

CREATIVE ACCOUNTING PRACTICES FROM THE PERSPECTIVE OF ACCOUNTING EDUCATORS WITH PRACTICAL EXPERIENCE

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Abstract

This study examines the empirical influence of emotional intelligence, work motivation, rewards, and punishments on creative accounting practices. Utilizing an explanatory design, primary data was gathered from 30 accounting academic-practitioners via purposive sampling and analyzed using Multiple Linear Regression via SPSS. Results demonstrate that partially, emotional intelligence, work motivation, and rewards significantly influence creative accounting choices. Guided by the Theory of Planned Behavior, target-oriented motivation and incentives construct positive attitudes to exploit accounting flexibility, while emotional intelligence serves as an internal regulatory filter. Crucially, punishment yields a counterintuitive significant positive influence on creative accounting. Evaluated through Cognitive Dissonance Theory, rigid sanctions under demanding expectations generate severe professional duress; consequently, individuals experience intense psychological conflict and tactically utilize regulatory loopholes as a rationalized defensive mechanism to avoid career risks. Simultaneously, all variables exert a significant combined effect. Management must restructure controls away from fear-inducing climates toward supportive professional ecosystems.

Keywords : Emotional Intelligence, Work Motivation, Reward, Punishment, Creative Accounting.

INTRODUCTION

As the party responsible for recording and preparing financial statements, internal accountants possess a deep understanding of all company transactions and financial policies. Flexibility in the application of Financial Accounting Standards (SAK) through the Statement of Financial Accounting Standards (PSAK) provides room for the use of professional judgment (Nawaiseh et al., 2024). While this space has positive impacts, it can also encourage creative accounting practices, where regulatory loopholes are exploited to manipulate the appearance of financial performance without blatantly violating regulations (Khatun & Sobhan, 2025; Ogbaisi & Dabor, 2020). Despite strict accounting standards and codes of ethics, irregularities in financial reporting remain rampant. This phenomenon is reflected in OJK data, which shows widespread manipulation in vulnerable areas such as asset valuation and revenue recognition. Yet, stakeholders such as regulators, creditors, and investors rely heavily on valid and comparable financial reports as the primary basis for their economic decisions (Fransiska, 2019; Murineanu, 2024).

The credibility of financial reports depends heavily on the role of internal accountants in strengthening controls, complying with accounting standards, and evaluating the reporting process. Research by Jannah et al., (2024) demonstrated that the competence and functions of internal accountants, including internal audit, positively impact the quality, accuracy, and transparency of financial reports. A strong understanding of regulations enables them to detect risks and fraud early and minimize deviations. Therefore, organizations need to invest in the training and skill development of internal accountants to produce quality financial reports. However, in practice, creative accounting often violates ethics and risks legal action because it is deliberately used to manipulate a company's financial performance. According to Nur Rizky & Wahyuni (2024), this practice is usually driven by management's ambition to achieve specific goals, such as attracting investors, minimizing tax liabilities, facilitating credit applications, or concealing internal fraud. Consequently, the quality and credibility of financial reports are compromised, ultimately triggering legal consequences and harming stakeholders.

Emotional intelligence is a person's ability to identify and manage emotions to make wise decisions. In a professional context, this ability guides internal accountants in evaluating the ethical impact of an action on themselves and others before acting, including when facing pressure to manipulate financial statements.

According to research by Oktaviani & Suryatimur (2022) emotional intelligence contributes up to 80% to a person's success, while the remaining 20% is influenced by intellectual intelligence (IQ). Therefore, the quality of an internal accountant is measured not only by technical competence but also by emotional maturity and other supporting factors (Pipit Mulyah, 2020; Pratiwi & Fajar, 2023).

Work motivation is an internal and external drive that directs and sustains a person's behavior in completing their work to achieve specific goals. Ghaffar & Riyanto (2022), explain that this motivation is influenced by various factors, such as the superior's leadership style, work facilities, organizational policies, compensation systems, and job characteristics. In line with this, Ismajli & Fejza (2018), emphasize that internal and external motivation from within employees is crucial for driving optimal performance and responsibility towards the organization. High work motivation not only fosters positive attitudes but also influences employee decision-making processes, including considering creative accounting practices for internal accountants (Gunaulung & Priantinah, 2018; Mukaromah et al., 2025).

