
The Influence of Intellectual Intelligence, Work Motivation and Machiavellian on Creative Accounting Practices

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ABSTRACT

Creative accounting is unethical because it manipulates financial data, but there are also those who think that creative accounting is allowed as long as it does not contradict generally accepted accounting principles, for example, simplifying several forms of reports or merging a cost into one other cost because it is considered rare. Accounting students have a strong relationship with the problem to be researched, so the researcher uses students. Intellectual Intelligence (IQ) is a term used to measure the level of intelligence of an individual. The higher a person's IQ, the higher his or her ability to deal with problems related to spatial, numerical, and linguistic abilities. Work motivation is something that causes motivation or work spirit that is influenced by several factors, including superiors, physical facilities, policies, regulations, monetary and non-monetary service rewards, types of work and challenges. The Machiavellian nature is also a factor that can cause individuals to practice creative accounting which is an unethical act. Although many researchers disagree with creative accounting practices, there are also a few researchers who have a different perception that creative accounting practices do not include fraudulent acts, it is a matter of one's interpretation and occurs because of the use of loopholes in the standards

Keywords: Accounting, Creative, Intellectual Knowledge, Machiavellian

INTRODUCTION

The world of economics is inseparable from the field of accounting that regulates financial records to comply with established regulations. Financial reports are useful for monitoring financial performance and have many other functions that can be beneficial for the company. One of the functions of financial reports is to attract investors to invest their capital, or to obtain capital loans from banks. Financial reports have a very important function, so that in recording or compiling them must be done correctly and in accordance with applicable regulations. Indonesia in recording financial reports follows the rules that have been written in the Financial Accounting Standards Statement (PSAK). These rules must be

obeyed so that in recording financial reports can be compiled correctly and can be understood by all parties involved or parties who need data from the financial reports (IAI, 2012).

In the preparation of financial statements, many cases are based on the inconsistency of financial statements with the actual state of the company's finances. The inconsistency is not only due to errors, but can also occur due to deliberate elements called creative accounting practices. According to Amat, Blake and Dowd (1999) creative accounting is a process in which several parties use the ability to understand accounting knowledge (including standards, techniques and so on) and use it to manipulate financial statements.

Research on accounting students'



ethical perceptions of creative accounting practices has actually been done a lot before. For example, such as research from Hermawan (2018). Although research on accounting students' ethical perceptions has been done a lot, previous studies have only focused on how accounting students' ethical perceptions of creative accounting practices are. This time, the researcher wants to know whether a person's intellectual intelligence, work motivation, and Machiavellian nature can influence their perceptions of creative accounting practices.

According to Mishra (2022), IQ is the ability needed to perform various mental activities. The higher a person's IQ, the higher their ability to deal with problems related to spatial, numerical, and linguistic abilities. Basically, IQ thinks according to the rules of formal logic, through stages and bound by rules (Goleman, 2020).

Another factor that influences the occurrence of creative accounting practices is the work motivation of the parties concerned, for example the company's internal accountant. According to Mashenene (2023) work motivation is something that creates a drive or enthusiasm for work that is influenced by several factors, including superiors, physical facilities, policies, regulations, monetary and non-monetary rewards, types of work and challenges. According to Syamsuddin (2021) work motivation is a driver or motivator within a person to want to behave and work diligently and well according to the needs of the world of work. In other words, work motivation is a condition that can influence a person's readiness to do a job. With work motivation, a person will have a diligent attitude, not easily give up, always be enthusiastic, have a high sense of responsibility, achieve, be more independent, and always develop themselves in order to achieve the

expected goals. Based on the definition of work motivation above, it can be concluded that each individual has a variety of work motivations, as do the company's internal accountants. The work motivation of the company's internal accountants will influence the decision to carry out creative accounting practices.

Machiavellianism is also a factor that can cause individuals to engage in creative accounting practices, which are unethical actions. Research conducted by Kurapova (2018) on the relationship between Machiavellianism, which then forms a personality type known as Machiavellianism, and ethical considerations through the tendency of individual actions when facing various ethical dilemmas found that the higher the tendency of an individual's Machiavellian nature, the more likely the person concerned will act unethically. Second, the higher the level of ethical consideration of an individual, the more ethical the individual will behave.

