

Research Article

**The Cognitive Relativism In Accounting Have An Impact On The Quality Of Decisions Made By Decision Makers**

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**Abstract**

This literature study aims to discuss how cognitive relativism actually relates in accounting. This research uses a literature study approach. In collecting data, the authors collect data and information related to cognitive relativism through supporting data sourced from research journals and supporting books. The results of the literature review that has been carried out, it can be explained that the cognitive revolution in social psychology has generated great interest in the structure of knowledge in general. But basically the essence of relativism in accounting is the existence of a cognitive process that is assumed to be able to direct the assessment/decision process. The model shows that judgments and decisions made from accounting phenomena are the result of a set of social cognitive operations that include observing accounting phenomenon information and information schemas that are stored in memory, and then recalled when needed in making judgments and/or decisions.

**Keywords:** Cognitive Relativism, Paradigm, Accounting.

**1. INTRODUCTION**

Cognitive relativism asserts the relativity of truth. Because of the close connections between the concept of truth and concepts such as knowledge, rationality, and justification, cognitive relativism is often taken to encompass, or imply, the relativity of these other notions also. Thus, epistemological relativism, which asserts the relativity of knowledge, may be understood as a version of cognitive relativism, or at least as entailed by it.

It is well known that accounting is relative to and contingent upon organisational and social contexts. In particular, critical approaches have focussed on the variety of uses and effects of accounting in space-time settings, and especially on the instrumental claims on, and opportunistic adaptation of, accounting within power interplays at various levels and in different environments (Zambon, 2000).

It is also widely recognized that this vested use of accounting is allowed by its inherent exibility. This exibility is perceived to be linked to the softness of yearend valuations and more generally,

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of all allocation processes attached to accounting. However, relatively little attention has been paid to the exibility of accounting stemming from its knowledge foundations. Certainly accounting is characterised by an unstable technical content on which most of the theoretical interest concentrates from di€erent analytical per spectives. The technical surface, though, conceals alternative knowledge-based explanations of the way in which accounts are `assembled' and presented. Accounting technology relies in fact on conceptual premises which are rarely spelt out. Indeed, accounting can be seen as being contingent upon other forms and structures of knowledge which by tradition and by discipline have been held distinct from accounting. This is the case, for instance, with cognitive disciplines in relation to accounting for decision-making, and with social identities and management styles with respect to the role played by accounting in organisations. The multifaceted and unsteady interaction between di€erent bodies of knowledge and accounting, a€ects the representation of the object of accounting itself, the aims it seems to be pursuing, and the information needs which are reckoned to be most relevant.

For those who apply the paradigm of decision usefulness/decision makers/individual users, the fundamental problem subject is the response of individual users to accounting variables. Proponents of this paradigm argue that, in general, the decision usefulness of accounting variables can be obtained from human behavior. In other words, accounting is seen as a behavioral process (Siahaan et al., 2018). The purpose of behavioral accounting research is to understand, explain, predict human behavior in the context of accounting. This paradigm is of concern to internal users of accounting, procedures and information support, as well as the general public and their representatives.

Most research related to the decision usefulness/decision maker/individual user paradigm has been carried out to benefit from the explicit formation of a theory. Generally, an alternative to developing appropriate behavioral accounting theories is to borrow from other disciplines. Most of the borrowed theories explain and predict human behavior in the context of accounting quite adequately. One of these borrowed theories is cognitive relativism in accounting

Based on the explanation above, the author wants to conduct a literature study to discuss how the relationship between cognitive relativism in accounting is actually.

## **2. LITERATURE REVIEW**

Relativism comes from the Latin word, *relativus*, which means relative or relative. In line with the meaning of the word, in general relativism argues that differences in human, culture, ethics, morals, religion, are not differences in nature, but differences due to external factors. As an ethical understanding and view, relativism holds that good and evil, right and wrong depend on each person and the culture of his society. Such teachings were embraced by Protagoras, Pyrrho, and his followers, as well as by skeptics.

Relativism is a model of pragmatic thinking, assuming that ethical rules are not universal because ethics are motivated by culture, where each culture has different rules. Ethical Relativism is a theory that an action can be said to be ethical or not, right or wrong, depending on the views of the community (Forsyth, 1992). This is due to because this theory believes that every individual or group has beliefs different ethics. In other words, both Ethical Relativism and Moral Relativism is the view that no ethical standard is absolutely correct. In individual moral reasoning, he must always follow the moral standards that apply in society he is in.

A position in philosophy that does not recognize absolute value or truth. Protagoras' "Man is the measure of all things is an early and formulated expression in opposition to the search for absolute, universally valid definitions of ideas such as virtue and justice. what Socrates and Plato did. Relativism in a softer sense means that we must consider the meaning of the report in context. In modern times, for example, anthropologists adopt a relativistic attitude and try not to interpret their observations exclusively in the context of their own cultural value systems..

Ethical relativism which holds that the judgment of good-bad and right-wrong depends on each person is called subjective or analytical ethical relativism. As for ethical relativism which argues that ethical judgments are not the same, because there is no similarity between society and culture, it is called cultural ethical relativism.