To boost employee productivity and performance, companies often use rewards as a form of incentive and appreciation (Munir & Krowin, 2024). These rewards are given in recognition of employees' contributions and positive behavior that aligns with the organization's vision. Through various forms, such as bonuses, salary increases, and job promotions, rewards not only acknowledge past success but also stimulate work motivation, enabling employees to make even greater contributions in the future.

As an effort to enforce regulations and correct poor performance, organizations impose punishments on employees who violate regulations or fail to fulfill their responsibilities. Munir & Krowin (2024) explain that these unpleasant consequences aim to change behavior and maintain discipline. Because these sanctions directly impact the work environment, employees tend to be more compliant with leadership directives. For internal accountants, the combination of the demand for high rewards and strict punishments can create psychological pressure that influences their decisions to manipulate financial statements (ALShanti et al., 2024; Blue et al., 2025).

Several previous studies indicate that emotional intelligence, work motivation, rewards, and punishments have a positive and significant influence on internal accountants' decisions to implement creative accounting. These factors are considered key elements shaping accountants' professional attitudes in the decision-making process. However, research by Siboro & Sulistia (2025) yielded different results, finding that emotional intelligence had no significant influence on creative accounting practices. Conversely, punishments showed a significant positive influence. These findings underscore that high emotional intelligence does not necessarily guarantee decision integrity, especially when accountants face management pressure or work motivation that is overly oriented toward financial targets (Kusuma, 2018; Rahmah & Helmy, 2021).

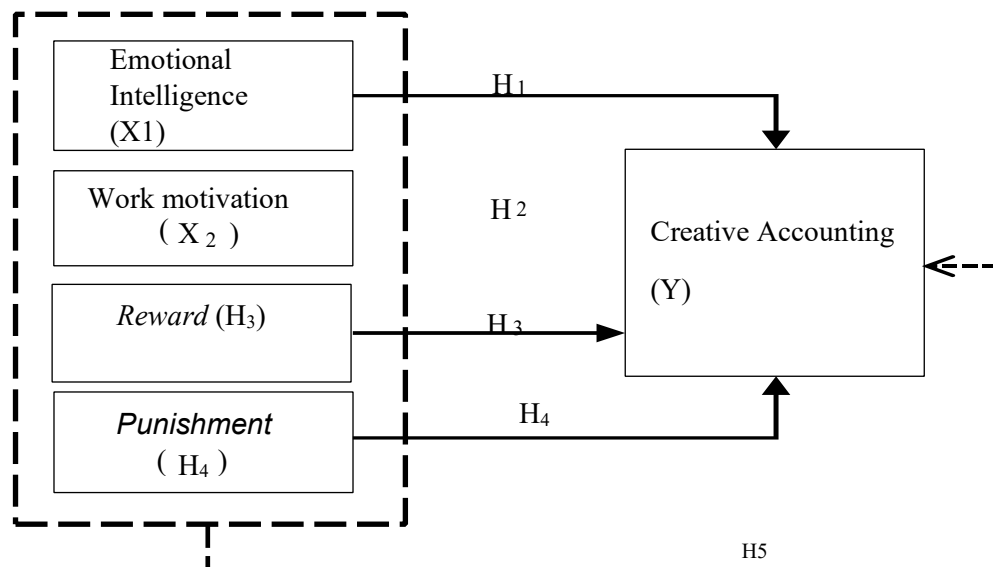
Based on the Theory of Planned Behavior (TPB), a person's actions are determined by their intentions, which are formed by three main elements: attitude toward the behavior, subjective norms, and perceived behavioral control. Attitude toward the behavior reflects a person's evaluation of the consequences of their actions; subjective norms relate to social pressure or influence, while perceived behavioral control refers to an individual's belief in their abilities and barriers to performing the action (Wafiroh & Wuryaningsih, 2024). In this context, the TPB is used as an analytical framework to examine internal accountants' decisions in implementing creative accounting. Factors such as emotional intelligence, work motivation, rewards, and punishments are seen as elements that shape these three TPB components. Furthermore, in addition to employing the TPB as the primary framework, this study integrates Cognitive Dissonance Theory to critically dissect the psychological conflict and ethical rationalizations professionals face when trapped under the counterintuitive pressure of rigid punitive sanctions (Mwangi & Muigai, 2025; Rusli & Hasnawati, 2022).

