



Accounting Decision Making: Psychological and Sociological Perspectives

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Abstract. *This exploratory study is the influence of individual psychology on the development of acculturation through the integration of psychological and social perspectives. The purpose of this study is to provide a better understanding how psychological and social factors influence statements made in the accounting context. Using a multidisciplinary approach, this study identifies and analyzes cognitive biases, social norms, and group dynamics that influence the process of developing acceptance attitudes. The findings of the study indicate that psychological biases such as overconfidence, self-isolation, and herd behavior have a significant impact on attitudes held by individuals and groups. In addition, psychological factors such as social support and organizational culture take an important part in fostering trust. In the hope of providing more detailed information on how psychological and social elements interact in the accounting context.*

Keywords: *Psychology, Sociology, Accounting Decision Making*

1. INTRODUCTION

A crucial aspect of accurate financial management and reporting is accounting decision making. The process is not limited to technical expertise and an understanding of technical accounting principles, but is also influenced by psychological and social factors that are often invisible. Expertise and understanding of accounting principles. As research in behavioral psychology has progressed, it has become increasingly clear that conclusions drawn are not always based on evidence or even rational principles; rather, they are influenced by a variety of cognitive and social biases. As the field of behavioral psychology has progressed, it has become increasingly clear that conclusions drawn are not always based on evidence or even rational principles..

Behavioral psychology, a field of study that aims to understand how mental and emotional processes influence individual behavior and attitudes, provides important information about how cognitive biases such as overconfidence, which aim to understand the restraint and can influence individual attitudes. Biases often occur in causing distortions during analysis and evaluation, which ultimately reduce the quality and consistency of financial statements, analysis and evaluation.

In a different perspective, sociology offers insights into how social factors such as group norms, organizational cultural factors, and social interactions can influence an individual's attitudes toward others. Decisions made by individuals in an organizational

context are often influenced by group and societal dynamics, which can lead to decisions that do not always align with objective accountability standards.

Combining psychological and sociological research highlights the importance of understanding the interaction between internal and external factors when developing an acceptance hypothesis. This study aims to investigate how psychological and social elements interact and influence the effectiveness of anger management, and to provide recommendations that may help improve effectiveness and accuracy by strengthening psychological and social elements.

Through multidisciplinary research, it is hoped that this study will provide more insight into how human behavior and social dynamics influence the Accounting development process, as well as strategies to address biases and social ills that have the potential to influence Accounting outcomes. It is hoped that this study will provide more insight into how human behavior and social dynamics influence the Accounting development process.

2. LITERATURE REVIEW

Behavioral Psychology in Accounting Decision Making

Pathological psychology, there is an understanding of how cognitive biases affect individual perceptions. According to Widodo and Prabowo (2021) stated that biases such as anchoring and overconfidence have a major impact on a person's ability to make decisions. Overconfidence often causes people to underestimate their ability to assess risks and estimate, while anchoring to assess them is more susceptible to inaccurate initial information..

More specifically, research conducted by Dewi and Yuliana (2022) shows that Cognitive biases can affect quality of life and financial transactions. They acknowledge that participants are often trapped in non-objective brainstorming dimensions, leading to inappropriate conclusions and subjective judgments. This highlights the need for further understanding of how bias works and how it is used.

Sociological Perspectives in Accounting Decision Making

From a sociological perspective, social factors such as organizational culture and peer norms also influence how people formulate their opinions about themselves. According to Setiawan's research (2020), group norms in the accounting environment have the potential to create social pressure that impacts an individual's ability to form opinions. For example,

in a highly competitive group, individuals may be expected to make decisions that are not always rational or accurate in order to achieve harmony or avoid conflict.

According to research by Kartika and Hadi (2023), it shows that a strong organizational culture can influence an individual's ability to formulate a position. Things that encourage compliance with procedures and standards can help reduce subjective bias, while things that are not fully transparent can exacerbate prejudice in hiring decisions.

Integration of Psychology and Sociology in Decision Making

Integration of psychological and sociological perspectives provides a more comprehensive picture of how internal and external factors influence the development of a person's abilities. According to Utami and Nugroho (2021) showed that the combination of cognitive bias and social cognition can improve the quality of attention span. They recommend a more holistic approach for accountants to accounting training in helping to understand their potential social and psychological biases.

In this case, psychological and social factors greatly influence the development of accounting verbal expressions. As well as social factors significantly. By understanding both of these aspects can improve the practice of awareness and more effective decision making.

3. RESEARCH METHODS

Empirical and theoretical research in this area can be examined by analyzing the literature. It is possible to start studying the relationship between accounting decision making, psychology, and sociology. This will increase the understanding of the research that has been done and potential knowledge gaps. Systematic Literature Review (SLR) is an approach that involves the process of identifying, researching, evaluating, and interpreting all previous research findings to answer the research question.