According to subjective ethical relativism, in ethical matters, emotions and feelings play an important role. Therefore, the influence of emotions and feelings in moral decisions must be taken into account. Good and evil, right and wrong cannot be separated from the person who is involved and judges it. Ethical relativism argues that there are no absolute criteria for moral decisions. Westermarck embraced ethical relativism which links decision criteria to individual culture, which exposes individual differences. The situation ethic of Joseph Fletcher considers the morality of an action to be relative to the good of the purpose of the action.

The strength of subjective ethical relativism is its realization that humans are unique and different from one another. Therefore, living people respond to the twists and turns of life and make ethical judgments about life differently. In that way humans can live according to the demands of the situation. She can respond to his life in line with the data and facts. He can determine what is good and evil, right and wrong, according to his own judgment and thoughts. Likewise, humans are not only different and unique, but also different and unique in their ethical life.

Despite the great emphasis on human uniqueness in ethical decision-making, adherents of subjective ethical relativism may err in distinguishing between ethical norms and their application, and between ethical norms and ethical principles. If people are different in their lives and ethical thoughts, it does not mean that there are no the same ethical norms. It is possible that the objective ethical norms are the same, but their manifestations are different because of different life situations..

### **3. METHODS**

This research uses a literature study approach.. In collecting data, the authors collect data and information related to cognitive relativism through supporting data sourced from research journals and supporting books. The literature review as described by Cooper in Creswell (2010) has several purposes, including informing the reader about the results of other studies that are closely related to the research conducted at the time, linking the research with the existing literature, and filling gaps in previous research. Literature Review contains reviews, summaries, and author's thoughts on several library sources (articles, books, slides, information from the internet, and graphic data, etc.). This literature study aims to discuss how cognitive relativism actually relates in accounting.

## 4. RESULTS DAN DISCUSSION

### 4.1. Result

The results of the literature review that has been carried out, it can be explained that the cognitive revolution in social psychology has aroused great interest in the structure of knowledge about memory in general and how people learn, in particular. Professional judgment in public accounting is described as a process that has five components:

1. Scheme or structure of knowledge accumulated through learning or experience
2. A triggering event or stimulus
3. An environment of consideration
4. A process of deliberation
5. A decision/action

The main input is an accounting problem or phenomenon that must be solved and requires consideration that precedes a preference or a decision model, as can be applied to accounting consists of the following steps:

1. Observation of accounting phenomena by decision making
2. Schema formation or accounting phenomenon pembuatan
3. Schema organization or storage
4. The process of attention and recognition triggered by a stimulus
5. Retrieval of stored information and needed for judgmental decisions
6. Reconsider and integrate retrieved information with new information
7. Consideration process
8. Decision/action response

### 4.2. Discussion

The cognitive style approach focuses on variables that may have an impact on the quality of decisions made by decision makers. Cognitive style is the formation of hypotheses that are used to explain the mediation process between stimuli and responses. There are five approaches, namely:

- a. Authoritarianism arises from the attention of Adorno and others on the relationship between personality, anti-democratic attitudes and behavior. These researchers are particularly interested in individuals who have a way of thinking, which can make them susceptible to anti-democratic propaganda. The two behaviors that correlate with authoritarianism – rigidity and intolerance of ambiguity – are reflections of basic cognitive styles.
- b. Dogmatism, arises from Rokeach's attempt to develop a structural-based authoritarianism measure, to replace the content-based measure developed by Adorno and his friends. Their interest was to develop a measure of cognitive style independent of content thinking.
- c. Cognitive complexity, introduced by Kelly and Bieri, focuses on the psychological dimensions used by individuals to shape their environment and to differentiate their behavior from other individuals. Individuals who are cognitively more complex are

assumed to have a greater number of dimensions, which can be used to explain behavior to others than individuals who are cognitively less complex. Decision makers can also be grouped according to their cognitive style: heuristics and analytic.

- d. Integrative complexity, described by Harvey et al, later developed by Schroeder et al, arises from the view that people engage in two sensory input processing activities: differentiation and integration.
- e. Field dependence, described by Witkin and colleagues, is a measure of the extent of differences in the perceptual field. Field dependent individuals tend to think of the whole organization as a field and are relatively unable to think of the parts of the field as separate parts. However, individuals who are independent of the field tend to regard the parts of the field as separate from the overall organization of the field, rather than combining them

Cognitive relativism continues to be an important but controversial position that one encounters in contemporary debates about the nature of truth, knowledge, rationality, and science. These debates can sometimes be confusing because people neither agree about exactly what relativism affirms, nor about whose views should be described as a relativistic.

But basically the essence of relativism in accounting is the existence of a cognitive process that is assumed to be able to direct the assessment/decision process. The model shows that judgments and decisions made from accounting phenomena are the result of a set of social cognitive operations that include observing accounting phenomenon information and information schemas that are stored in memory, and then recalled when needed in making judgments and/or decisions.

## 5. CONCLUSION

The core of cognitive relativism in accounting is the existence of a cognitive process that is assumed to be able to direct the judgment/decision process. The model suggests that judgments and decisions made from accounting phenomena are the result of a series of social cognitive operations that include observing accounting phenomena information and information schemas that are stored in memory, and then recalled when needed to make judgments and/or decisions

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