To ensure the theoretical validity and to clear up conceptual ambiguity within this study, it is imperative to distinguish 'creative accounting' from related but distinct financial reporting practices, namely: earnings management, aggressive accounting, and fraudulent financial reporting. Although these concepts often overlap in their utilization of accounting flexibility, they fundamentally differ along the spectrum of legality, compliance with accounting standards, and ethical intent. Firstly, creative accounting refers to the practice of utilizing loopholes, ambiguities, or multiple choices within existing accounting standards to manipulate financial statements toward a desired presentation. It operates strictly within the legal boundaries of accounting regulations but pushes the limits of ethical reporting. Secondly, earnings management is a specific subset that aims to alter reported earnings to achieve predetermined targets, remaining within the letter of the law but potentially obscuring true performance. Thirdly, aggressive accounting represents the extreme

edge of compliance, which involves highly optimistic or non-conservative interpretations. In stark contrast, fraudulent financial reporting is entirely illegal, involving deliberate misstatement or outright falsification that falls completely outside accepted frameworks.

In this study, "Creative Accounting Practices" (Y) is strictly conceptualized as the psychological and tactical choices made by individuals within the legal framework of accounting flexibility driven by internal and external determinants rather than acts of outright illegal financial fraud. Based on this literature review and relevant theoretical foundations, the synergy between psychological conditions and internal organizational regulations is crucial in guiding financial reporting behavior. Therefore, by establishing this clear conceptual boundary, this study aims to provide an objective measurement and empirically test these relationships in a more specific context.

FRAMEWORK



Picture 1. Framework

H1: The Influence of Emotional Intelligence on Creative Accounting Practices

H2: The Influence of Work motivation on Creative Accounting Practices

H3: The Influence of Reward Creative Accounting Practices

H4: The Influence of Punishment on Creative Accounting Practices

H5: The Influence of Emotional Intelligence, Work Motivation, Rewards, and Punishment on Creative Accounting Practices

RESEARCH METHODS

This study adopts a quantitative approach using an explanatory research design to examine the behavioral and organizational determinants of creative accounting decisions. The population of this study comprises accounting educators who possess dual roles as practical accountants or financial consultants. A

purposive sampling technique was strictly applied to select respondents based on two criteria: (1) holding an active teaching position in higher education institutions, and (2) having prior or current practical experience in preparing, auditing, or analyzing corporate financial statements. A total of 30 qualified respondents were successfully surveyed. This specific group of academic-practitioners provides a highly objective and critical perspective, as they deeply comprehend theoretical accounting frameworks while simultaneously understanding the pragmatic pressures of the corporate environment (Sugiyono, 2021).

Primary data was gathered through a structured questionnaire distributed electronically. To ensure the construct validity of this study, all variables are measured using a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

The first independent variable, Emotional Intelligence (X1), is operationally defined as an individual's competency to recognize, regulate, and motivate themselves, as well as control emotions under professional duress. Adapted from Goleman's framework Siboro & Sulistia, (2025), this variable is quantified through 5 items assessing self-awareness, self-regulation, motivation, empathy, and social skills. The second variable, Work Motivation (X2), refers to the internal or external drives that steer individuals to achieve optimal outcomes in financial reporting. Based on McClelland's achievement motivation theory Sabina & Syafina (2024), it is evaluated using 5 items focusing on the need for achievement, power, and affiliation. The third and fourth variables, Reward (X3) and Punishment (X4), are adapted from the institutional control scales developed by Sari & Syofyan (2025), Reward is operationally defined as positive financial or non-financial incentives provided by the organization for performance compliance, measured via 5 items covering financial bonuses, structural appreciation, and job stability. Conversely, Punishment refers to the negative sanctions applied to deter ethical or regulatory infractions, measured through 5 items encompassing mild sanctions (verbal/written warnings), moderate sanctions (deferred promotions), and severe sanctions (termination). Finally, the dependent variable, Creative Accounting Practices (Y), represents an individual's inclination or tactical decision to exploit regulatory ambiguities, multiple choices, or legal loopholes within existing accounting standards. Adapted from Sukanto et al. (2024), this variable is quantified using 5 items evaluating the utilization of accounting flexibility, earnings smoothing tendencies, optimistic estimates, and strategic revenue recognition choices. The empirical data was systematically analyzed using Multiple Linear Regression Analysis executed via IBM SPSS (Statistical Package for the Social Sciences). Prior to testing the hypotheses, classical assumption tests—including normality, multicollinearity, and heteroskedasticity tests were conducted to ensure the regression model fulfills the Best Linear Unbiased Estimator (BLUE) requirements. The mathematical model for testing the structural relationships is formulated as follows:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

The hypotheses were statistically evaluated using the coefficient of determination (R^2), simultaneous significance test (F-test), and individual parameter significance test (t-test) at a significance threshold $\alpha = 0.05$.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Emotional intelligence (X1)	30	7,00	25,00	19,8000	4,29434
Work motivation (X2)	30	9,00	25,00	19,6333	4,94440
Reward(X3)	30	8,00	25,00	19,6667	4,33378
Punishment(X4)	30	8,00	25,00	20,8000	3,62368
Creative Accounting (Y)	30	11,00	23,00	19,7333	2,89986
Valid N (listwise)	30				

Source:SPSS (2026)

Descriptive statistical analysis of 30 respondents shows that all research variables have stable data distribution, which is indicated by a standard deviation value that is smaller than the average (mean). The Emotional Intelligence variable (X1) recorded an average of 19.80 (Min: 7.00; Max: 25.00; SD: 4.29), while Work Motivation (X2) had an average of 19.63 (Min: 9.00; Max: 25.00; SD: 4.94). Furthermore, the Reward (X3) and Punishment (X4) variables each had an average of 19.67 (SD: 4.33) and 20.80 (SD: 3.62) with a minimum value range of 8.00 to a maximum of 25.00. Finally, the Creative Accounting Practices (Y) variable had an average of 19.73 (Minimum: 11.00; Maximum: 23.00; SD: 2.90). These results indicate that respondents generally gave a positive assessment to all variables, with a level of variation in answers that was still within reasonable limits.

Reliability Test

Reliability testing aims to assess the consistency of a research instrument in producing data when measurements are repeated under relatively similar conditions. In this study, reliability testing was conducted using the Cronbach's Alpha method for each variable studied. An instrument is considered reliable if the Cronbach's Alpha value is > 0.60 .

Table 2. Reliability Test

Reliability Test				
No	Variable	Cronbach Alpha Value	Reliability Standard	Description
1	Emotional intelligence (X1)	0,878	0,60	Reliable.
2	Work motivation (X2)	0,922	0,60	Reliable.
3	<i>Reward</i> (X3)	0,889	0,60	Reliable.
4	<i>Punishment</i> (X4)	0,917	0,60	Reliable.
5	Creative Accounting (Y)	0,648	0,60	Reliable.

SPSS (2026)

Reliability tests showed that all research instruments were reliable, as the Cronbach's Alpha value for each variable exceeded the minimum standard of 0.60. Specifically, the work motivation (0.922), punishment (0.917), reward (0.889), and emotional intelligence (0.878) variables demonstrated excellent consistency in measuring each indicator. Meanwhile, the internal accountant decision variable related to creative accounting practices recorded the lowest value at 0.648, but remained within the reliability limits. These results confirm that all research variables have sufficient internal consistency to proceed to further testing.

Normality Test

A normality test is used to ensure data is normally distributed as a prerequisite for multiple linear regression analysis. This study used the Kolmogorov–Smirnov test, where data are considered normal if the significance value is greater than 0.05, making them suitable for further analysis. Based on the statistical outputs presented in Table 3, the One-Sample Kolmogorov-Smirnov test statistics show an Asymp. Sig. (2-tailed) value of 0.200. Furthermore, the exact validation using the Monte Carlo method yields a significance value of 0.800. Since both significance values comfortably exceed the standard statistical threshold of 0.05 ($0.200 > 0.05$ and $0.800 > 0.05$), the null hypothesis cannot be rejected. Therefore, it is empirically proven that the residual data in this research model are normally distributed. Consequently, the regression model satisfies the classical assumption of normality and fulfills the Best Linear Unbiased Estimator (BLUE) criteria for further parametric hypothesis testing.