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Based on the background above, it is known that many factors influence internal company accountants in carrying out creative accounting practices which are still being debated whether they are ethical or not and

whether the actions are legal or illegal. In addition, the objectives of the following study include: first, to determine whether Intellectual Intelligence influences Accounting Students' Ethical Perceptions regarding Creative Accounting Practices in Companies. Second, to determine whether Work Motivation influences Accounting Students' Ethical Perceptions regarding Creative Accounting Practices in Companies. Third, to determine whether Machiavellian influences Accounting Students' Ethical Perceptions regarding Creative Accounting Practices in Companies. Fourth, to determine whether Intellectual Intelligence, Work Motivation, and Machiavellian together influence Accounting Students' Ethical Perceptions regarding Creative Accounting Practices in Companies.

Theoretical basis

According to the Decree of the Minister of Finance of the Republic of Indonesia (No. 476/KM/K.01/1991), accounting is a process of collecting, recording, analyzing, summarizing, classifying and reporting financial transactions of an economic entity to provide financial information for users of reports for decision making. Creativity is a thought process that helps spark various new ideas which is one of the human traits formed from the process of experience so that the person can continue to improve and develop himself.

Creative accounting according to Palepu (2020) is a process in which several parties use the ability to understand accounting knowledge (including standards, techniques, etc.) and use it to manipulate financial reporting. Meanwhile, Akpanuko (2018) said that creative accounting is part of accounting manipulation which consists of earning management, income smoothing and creative accounting itself. Although financial accounting practices cannot be separated from accountants as

financial report makers, it does not mean that only accountants use their accounting understanding to deliberately carry out creative accounting, but usually the parties who have interests and power to use creative accounting are managers, accountants, government, industry associations and so on.

The purposes of someone doing creative accounting are various, including tax evasion, deceiving banks in order to obtain new loans, or maintaining loans that have been given by banks with certain conditions, achieving targets determined by market analysis, or deceiving shareholders to create the impression that management has succeeded in achieving brilliant results. The motivation of materialism is a major driving force for management and accountants to do creative accounting. Many companies that are caught in the problem of creative accounting have an "executive stock option plan" system for executives who achieve the set targets. In general, executives usually know the company where they work better than the employees below them, so these executives can easily manipulate data in financial statements with the motivation to enrich themselves.

a. Accounting Patterns Creative

According to Zgarni (2022), various patterns used in creative accounting are as follows:

1) *Taking a Bath* also called "Big Bath"

This pattern can occur during organizational pressures at the time of the change of new management, namely by recognizing failures or deficits because the old management and the new management want to avoid such failures. This technique can also recognize future period costs and current period losses when unfavorable circumstances that cannot be avoided in the current period. Consequently, management cleans itself up by charging future

cost estimates and "clearing the decks". As a result, the next period's profit will be higher than it should be.

2) *Income Minimization*

This method is similar to "taking bath" but less extreme. This pattern is carried out when the company's profitability is very high with the intention of not getting attention from interested parties (political-cost aspect). The policies taken can be in the form of write-offs on capital goods and intangible assets, charging advertising costs, research and development costs, successful-efforts methods for petroleum companies and so on. The write-off is carried out if other techniques still show visible operating results that are still interesting to interested parties. The purpose of this write-off is to achieve a desired level of return on assets.

3) *Income Maximization*

Income maximization is intended to obtain a larger bonus, where the reported profit remains below the set upper limit.

4) *Income Smoothing*

Income smoothing is the most popular and frequently used method. Companies do it to reduce the volatility of net income. Companies may also smooth their net income for external reporting with the intention of conveying internal company information to the market in forecasting the company's long-term profit growth.

5) *Timing Revenue and Expense Recognition*

This technique can be done by creating certain policies regarding the time or timing of a transaction, such as premature recognition of sales.