The SLR (Systematic Literature Review) method collects relevant references using various online platforms such as Google Scholar, Mendeley, and others. The data used are from articles published over the past five years, from 2019 to 2024

4. DISCUSSION

Discussion Results

According to Literature, Review:

- a. Name: Kartika, L., & Hadi, S. (2023)

Title: Organizational Culture and Its Influence on Accounting Decision Making Process: A Sociological Perspective

Research result:

This study explains how organizations can influence the process of developing a religious vision and identifies religious elements that contribute to a more positive or negative religious vision.

- b. Name : Dewi, S., & Yuliana, R. (2022).

Title: The Influence of Cognitive Bias on Judgment and Estimation in Accounting Decision Making: A Behavioral Psychology Perspective

Research result:

This study identifies and analyzes cognitive biases that influence judgment and estimation that influence judgment and estimation of talent and their implications for the quality of financial accounting records and their implications for the quality of financial accounting records.

- c. Name : Fitriani, L., & Pratama, R. (2022)

Title: Accounting Ethics: Psychological and Sociological Perspectives in the Context of Advocacy and Implementation.

Research result:

This researcher emphasizes how psychological and sociological views on accounting ethics, and how these two disciplines can support advocacy and implementation of ethical principles in accounting practice.

- d. Name : Widodo, A., & Prabowo, H. (2021).

Title: The Influence of Cognitive Bias on the Quality of Accounting Decisions: A Study on Accounting Practitioners in Indonesia

Research result::

This study explains how cognitive biases such as anchoring and overconfidence influence Indonesians' attitudes toward diversity, as well as strategies to reduce these biases. anchoring and overconfidence influence Indonesians' attitudes toward diversity, as well as strategies to reduce these biases..

e. Name : Wulandari, D., & Setiawan, B. (2020).

Title: The Impact of Psychology and Sociology on Accounting Professional Ethics in Indonesia

Research result::

This study confirms that both psychological and sociological factors have a significant impact on the ethics of the accounting profession in Indonesia. To improve ethics in this profession, more attention needs to be paid to the development of ethical values and a supportive culture.

f. Name: Utami, N., & Nugroho, T. (2021)

Title: Integration of Psychological and Social Factors in Accounting Decision Making: A Holistic Approach to Reduce Bias

Research result::

This study recommends a holistic approach that combines psychological biases and social skills to improve the quality of emotional intelligence.

Behavioral Psychology in Accounting Decision Making

To understand how cognitive biases affect accounting decisions, behavioral psychology is essential. According to Widodo and Prabowo (2021), cognitive biases such as anchoring and overconfidence can have a major impact on the quality of accounting decisions made. For example, accountants are often overconfident in their ability to predict risks and estimates, which can lead to inaccurate decisions. They can ignore the possibility of errors and ignore data that does not match their beliefs. In addition, anchoring or fixing effects can lead to non-objective judgments if someone relies too much on initial information when making decisions. For example, accountants may not be able to consider new information if they are influenced by previously set numbers (Dewi & Yuliana, 2022). This study suggests that better training and bias reduction strategies in the decision-making process are needed to address the impact of these biases.

Sociological Perspectives in Accounting Decision Making

According to sociology, social elements such as group habits and corporate culture greatly influence accounting decisions. Setiawan (2020) stated that group norms can cause social pressure, which has an impact on individual choices. People in an accounting team, for example, may feel compelled to follow group decisions or adopt the majority opinion. This happens even though they realize that their decisions may be wrong (Setiawan, 2020). Meanwhile, according to Kartika and Hadi (2023), they examined how organizational

culture can influence accounting behavior and decisions. A culture that supports transparency and accuracy tends to result in better accounting decisions, while a culture that does not support these values can increase the likelihood of wrong accounting decisions (Kartika & Hadi, 2023). This shows how important it is to build a culture within a company that supports honesty and accuracy in financial reporting

Integration of Psychology and Sociology in Accounting Decision Making

By combining sociological and behavioral psychology perspectives, we can gain a deeper understanding of the complexity of accounting decisions. Utami and Nugroho (2021) emphasize that accounting decisions are influenced by interrelated psychological and social variables. For example, social pressure from social groups can influence individuals who experience cognitive biases, which can help the impact of these biases. To improve the quality of decision making, a holistic approach that combines these two elements is essential (Utami & Nugroho, 2021).

Accounting practices must shift from focusing on techniques and procedures to address accounting decision-making problems. They must also consider the psychological and social factors that influence these decisions.

CONCLUSION

In this case, the influence of behavioral psychology on accounting decisions shows that psychological and social components are very important in the accounting decision-making process.

From a Psychological Perspective: emphasizes that cognitive biases and emotions often influence accounting decisions. Biases such as confirmation bias and heuristics can lead people to make decisions that are not entirely rational or objective. Decisions made by accountants and financial managers can also be influenced by emotions, such as anxiety or the desire to look good. Individual cognition and perception are critical to the interpretation of accounting data.

From a Sociological Perspective: provides an explanation of how social and cultural structures within organizations influence accounting decisions. Accounting decisions made and implemented may be influenced by social norms, corporate culture, and stakeholder needs. For example, accounting decisions may be more influenced by superior authority than by individual rational considerations in a highly hierarchical work environment..

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