Table 3. Normality Test

Uji Normalitas						
One-Sample Kolmogorov-Smirnov Test						
				Unstandardized Residual		
N					30	
Normal Parameters ^{a,b}	Mean				0,0000000	
	Std. Deviation				1,00522425	
Most Extreme Differences	Absolute				0,087	
	Positive				0,068	
	Negative				-0,087	
Test Statistic					0,087	
Asymp. Sig. (2-tailed) ^c					.200 ^d	
Monte Carlo Sig. (2-tailed) ^e	Sig.				0,800	
	99% Confidence Interval	Lower Bound				0,790
		Upper Bound				0,810
a. Test distribution is Normal.						
b. Calculated from data.						
c. Lilliefors Significance Correction.						
d. This is a lower bound of the true significance.						
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 299883525.						

SPSS (2026)

t- test

Emotional Intelligence (X1) Has a t-statistic value of 2.804 with a significance value of 0.010. Since the significance value is lower than 0.05 ($0.010 < 0.05$), it can be concluded that emotional intelligence has a significant positive influence on creative accounting practices. Work Motivation (X2) Has a t-statistic value of 2.212 with a significance value of 0.036 (< 0.05). This indicates that work motivation has a significant positive influence on creative accounting practices, meaning that an increase in work motivation is followed by an increase in creative accounting actions. Reward (X3): Has a t-statistic value of 3.237 with a significance value of 0.003 (< 0.05), demonstrating the strongest significance level among the independent variables. Thus, rewards exert a significant positive influence on creative accounting. Punishment (X4): Has a t-statistic value of 2.544 with a significance value of 0.018 (< 0.05). This indicates that punishment has a significant positive influence on creative accounting practices. This counterintuitive result suggests that more rigid sanctions under high pressure drive individuals to exploit accounting loopholes as a defensive mechanism to avoid professional penalties.

Table 4. t- test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,407	1,216		3,625	0,001
	Emotional intelligence (X1)	0,222	0,079	0,329	2,804	0,010
	Motivation work (X2)	0,118	0,053	0,201	2,212	0,036
	Reward(X3)	0,199	0,062	0,298	3,237	0,003
	Punishment(X4)	0,226	0,089	0,282	2,544	0,018

a. Dependent Variable: Akuntansi Kreatif (Y)

SPSS (2026)

F test (Simultaneous Test)

Table 5. F Test

UJI SIMULTAN (UJI F)						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	214,563	4	53,641	45,763	.000 ^b
	Residual	29,304	25	1,172		
	Total	243,867	29			
a. Dependent Variable: Akuntansi Kreatif (Y)						
b. Predictors: (Constant), Punishment(X4), Motivasi Kerja (X2), Reward(X3), Kecerdasan Emosional (X1)						

SPSS (2026)

Based on the ANOVA test results presented in Table 5, the calculated F-statistic is 45.763 with a significance value of 0.000. At a significance level of 0.05 with $df_1 = 4$ and $df_2 = 25$, the critical F-table value is approximately 2.76. Therefore, the F-statistic is substantially greater than the F-table value ($45.763 > 2.76$), and the significance value is well below the threshold of 0.05 ($0.000 < 0.05$). Consequently, the null hypothesis is rejected, concluding that Emotional Intelligence (X1), Work Motivation (X2), Reward (X3), and Punishment (X4) simultaneously exert a significant influence on Creative Accounting (Y). Furthermore, the developed regression model demonstrates a high goodness-of-fit and is statistically feasible to explain the variance of the dependent variable.

Coefficient of Determination Test (R²)

An R² value close to 1 indicates a strong influence of the independent variable on the dependent variable. Conversely, a value close to 0 indicates a weak influence and the variation of the dependent variable is largely explained by factors outside the research model. Based on the results of the determination coefficient test, the R Square value of 0.880 indicates that the variables of emotional intelligence (X1), work motivation (X2), reward (X3), and punishment (X4) together are able to explain 88% of the variation in creative accounting practices (Y). This figure shows that this model has strong predictive ability because it is close to 1, while the remaining 12% is influenced by other variables not examined. In addition, the Adjusted R Square value of 0.861 proves that after being adjusted for the number of variables and sample size, the model still has high explanatory power on the dependent variable.