2. Intellectual Intelligence

- a. Understanding Intellectual Intelligence
Das (2019) define

Intellectual Intelligence (IQ) as a formal intelligence that learns how to manipulate and use formal rules, such as grammar rules or arithmetic rules. An IQ score indicates the level of certain basic abilities, most of which are inherited (so it is believed), namely spatial, numerical, and linguistic abilities (Renzulli, 2021). IQ is the ability needed to perform various mental activities. The higher a person's IQ, the higher their ability to deal with problems related to spatial, numerical, and linguistic abilities. Basically, IQ thinks according to formal logic rules, through stages and bound by rules.

b. Intellectual Intelligence Indicator

Isnain (2021) revealed indicators of intellectual intelligence. He studied intelligence using an intelligence test tool taken from an intelligence test developed by Peter Lauster, while measuring the amount of will using the Pauli test tool from Richard Pauli, specifically concerning the amount of addition. He mentioned three indicators of intellectual intelligence concerning three cognitive domains. The three indicators are:

- 1) The ability of a figure is an understanding and reasoning in the field of form.
- 2) Verbal ability is understanding and reasoning in the field of language.
- 3) Understanding and reasoning in the field of numbers or things related to numbers are usually called numerical abilities.

3. Machiavellian

Machiavellian defined as "a process in which a manipulator will

get more rewards when manipulating, while other individuals get less for not manipulating, at least in the immediate context" (Yu et al., 2023). Machiavellian traits namely personalities with low affection in personal relationships, abandoning conventional morality, and showing low ideological commitment.

Individuals with Machiavellian traits have more desire to manipulate others and disrespect others. Individuals with high Machiavellian personality types tend to take advantage of situations for personal gain and have a lot of desire to disobey the rules (Lestari et al., 2020)

Sayal (2020) found evidence that a person's personality influences ethical behavior. Richmond's investigation related to the influence of Machiavellianism which then formed Machiavellian traits and ethical considerations with a person's tendency to act when faced with various ethical dilemmas. The research showed that the higher the Machiavellian trait of an individual, the more likely the individual is to engage in unethical behavior. Second, the higher the level of an individual's ethical considerations, the more ethical he or she will behave (Yusra & Utami, 2018).

Basically, Machiavellianism is related to the manipulative nature of individuals, to get what they want, individuals will be persuasive and will act aggressively. Machiavellianism is so easy to manipulate other individuals and does not respect the existence of other individuals. Having quality for accountants is important in order to maintain the integrity and accuracy of ethical decisions that can be created (Prabowo et al., 2018). There are five indicators of Machiavellianism based

on the concept (Yustisianingsih et al., 2020), namely affection, low ideological commitment, selfish, manipulative, and aggressive.

Hypothesis and Analysis Model

H1: Intellectual intelligence influences the ethical perception of accounting students regarding creative accounting practices in companies.

H2: Work motivation influences the ethical perception of accounting students regarding creative accounting practices in companies.

H3: Machiavellian influences accounting students' ethical perceptions regarding creative accounting practices in companies.

RESEARCH METHODS

This research is a type of comparative causal research, which is an ex post facto research, namely a type of research conducted after a fact or event occurs. This research has characteristics, namely a causal relationship of more than two variables. According to Pugu (2024) comparative causal research is a research activity that seeks to find information about why a causal relationship occurs, and this research attempts to do this by testing the influence of independent variables, namely: Intellectual Intelligence as (X1), Work Motivation as (X2), Machiavellian as (X3), on the dependent variable, namely the Ethical Perception of Accounting Students regarding Creative Accounting Practices in Companies as (Y). The approach used in this study is a quantitative approach because the data produced will later be in the form of numbers. The research location is a place where research will be conducted to obtain the data needed by researchers. This research was conducted at the Faculty of Economics and Business, Wijaya Kusuma University, Surabaya. This research was conducted from October 2023 to January 2024.

