system as an ideal and recommends replacing the accounting system. Something ideal is a condition in which a written financial report must follow existing guidelines. The guideline in question is an accounting principle that has been established in the past and has become a reference in making decisions and how accountants make or examine existing financial reports.

2.1.6 Positive Theory

This theory starts with a scientific method that is generally accepted and currently applies. Based on positive accounting theory, everyone tries to formulate research problems by observing real phenomena that are not contained in the theory so that they can get new solutions. The positive theory is more likely to lead to an event that exists in the real world, see it based on accounting policies, and consider whether the incident can be resolved by current accounting policies or whether the event has never happened so it requires a new policy.

Broadly speaking, positive accounting theory leads to a research paradigm, both philosophically and methodologically. This is done by researching the accounting phenomena that occur. According to Milton Friedman (1953), the most important goal of a positive science is the development of a theory or hypothesis that produces valid and meaningful information about predictions about unobservable phenomena.

According to Watt and Zimmerman (1986), positive accounting theory is created because of dissatisfaction with normative theory. Where the thinking of the normative approach leads to an examination of empirical methods derived from observations, not based on logic which makes it unable to test the theory empirical, because it is only based on observation and not logic which makes it more focused on the prosperity of individual investors rather than the prosperity of society large.

Therefore, Watt and Zimmerman assume that the basis of normative theory is not too strong in its approach to changes that may occur so that the assessment of normative theory is too simple. While positive accounting theory leads to empirical research and justifies various accounting techniques or

methods used today or creates new models that are used in the future that can keep up with the times.

That is the reason why Scott (2000) sees positive accounting as an accounting method that seeks to make predictions that are following real and future events. Prediction referred to by Scott is an activity carried out by accountants to see an event and make decisions while predicting future events within a predetermined period. This activity can also be referred to as an opportunistic behavior, where this activity is often carried out by companies in choosing accounting policies while paying attention to various factors to get maximum profit.

2.1.7 Other Type Perspective

Apart from these various theories, there are other points of view approaches that see and consider many things through a scientific approach to accounting. This approach is used by various accounting researchers or experts who are used as the basis for research material and published in various accounting journals. This approach is more directed at how researchers perceive the reality that has an impact on the learning process and scientific research methods for different studies. One of the approaches known to researchers and used until now is the naturalistic approach.

Naturalistic research when compared to scientific research is different in terms of object deepening, naturalistic research emphasizes flexible observations made without mathematical analysis, statistical tests, or surveys, whereas scientific research focuses more on objective empirical evidence to support it. Naturalistic research starts from looking at situations that occur in the real world,

where researchers try to answer the question "What is happening here?" and not at providing a general picture acceptable to society.

The reason why the naturalistic approach is still used by researchers is that this approach requires further observation of the object of research rather than just using theory alone. The results of these observations can be important information in his research and also become a source of data used in the preparation of financial reports because they contain field information found by researchers.

However, the naturalistic approach was rejected by Tomkins and Groves, the reason being that they considered this approach to make a difference in ontological assumptions. This difference in assumptions occurs because researching the same object with different observation methods creates different results. Because it relates to the source of the questions and research methods.

2.1.8 Scientific Approach Applied to Accounting

Looking at the various theories that exist in accounting, a scientific approach must be applied to further understand the theory. The approach that accountants want to take to understand this theory is to look for empirical evidence and logical explanations so that accountants can understand accounting practices that occur in the world, then recommend the method that best suits the situation by looking at the existing evidence.

A scientific approach will be more convincing when it is supported objectively, even though the opinion is rational through empirical evidence but without observational evidence, it cannot be accepted. Also, there is an error in the assumption that scientific research in accounting under the wishes of researchers is absolute truth, it is not possible because scientific research is

temporary until there is further scientific research that can invalidate previous research. No one can claim absolute truth in science.

Statements or theories can only be published after the researcher has conducted further studies and research in developing the theory so that it can be decided with persuasive evidence. Based on history, it can be concluded that science is part of the simplification, adjustment, and modification of previously made theories to produce new opinions.

2.1.9 Science

Science is a form of human effort to find and increase understanding of the various types of events that occur. According to Nazir (1988), science is the knowledge that is general and systematic, in which this knowledge can be put together into something that can be concluded as a form of interpretation.

Meanwhile, John G. Kemeny stated that knowledge is all knowledge that is gathered based on observations through scientific methods. From this statement, knowledge is the result of a process created by using the scientific method in the search for truth. The truth in question is a statement that can be accepted by the whole community as a result of a research or teaching process. According to Poedjawiyatna (1987), truth is an adjustment between knowledge and the object under study, therefore it must be based on the aspect of truth, have a strong basis, be known, and accepted by the public to become objective knowledge.

The formulation of science is a data processing process that leads to the stages of various types of research by a group of people who are rational, cognitive, and theological. The ability to think humans about an activity based on feelings and instincts is said to be rational. Therefore science is considered as a

logical reasoning activity from empirical observation, in the process it uses the stages of study, inquiry, attempt to find, or research. Cognitive is more at a stage in the process of activities such as recognition, absorption, conceptualization, and reasoning to know and acquire knowledge of a thing. Theology is more about activities that are goals that the researcher wants to achieve, where these goals are in accordance with what the researcher expects when doing the research.