Table 6. Coefficient of Determination Test

Koefisien Determinasi				
Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.938 ^a	0,880	0,861	1,08266
a. Predictors: (Constant), Punishment(X4), Motivasi Kerja (X2), Reward(X3), Kecerdasan Emosional (X1)				
b. Dependent Variable: Akuntansi Kreatif (Y)				

Source: SPSS (2026)

DISCUSSION

The Influence of Emotional Intelligence on Creative Accounting Practices

The empirical analysis reveals that emotional intelligence (X1) exerts a significant positive influence on creative accounting practices (Y), thereby validating the first hypothesis (H1). This finding underscores

that an individual's capacity to identify, evaluate, and regulate emotions directly shapes how they navigate organizational pressures and institutional expectations (Tania & Rustam, 2025). Rather than functioning merely as an internal ethical anchor, high emotional management capability provides professionals with the psychological resilience to handle stress under demanding performance targets. This emotional control enhances their confidence and strategic discretion when navigating regulatory gray areas and interpreting flexible financial reporting policies. Consequently, emotional intelligence acts as a sophisticated psychological instrument; it equips individuals with the self-regulation necessary to skillfully exploit accounting flexibility while managing the professional risks associated with opportunistic reporting (Nopiyanti & Hartanto, 2024).

Theoretically, this relationship is robustly substantiated by the *Theory of Planned Behavior* (TPB) framework (Oncioiu & Stanciu, 2020). The TPB postulates that individual behavior is a direct manifestation of behavioral intentions, which are shaped by attitudes toward the behavior, subjective norms, and perceived behavioral control. Within this structural architecture, emotional intelligence functions as a vital internal anchor that directly enhances an individual's perceived behavioral control.

When faced with ambiguous regulations, institutional targets, or situational pressures to optimize financial appearances, professionals with a well-developed emotional quotient do not react impulsively. Instead, their heightened self-regulation and self-awareness allow them to objectively evaluate the long-term ethical implications of their choices. This internal emotional control tempers their behavioral intention and deliberation process. It determines whether they will tactically exploit regulatory *loopholes* (creative accounting) to satisfy immediate organizational demands or maintain a more conservative stance to preserve reporting integrity. Thus, integrating emotional intelligence into the TPB framework highlights that individual psychological maturity is just as vital as external regulatory compliance in driving actual financial reporting practices.

The Influence of Work Motivation on Creative Accounting Practices.

The empirical analysis demonstrates that work motivation (X2) has a significant influence on creative accounting practices (Y), thereby validating and accepting the second hypothesis (H2). This finding strongly indicates that the psychological drive underlying an individual's work behavior is not merely oriented toward routine productivity, but also heavily determines the level of discretion and tactical decision-making regarding financial reporting (Sukamto et al., 2024). Conceptually, work motivation represents a dynamic synergy between intrinsic and extrinsic factors that direct individual behavior toward achieving personal and institutional objectives (Farantika et al., 2024). Within the accounting framework, this motivational drive reflects a professional's behavioral direction and adaptive responses when dealing with highly complex managerial demands and organizational expectations (Sabina & Syafina, 2024).

From the perspective of the *Theory of Planned Behavior* (TPB) (Ajzen, 2020), work motivation functions as a critical psychological catalyst that actively shapes individual behavioral intentions. Motivation that is heavily target-oriented can construct specific attitudes toward the behavior and modify the individual's perceived behavioral control. When academic-practitioners experience intense internal or external drives to meet organizational milestones such as maintaining institutional prestige, fulfilling performance targets, or securing operational funding it shifts their cognitive evaluation of accounting rules. Under these motivational pressures, exploring creative accounting practices is no longer perceived as an ethical breach. Instead, it is reframed as a necessary, proactive, and strategic effort to fulfill professional responsibilities. This aligns with the empirical evidence presented by Moidi et al. (2025), which highlights motivation as a fundamental pillar in shaping complex work behaviors. Consequently, high work motivation does not only accelerate performance outcomes; it also actively dictates how professionals navigate rigid institutional demands by strategically utilizing flexible accounting policies and regulatory loopholes.

The Influence of Rewards on Creative Accounting Practices.

The empirical findings demonstrate that rewards (X3) play a significant role in influencing creative accounting practices (Y), thereby validating and confirming the third hypothesis (H3). This evidence confirms that the reward system implemented by an organization is not simply a static appreciation instrument; rather, it operates as a dynamic variable that actively shapes the decision-making orientation of professionals (Jatmiko et al., 2023). Conceptually, rewards function as an institutional stimulant designed to align individual interests

with organizational objectives. However, an over-reliance on performance-based or achievement-based reward systems such as bonuses, structural promotions, or institutional funding tied to specific milestones directly intensifies the pressure to meet management expectations. Under certain conditions, this intensity triggers the tactical modification of financial information (Abdurrohim et al., 2023). Consequently, rewards act as a double-edged sword: while they accelerate external work motivation, they simultaneously create strategic incentives for the emergence of creative accounting practices.

From the perspective of the *Theory of Planned Behavior* (TPB) (Ajzen, 2020), this phenomenon indicates that reward systems heavily construct the subjective norms within the professional work environment. When an organization heavily rewards the achievement of specific financial metrics or operational targets, it sends a powerful social signal regarding expected behavioral standards. Professionals perceive that "achieving the target at all costs" is highly valued and socially reinforced by the institution's leadership. This shared perception alters their behavioral intentions during the financial reporting process. In alignment with the findings of Afida & Zainarti (2025), the strategic role of rewards in driving individual actions underscores that institutional incentive policies can inadvertently become the primary catalyst for creative accounting. This proves that external motivation in the form of rigid reward structures exerts a significant, distorting influence over the objectivity, quality, and neutrality of financial reporting, shifting the focus from presenting a "true and fair view" to delivering engineered compliance.

The Influence of Punishment on Creative Accounting Practices.

The empirical analysis confirms that the implementation of punishment (X4) has a significant positive influence on creative accounting practices (Y), thereby validating and accepting the fourth hypothesis (H4). This critical finding indicates that the sanction system within an organization does not merely act as a static, behavioral control instrument; rather, it operates as a powerful structural determinant that heavily distorts the financial reporting decision-making mechanism (Nur Rizky & Wahyuni, 2024). Conceptually, punishment is traditionally designed to enforce institutional discipline and elevate an individual's level of professional skepticism. However, the empirical reality of this study uncovers an ambivalent dynamic: the implementation of rigid or repressive sanctions generates severe psychological stress and professional duress for individuals. While this punitive environment forces professionals to be more vigilant, it simultaneously triggers strategic attempts to manipulate financial reporting as a defensive, self-protective strategy to mitigate the immediate risk of negative career consequences (Sari & Syofyan, 2025).

To fully unpack this counterintuitive dynamic, the connection between punishment and creative accounting must be critically evaluated through Cognitive Dissonance Theory, moving beyond the conventional boundaries of the *Theory of Planned Behavior* (TPB) (Ajzen, 2020). Although the threat of punishment initially sets a subjective norm demanding formal compliance, a severe mismatch occurs when these strict sanctions are coupled with highly difficult-to-achieve organizational targets. Under this immense pressure, professionals experience acute cognitive dissonance—a paralyzing psychological conflict between their internal professional ethics (the mandate to present a true and fair view of financial statements) and their urgent survival instinct (the necessity to preserve job security and avoid formal reprimands).

To resolve this intense mental discomfort, individuals execute a structural realignment via ethical rationalization. Because creative accounting operates strictly within legal parameters by exploiting structural ambiguities and *loopholes* within accounting standards (SAK/PSAK), individuals do not perceive their choices as outright illegal financial fraud. Instead, they cognitively reframe the practice as a legitimate, tactical risk-avoidance strategy designed to protect their careers and shield their institutions from rigid punitive damage. This finding aligns with Sari & Syofyan (2025), proving that when punishment systems shift from being corrective to being purely punitive and threatening, they backfire. Instead of enforcing absolute integrity, an oppressive sanction climate actively functions as an unintended catalyst that compels professionals to psychologically justify and escalate creative accounting practices as a necessary shield against institutional duress.

The Influence of Emotional Intelligence, Work Motivation, Rewards and Punishment on Creative Accounting Practices.

The empirical results of this study demonstrate that emotional intelligence (X1), work motivation (X2),

rewards (X3), and punishments (X4) simultaneously exert a significant influence on the decision to engage in creative accounting practices (Y), thereby validating the acceptability of the fifth hypothesis (H5). Comprehensively, this phenomenon indicates that individual discretion in financial reporting is not an isolated choice; rather, it is the structural outcome of a complex interaction between internal psychological attributes and external organizational control structures (Marlinda et al., 2025). Conceptually, the integration of these four variables forms a highly dynamic behavioral ecosystem. Within this framework, emotional intelligence functions as an internal self-regulatory filter in the face of institutional duress, while work motivation acts as the driving force toward specific milestones. Conversely, the organizational reward and punishment system operates as an external reinforcement mechanism that either amplifies or mitigates the direction of these behaviors. The alignment between these internal and external determinants collectively dictates the degree of objectivity or tactical flexibility implemented in the professional decision-making process (Apriyani et al., 2025).

Through the analytical lens of the *Theory of Planned Behavior* (TPB), this integration serves as a key pillar in explaining the underlying mechanism of creative accounting. Under the TPB framework, emotional intelligence and work motivation act as critical intrinsic drivers that shape attitudes and perceived behavioral control, while rewards and punishments serve as powerful extrinsic instruments that modify intentions based on subjective norms and perceived environmental pressures (Ben Nefissa & Jilani, 2020). This simultaneous model aligns with previous empirical evidence (Chukwuani, 2024; Moidi et al., 2025) emphasizing that financial reporting quality is highly dependent on an individual's emotional stability and motivational alignment.

Furthermore, this finding extends the broader discourse established by Wahyuni (2019), showing that creative accounting—much like other forms of financial statement adjustments—is deeply rooted in the compounding effects of organizational pressures and institutional control designs. Professionals do not make reporting choices in a vacuum; they operate within an ecosystem heavily laden with demanding managerial expectations and immediate professional consequences. When high work motivation and lucrative rewards coexist with rigid, fear-inducing punishment systems, individuals are trapped in a double-bind pressure. This systemic friction forces them to experience high cognitive dissonance, where creative accounting is ultimately adopted as a rationalized, tactical compromise to achieve targets while avoiding punitive damage. In conclusion, the simultaneous interaction of the internal and external factors in this model provides a comprehensive, robust, and highly relevant explanation of behavioral adjustments when presenting corporate financial information.

CONCLUSION

This study provides critical empirical insights into the behavioral ecosystem governing financial reporting decisions by evaluating the simultaneous and partial effects of emotional intelligence, work motivation, rewards, and punishments on creative accounting practices. Based on the rigorous statistical analysis and theoretical synthesis, three primary conclusions are drawn.

First, individual psychological attributes—namely emotional intelligence and work motivation—act as vital intrinsic anchors that shape a professional's behavioral intentions. While a well-developed emotional quotient enhances internal self-regulation to evaluate ethical boundaries, high target-oriented work motivation can structurally alter an individual's cognitive evaluation, framing the utilization of accounting flexibility as a justifiable tactical response to meet organizational expectations. Second, institutional reward structures function as a powerful double-edged sword within subjective norms; highly attractive incentives tightly coupled with performance metrics inadvertently shift the reporting focus from delivering a true and fair view to presenting engineered compliance.

Third, and most importantly, this research uncovers the paradox of punishment. Moving beyond conventional regulatory assumptions, the empirical evidence demonstrates that rigid and repressive sanction systems actively function as an unintended catalyst for creative accounting. Under the threat of severe professional penalties paired with difficult-to-achieve milestones, professionals experience acute cognitive dissonance. To resolve this intense psychological stress, they utilize legal regulatory loopholes and implement creative accounting as a rationalized, defensive risk-avoidance strategy. Ultimately, creative accounting is a

systemic outcome born from the compounding pressures of an organization's control environment and an individual's psychological survival mechanisms. Based on the findings, organizational leaders must restructure their internal control environments by shifting away from a punitive climate (*culture of fear*) toward a supportive ecosystem, ensuring that performance-based rewards are balanced with strict ethical compliance metrics. Additionally, human resource departments should actively invest in the emotional intelligence and psychological training of financial professionals to enhance their ethical resilience under high-stress conditions. Finally, future researchers are encouraged to expand this behavioral model by adopting qualitative or experimental methods to capture the real-time rationalization processes of financial reporters, while increasing the sample size across diverse institutional sectors to improve generalizability.

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