The population in this study were students of the 2020-2022 intake of the

Accounting Study Program, Faculty of Economics and Business, Wijaya Kusuma University, Surabaya. the sample taken in this study were several students of the Accounting Study Program, Faculty of Economics and Business, Wijaya Kusuma University, Surabaya. Students were used as research objects because they were considered to still have pure opinions about creative accounting practices, because in the corporate environment, creative accounting practices are considered normal so that students' answers are considered to be more neutral. The sampling technique used in this study was purposive sampling. Purposive Sampling is a sampling technique with certain considerations. A purposive sample is a sample that is carefully selected to be relevant to the research design. This technique includes people who are selected based on certain criteria made by researchers based on research objectives. (Sukandarrumidi, 2002:65)

In this study, the respondents selected as research samples were students of the Accounting Department of Wijaya Kusuma University, Surabaya who met the following criteria:

- 1) Accounting Students of Wijaya Kusuma University, Surabaya, Class of 2020, 2021, and 2022.
- 2) Students have passed the Introduction to Accounting II course

From these criteria, we

| | N | Minimum | Maximum | Mean | Standard Deviation |
|---------------------------|----|---------|---------|---------|--------------------|
| Intellectual Intelligence | 77 | 26 | 42 | 31,567 | 3,8882 |
| Motivation | 77 | 32 | 49 | 38,144 | 4,1333 |
| <i>Machiavellian</i> | 77 | 21 | 39 | 28,558 | 4,5794 |
| Creative Accounting | 77 | 30 | 48 | 38,2677 | 4,1786 |
| Valid N | 77 | | | | |

This study uses quantitative descriptive research and conducts validity, reliability and hypothesis testing. Quantitative analysis is an analysis used to process data obtained from a list of statements in a questionnaire in the form of

obtained... students who could be used as samples in this study.

RESULTS AND DISCUSSION

This study was conducted on active accounting students of Wijaya Kusuma University Surabaya class of 2020-2023. There were 280 populations and 142 met the sampling criteria. Based on these results, the number of samples obtained from the Slovin formula was 77 respondents, while the total number of students who filled out the questionnaire was 142 respondents. This shows that the sample obtained by the researcher meets the minimum sample size. This study is the relationship between two variables, namely the independent and dependent variables that use quantitative-based research because it uses data calculations in the form of numbers and in this study the data used is primary data based on a questionnaire. Primary data is data obtained by providing data to data collectors (Sugiyono, 2018).

The data in this study are primary data obtained from the results of student questionnaires at Wijaya Kusuma University Surabaya. The data is then processed by calculating the observed research variables, namely: Intellectual Intelligence, Meicevelin Motivation as independent variables and Creative Antansi as dependent variables.

Descriptive Statistics

numbers and calculations using statistical methods. Quantitative means that certain variables to be studied can be presented in the form of numbers while qualitative means that certain variables to be studied are not in the form of numbers. The

numbers that will later become the results of this study will be processed using the PSPP program package (SPSS which is open source). The statistical method of this

study will be produced in the form of a frequency distribution and percentage of answers filled in by respondents on the questionnaire that has been distributed.

| Onw Sample Kolmograv-Smirnov Test | |
|-----------------------------------|-------|
| N | 77 |
| Statistical Test | 0.091 |
| Asymp. Sig. (2 tailed) | 0.181 |

The Heteroscedasticity Test aims to test whether in the regression model there is inequality of variance from residuals from one observer to another. The

Heteroscedasticity Test in this study uses the Glejser Test. The basis for decision making is:

| Coefficients | |
|---------------------------|-------|
| Model | Sig |
| (Constant) | 0.568 |
| Intellectual Intelligence | 0.186 |
| Work motivation | 0.988 |
| <i>Machiavellian</i> | 0.639 |
| Creative Accounting | 0.579 |

Based on the results of the heteroscedasticity test using the Glejser test above, it shows that the significance value of each variable is > 0.05.

has a correlation between independent variables. To test whether or not there is multicollinearity, the tolerance value or variance inflation factor (VIF) can be used. If VIF <10 and tolerance value > 0.1.

Multicollinearity test is conducted to determine whether the regression model

Multicollinearity Test Results

| Model | Collinearity Statistics | |
|-----------------------------|-------------------------|-------|
| | Tolerance | VIF |
| 1 (Constant) | | |
| 1 Intellectual Intelligence | 0.911 | 1,028 |
| 1 Work motivation | 0.288 | 3,366 |
| 1 <i>Machiavellian</i> | 0.311 | 3,319 |

This multiple linear regression analysis aims to determine whether or not there is a relationship between Intellectual Intelligence, Work Motivation, Reward

and Punishment on Creative Accounting. From data processing using IBM SPSS Statistics 23, the following results can be obtained:

| Model | Unstandardized Coefficients |
|---------------------------|-----------------------------|
| | B |
| 1 (Constant) | 8,638 |
| Intellectual Intelligence | 0.032 |
| Work motivation | 0.266 |
| <i>Machiavellian</i> | 0.066 |
| Creative Accounting | 0.644 |

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e = 8.638 + 0.032 + 0.266 + 0.066 + 0.644 + e$$

The value of a of 8.638 is a constant or condition when the Creative

Accounting variable has not been influenced by other variables, namely the Intellectual Intelligence variable (X1), Work Motivation as (X2), and Machiavellian (X3). If there is no independent variable, the Creative Accounting variable does not change. The t-test is a test used to test the magnitude of

independent variables such as Intellectual Intelligence, Work Motivation, and Machiavellian on the dependent variable Creative Accounting. If the significance value $\alpha < 0.05$ and if the calculated t value $> t$ table value means that the independent variable can partially influence the dependent variable.

| Model | T | Sig |
|---------------------------|--------|-------|
| (Constant) | 10,445 | 0,000 |
| Intellectual Intelligence | 2,201 | 0.02 |
| Work motivation | 5,588 | 0,000 |
| <i>Machiavellian</i> | 3,077 | 0 |
| Creative Accounting | 13,222 | 0,000 |

Based on the table above, it can be seen that:

1. The Intellectual Intelligence variable has a significance of 0.015, which is smaller than 0.05. This shows that Intellectual Intelligence has an effect on Creative Accounting.
2. The Work Motivation variable has a significance of 0.000 which is smaller than 0.05 and t count. This shows that Work Motivation has an effect on

- Creative Accounting.
3. The Machiavellian variable has a significance of 0.003, which is smaller than 0.05. This shows that Machiavellian has an effect on Creative Accounting. Simultaneous test (F test) is conducted to determine whether all independent variables have the same effect on the dependent variable. If the significance value is < 0.05 .

| ANOVA | | |
|------------|-----------|-----|
| Model | F | Sig |
| Regression | 1,619,613 | 0 |

Based on the table above, it shows that the significance value of 0.000 is smaller than 0.05. Therefore, Intellectual Intelligence (X1), Work Motivation (X2) and Machiavellian (X3) have a simultaneous or joint influence on the Decision to Carry Out Creative Accounting Practices (Y).

The Influence of Intellectual Intelligence on the Decision to Conduct Creative Accounting Practices. Intellectual Intelligence has a positive influence on the Decision to Conduct Creative Accounting Practices from what has been tested above. This means that a high IQ will affect a person's ability to conduct creative accounting practices. So the hypothesis "Intellectual Intelligence influences the Decision to Conduct Creative Accounting

Practices" is declared accepted. Intellectual Intelligence as the adaptability of an intelligent person.

The Influence of Motivation on the Decision to Conduct Creative Accounting Practices. The results of the data test above show an influence between work motivation and Creative Accounting practices. High work motivation will make someone have the ability to conduct Creative Accounting practices. So the hypothesis "Work Motivation influences the Decision to Conduct Creative Accounting Practices" is declared accepted. Adibya Rakhma Gunaulung (2018) also studied the same research and showed a positive influence between work motivation and the decision to conduct

Creative Accounting practices. So that high Work Motivation will encourage someone to conduct Creative Accounting practices. **Machiavellian Influence on the Decision to Undertake Creative Accounting Practices**

The results of the data test above show that the nature *Machiavellian* positively affect the Decision to Conduct Creative Accounting Practices. The Machiavellian nature of the company will make someone conduct Creative Accounting Practices. So the hypothesis "Machiavellian nature on the Decision to Conduct Creative Accounting Practices" is declared accepted. Machiavellian is a bad trait that affects how an individual becomes a leader (Muna, 2021). The perception of creative accounting itself is an approach to using loopholes such as making fictitious confessions, reporting liabilities and assets in incorrect amounts, and extending amortization in order to make the report look better than it is (Sevi et al., 2021)

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