Aristotle divides science into two, namely: theoretical science, which emphasizes investigation with the aim of obtaining knowledge about real things. While practical science focuses on investigations that aim to explain actions based on knowledge. Science is divided into three, namely:

1. Natural sciences examine the regularities in the universe using the scientific method.
2. Social science examines the regularities in human relationships with one another.
3. Humanities examine human and cultural problems that are humane.

Based on the type of science, accounting is classified as social science because it studies the relationships between humans that occur in economic transactions. According to Burrell and Morgan (1979), accounting science is a science that studies economic transactions and activities that have social consequences and affect social relationships so as to create useful information for parties involved in social activities.

2.1.10 Perspective

Based on cognitive science, perspective is a set of knowledge, ideas, conceptual frameworks, and assumptions that influence a person's perceptions to direct a person in certain conditions. Martono opinion (2010) is a person's

perspective on a problem that occurs in reality or a point of view used in seeing a phenomenon.

According to Gibson (1999), perspective is the process of a person making an interpretation and the process of understanding in a reality around an object. Gibson also explained that the process of giving meaning to an object in question is carried out by individuals. Therefore, each person will provide a different form of perspective from one another even though the object being observed is the same.

2.1.11 Age

An Age is a timely development that occurs in the world, it can be said as a point in time that limits an important event that occurs in the world. Age is translated from the English era which means a type of measurement of time that occurs, an era adapted from Latin, namely aera which means a point in time known to mankind, besides that the word era is also synonymous with æra which means a type of calculation.

Evidence that the world continues to develop becomes a benchmark for changes that occur. Starting from prehistoric times humans still lived as ancient humans who used a barter transaction system, in Medieval times humans used a system of buying and selling using gold money, to modern times humans used paper money, coins, checks, and now some have started using electronic money. The developments that occur in the world of trade and the buying and selling system have an impact on the development of accounting science.

2.1.12 Technology

Etymologically, the word "technology" comes from Greek, namely "technologia", tech means expertise and logia mean knowledge. Technology can be interpreted as the science that studies skills in creating tools, processing methods, and extraction of objects to help solve various problems and human daily work.

Another definition of technology is all the facilities and infrastructure created by humans to provide various items needed for the sustainability and comfort of human life. In proof, technology is a form of tool used by humans to facilitate activities used following their respective fields. The tool in question is not something that has a form, but something that can help process human activities so that humans can feel comfortable. According to Castells (2004), technology is a collection of tools, rules, and procedures based on the application of science which is part of the work created in conditions that allow repetition as long as it has the same function and purpose.

Meanwhile, in accounting, technology is one of the factors that influence the financial recording system, this is due to higher human mobility, increasing job demands within a company. Technological developments also affect the world of accounting, someone who works in a company can record and check financial statements for all transactions via a mobile device. Communication between clients and financial consultants to discuss financial reports is easier and safer without any distance and time restrictions. By looking at the example above, everyone can feel the role of technology in accounting that can remove all forms of barriers both from distance and time. Thus increasing the effectiveness of work, the calculation process, the process of disseminating information, and

various other processes related to accounting which lead to increased efficiency and reduced cost burden.

2.2 Empirical Studies

The empirical study is the result of previous research which explains several relevant concepts related to research carried out as information and a reference in the subsequent research process.

Previous research that can be described by researchers is as follows:

1. First studies are *Evaluasi Creative Accounting Dalam Pelaporan Keuangan Berdasarkan Perspektif Akuntansi Positif* written by Sugi Astuti Sunusi. This study discusses creative accounting based on positive accounting.
2. Second studies are *Penggunaan Perspektif Positive Accounting Theory Terhadap Konservatisme Akuntansi Di Indonesia* written by Ayu Martanning Yogi Ardina. This study emphasizes the positive accounting theory of conservatism in companies today.
3. Third studies are *Pengaruh Perspektif Positive Accounting Theory (PAT) Terhadap Konservatisme Akuntansi Di Indonesia* written by Eko Fauzi. This study focuses on the influence of positive accounting theory on conservatism in companies in Indonesia.
4. Fourth studies are *Pengaruh Insentif dan Komitmen Karyawan Terhadap Kinerja Karyawan* written by Rahmadani Shalikhah. This study examines the effect of incentives with the implementation of bonus plans on employee performance levels.

5. Fifth studies are Hubungan Antara Kompensasi Bonus dan Manajemen Laba written by Vicensia Ita. This study describes the relationship between bonus compensation and earnings management in a company.

2.3 Research Framework

Accounting is one of the important sciences applied in a company to find out the financial information presented by the company. The application of accounting arises through the application of accounting theory that continues to develop, starting from pragmatic, normative, to positive theories according to the times. Currently, many companies implement accounting that focuses on bonus plans which are the implementation of positive accounting theory

In the thesis entitled "Assesment of Issues and Development of Positive Accounting Theory in Bonus Plan Perspective.". The researcher wants to examine the positive accounting theory concerning the bonus plan hypothesis that is happening now in line with technological advances.

In simple terms this research framework can be described in the following chart:

