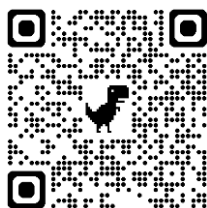


ISRG Journal of Economics, Business & Management (ISRGJEBM)



ISRG PUBLISHERS

Abbreviated Key Title: Isrg J Econ Bus Manag

ISSN: 2584-0916 (Online)

Journal homepage: <https://isrgpublishers.com/isrgjebm/>

Volume – IV Issue - II (March-April) 2026

Frequency: Bimonthly



The Relevance of Normative and Positive Accounting Theory for Today's Decision Makers

Nera Marinda Machdar^{1*}, Florentina Simbolon², Fine Tiara³

¹ Faculty Economic and Business, Bhayangkara Jakarta Raya University

^{2,3} Faculty Economic and Business, Christian Indonesia University

| **Received:** 11.04.2026 | **Accepted:** 16.04.2026 | **Published:** 27.04.2026

*Corresponding author: Nera Marinda Machdar

Abstract

This article examines normative and positive accounting theories, as well as their implications for current accounting practice. Normative accounting theory takes a deductive-prescriptive approach, focusing on how accounting should be done based on ideal and logical principles, whereas positive accounting theory takes an empirical-descriptive approach, explaining and predicting accounting practices using empirical evidence and economic motivations. This paper also identifies four major criticisms of positive accounting theory: (a) its overly narrow self-interest assumption, (b) its value-free nature that ignores ethical aspects, (c) its stagnant research focus on three classical hypotheses, and (d) its failure to consider the socio-cultural context. To solve these constraints, it proposes integrating with social theories, including an ethical dimension, expanding to modern topics such as ESG and sustainability reporting, and adapting to variances in institutional and cultural contexts (Wagenhofer, 2023). This research indicates that both theories play significant and complementary roles in the advancement of accounting theory and practice. The creation of a more comprehensive accounting theory necessitates the integration of normative and positive approaches that take into account ethical, social, and cultural factors. Accounting scholars, regulators, standard setters, and practitioners must understand the dynamics of these two theoretical views in order to build and execute accounting rules that are effective and relevant to contemporary trends.

Keywords: *normative accounting theory, positive accounting theory, philosophy, criticism and suggestions*

1. Introduction

Accounting theory, as a branch of science at the intersection of social science, economics, and philosophy, is inextricably linked to fundamental questions about the nature of the reality being studied,

how to acquire valid knowledge, and what values should be championed through financial reporting practices. Two theoretical paradigms that have dominated academic and professional

accounting discourse for more than five decades are Normative Accounting Theory (NAT) and Positive Accounting Theory (PAT). Each theory not only represents a different method for generating accounting knowledge, but more fundamentally reflects a different philosophical position on what accounting is, how accounting knowledge is acquired, and for what purposes it is used (Lako, 2004; Mattessich, 1992; Upa, 2023).

The difference between NAT and PAT at the most fundamental level is not merely a methodological distinction, namely, between deductive-rationalist versus inductive-empirical approaches—but rather touches on deeper ontological and epistemological dimensions. Stefan-Duicu and Sudacevschi (2024) assert that NAT and PAT represent two diametrically opposite epistemological and methodological positions. NAT views accounting reality as ideal and formulated through rational reasoning. PAT views accounting reality as a phenomenon that can be observed, measured, and predicted empirically without being colored by value judgments (Demski, 1988; Boland & Gordon, 1992).

The epistemological basis that guides the evolution of accounting standards and practices around the world is accounting theory. NAT and PAT are two theoretical paradigms that have dominated academic and practical discourse in the development of modern accounting science. In addition to representing different philosophical stances, both have complementary practical implications for the creation and application of accounting standards (Utari et al., 2023; Schroeder et al., 2023). There has long been a basic division between normative and positive methods in accounting theory. Normative Accounting Theory, which has its roots in the prescriptive philosophical tradition, aims to create optimal accounting procedures by taking social goals, ethical standards, and values into account (Bezuidenhout, 2025; Deegan, 2022). On the other hand, Watts and Zimmerman (1978, 1986, 1990) developed Positive Accounting Theory, which uses an empirical method based on economic and agency theory to explain and forecast real accounting practices (Wiratama & Asri, 2020; Conteh & Kaira, 2024). The goals, research techniques, and ways of thinking of these theories are essentially different. In the increasingly complicated setting of contemporary accounting advancements, a thorough comprehension of both theories is essential.

Based on reasoning, inference, and ideal standards derived from fundamental premises, normative accounting theory focuses on how accounting should be carried out. In order to provide high-quality financial data that satisfies the requirements of financial statement users, this method places a strong emphasis on the development of ideal criteria and norms. Normative theory offers a conceptual foundation for the optimal accounting practices, but it pays little attention to whether or not those standards are really put into reality. On the other hand, PAT uses actual data and economic behavior to explain and forecast why accounting procedures are carried out as they are (Whittington, 1987). PAT aims to comprehend the reality of accounting procedures as they occur rather than offering suggestions on what ought to be done. This theory employs a scientific methodology, evaluating theories with empirical data and looking for variables that affect management's decisions about accounting policies.

Since these two theories have an impact on the creation of international standards like the International Financial Reporting Standards (IFRS) (2018), it is essential to comprehend them. These international accounting standards must take into account diverse

current interests and practical realities in addition to ideal normative concepts. Additionally, these ideas lead the creation of more ethical and stakeholder-relevant accounting research and explain managerial conduct in financial statement preparation, including the phenomenon of earnings management.

In the Indonesian context, understanding these two theories has become increasingly relevant with the adoption of IFRS through the convergence of Statements of Financial Accounting Standards (PSAK). Accounting practitioners and scholars must comprehend not just the technical aspects of accounting standards, but also the theoretical rationale for their development. As a result, this study seeks to provide a more in-depth knowledge of these two accounting theory approaches, as well as its consequences for contemporary accounting practice. The objectives of this study are to: (1) evaluate the ontological, epistemological, and axiological philosophical underpinnings; (2) investigate the essential features of NAT and PAT; (3) review the most recent empirical advancements of both theories; and (4) address critiques and recommendations from both theories.

2. Philosophical Foundations in Ontology, Epistemology, and Axiology

Positive accounting theory is based on three interconnected philosophical tenets (Lako, 2004). First, the object or reality under study in accounting is explained by the ontological foundation. Accounting procedures that are actually used in the real world are the reality under study. The conduct of accounting actors—managers, investors, and businesses—in selecting accounting techniques is the main focus. Instead of being merely a normative idea (what should be), accounting is seen as a socio-economic reality that can be observed and quantified scientifically.

In simpler terms, accounting is regarded as an observable reality that can be experienced in practice. Additionally, the epistemological basis examines the methods through which accounting knowledge is gained and validated. Positive accounting theory adopts a scientific and empirical methodology, grounded in data and factual information. This approach depends on observation, hypothesis testing, and statistical evaluation, with the goal of elucidating and forecasting accounting practices, rather than establishing what is optimal. Consequently, accounting knowledge is acquired through research that is driven by data and scientific inquiry. Third, positive accounting theory has a value-free axiological basis. In other words, it does not determine whether a practice is good or bad. It only considers unbiased explanations of accounting behavior. The intention is to help stakeholders make better decisions by offering insight and forecasts. As a result, this theory explains and forecasts rather than passing judgment.

The ontological basis of normative accounting theory sees accounting reality as both what occurs and what ought to occur. According to Budiarto and Murtanto (1999), accounting is seen as a tool to accomplish goals like justice, transparency, and welfare. Accounting reality is therefore idealistic and constructive rather than just empirical. In essence, accounting is viewed as a system that can be created to attain optimal circumstances. Additionally, the epistemological foundation clarifies that argumentative, deductive, and logical reasoning are used to obtain knowledge. Concepts, principles, and presumptions that are deemed true are

more important sources of knowledge than actual data. To put it another way, logic and reasoned consideration of what is best form the foundation of knowledge. Lastly, because normative theory is value-laden, its axiological basis is prominent. This foundation takes the public interest, justice, and ethics into account. Its goals are to identify the best accounting practices, offer guidelines or standards (like financial reporting standards), and act as a foundation for the creation of accounting standards and policies. To put it another way, accounting aims to provide guidelines for practice and to achieve specific values. Because of these three pillars, NAT focuses on the moral and ethical aspects of financial reporting in addition to bookkeeping methods (Ibo & Olasupo, 2024).

3. Characteristics of Normative Accounting Theory and Positive Accounting Theory

NAT is a prescriptive method that establishes guidelines for proper accounting procedures through explicit value judgments (Lako, 2004; Mattessich, 1992). Normative theory is concerned with what should be, as opposed to descriptive theory, which is concerned with what is. Hendriksen & Van Breda (2001) and Bezuidenhout (2025) state that NAT employs a deductive-rationalistic approach from an epistemological standpoint, wherein accounting knowledge is derived from general premises through logical reasoning without empirically testing hypotheses. NAT is constructed using a deductive-prescriptive methodology, which begins with ideal principles and desired goals and arranges them into logical and coherent accounting rules. This method starts by defining the goals of financial reporting, such as measuring actual income or providing information that is useful for making decisions. Accounting principles are developed that can rationally accomplish the goals once they have been established.

Normative theory is primarily concerned with the logical congruence and consistency of established ideal objectives rather than current or ongoing practices in the field. This theory is prescriptive, which means it offers suggestions or rules for how accounting procedures ought to be carried out. Normative theory, for instance, might argue that assets should be valued at fair value because that value is more important for making decisions, regardless of how simple or complex the practice is in practice (Kabir, 2005).

PAT is a descriptive and predictive accounting theory that was made popular by Watts and Zimmerman (1978). Explaining and forecasting business accounting practices is the aim of PAT (Wiratama & Asri, 2020; Schroeder et al., 2023). In contrast to NAT, which is prescriptive, PAT aims to comprehend why businesses select particular accounting techniques based on current financial incentives and contractual terms rather than suggesting which method a business should employ (Zimmerman, 2024). PAT is based on the fundamental premise that people act opportunistically to the extent that doing so will increase their wealth and that all individual actions are motivated by self-interest. According to Jensen & Meckling (1976) and Schroeder et al. (2023), a company is seen in the context of PAT as a nexus of contracts, a collection of agreements between different interested parties. Accounting serves as a contractual mechanism that facilitates and oversees agency relationships rather than just a recording system. Instead of dictating how things should be, PAT employs an empirical-descriptive approach, which explains and

forecasts accounting practices based on specific evidence gathered from observation and research.

Scott (2015) states that PAT seeks to comprehend how managers behave when selecting specific accounting techniques based on contracts, financial incentives, and personal incentives. This theory aims to address the question of why specific accounting practices take place rather than offering recommendations or prescriptions. The empirical approach in PAT starts with observations of accounting phenomena, develops theories to explain them, and then uses empirical data to test these theories. The theory is deemed valid if the test results confirm the hypothesis. If not, the theory must be changed or disproved. In the social sciences, this procedure adheres to accepted scientific practices. For instance, PAT does not say that management "should" refrain from managing earnings. Rather, it aims to clarify the circumstances and motivations behind management's use of earnings management, such as when getting close to a debt covenant limit or trying to maximize bonuses related to earnings. In order to avoid covenant violations, this theory can then predict that businesses with high debt ratios are more likely to select accounting techniques that increase earnings.

4. Criticism and Suggestions to Improve Normative Accounting Theory

The academic community has strongly criticized NAT. First, it has been chastised for its lack of empirical support. According to Zeff (2017) and Oladutire, Soyinka, and Akinola (2023), normative accounting theory lacks empirical support for its normative recommendations. NAT generates propositions about how accounting should be practiced through deduction from prior assumptions rather than hypothesis testing against empirical data, rendering these propositions unfalsifiable by conventional methods (Mattessich, 1994). This theory is based on semi-research activities that lacked rigorous hypothesis testing (Utari et al., 2023; Bezuidenhout, 2025).

Mattessich (1994) proposed improvements, specifically the development of a conditional-normative accounting methodology that (1) recognizes the conditionality of objectives (rather than a single, dogmatic universal norm) and (2) allows for the formulation of empirically testable means-end hypotheses. Conditional-normative accounting methodology allows NAT to remain both normative and scientific, bridging the gap between NAT and PAT. Its application in research requires that every normative proposition be accompanied by clear conditions (for example, if goal X is to be achieved, then standard Y is required, as well as empirical testing to determine whether standard Y is effective in achieving X).

The second criticism, that there is a universal set of best accounting practices, has been challenged due to differences in economic, legal, and cultural contexts between countries. Every normative accounting system is based on specific value judgments, but when different standard-setters make different value judgments, there are no objective criteria for determining which is correct (Tinker, Merino, & Neimark, 1982). According to Oladutire et al. (2023), different stakeholders may hold opposing views on what constitutes ethical accounting, resulting in dilemmas. The issue of normative universalism is exacerbated by the cross-border context. NAT was created in an Anglo-American context; its normative

assumptions about decision usefulness, primary users as financiers, and capital market efficiency may be inappropriate for developing countries with different capital market structures, lower levels of financial literacy, and more diverse stakeholder interests (Bezuidenhout, 2025; Raj & Azam, 2023). Pelger (2016) confirmed that, even within the IASB/FASB due process, the decision-usefulness program dominates without regard for equivalent alternatives, demonstrating problematic normative universalism.

Utari et al. (2023) proposed improvements, namely that future accounting theory research should look into the integration of PAT and NAT in order to provide a more holistic understanding of accounting. Oladutire et al. (2023) also stated that accounting theory formulation can benefit from incorporating insights from behavioral economics, which investigates how people's cognitive biases and emotions influence their decisions. Integrating NAT with behavioral accounting theory, institutional theory, and stakeholder theory results in a more realistic normative framework because it takes into account not only ideal norms but also behavioral barriers to implementation (Deb, 2019).

The third criticism is that NAT overlooks the fact that accounting standards are a value-laden process with significant economic and social implications (Pinnuck & Stevenson, 2021). According to Utari et al. (2023), NAT often ignores the fact that accounting standards are more than just a technical exercise; they are also a value-laden process with significant economic and social implications. Raj and Azam (2023) confirm that, despite claiming to serve the public interest, the IASB 2018 CF effectively restricts primary users to investors and financial creditors, reflecting a specific ideology.

The third criticism can be improved by expanding the conceptual framework development process to include more diverse stakeholder perspectives, such as those of workers, communities, developing nations, and civil society (Raj & Azam, 2023). According to Pelger (2016), the decision-usefulness program's dominance in IASB/FASB deliberations leads to systematic bias. As a result, it is recommended that the due process process be made more transparent and that the stewardship program and the decision-usefulness program be given more equal weight. In line with the suggestion to fortify normative deliberation mechanisms (Pelger, 2019). Munter (2024), highlighted the significance of the FASB consistently applying the updated Conceptual Framework in agenda-setting.

The fourth criticism is that because modern technology allows for customized reporting, NAT's presumptions regarding general purpose financial reporting are starting to be questioned in the age of digitalization and big data (FASB, 2024). Although US GAAP has adopted fair value treatment for some cryptocurrencies, Salawudeen-Hassan (2025) noted that there are still disagreements and inconsistencies, indicating that the current normative framework has not yet adequately taken into account the realities of the digital economy.

In order to address modern concerns like digital financial reporting and cybersecurity risks, it is suggested that traditional accounting theory be modified to accommodate big data analytics, blockchain technology, and machine learning (Hossain, Johora, Raja, & Hasan, 2024). For NAT in particular, this entails creating new ontological postulates that take into account digital assets, updating epistemological guidelines for measuring volatile values like

cryptocurrencies, and establishing axiological standards for how digital platforms ought to disclose their effects on users. Normative reformulation of reporting timeliness and granularity is necessary for XBRL and blockchain-based real-time reporting capabilities (FASB, 2024).

5. Criticism and Suggestions to Improve Positive Accounting Theory

PAT is subject to a number of serious criticisms. The first criticism is that everyone acts in their own economic self-interest. PAT makes the assumption that people always behave rationally out of self-interest. The intricacy of human motivation in real life is simplified by this self-interest presumption. In actuality, people don't always behave in a way that maximizes their own benefit. Decisions are influenced by a wide range of other factors, including stakeholder pressure, professional responsibility, social norms, reputation, and ethical values. According to Utari et al. (2023), this assumption is deemed excessively simplistic and disregards non-economic motivations like social responsibility, professional ethics, and long-term reputation. The marginalist premise that individuals always act in their own economic self-interest was criticized by Boland and Gordon (1992) as an unduly basic foundation for developing a thorough accounting theory. Additionally, Reiter (1998) noted that this presumption disregards ethical commitment, a sense of social responsibility, and altruistic motivation—all of which have been empirically demonstrated to affect managerial behavior.

Suggestions for improvement include incorporating social theories such as stakeholder theory and legitimacy theory to make the theory more realistic and to consider social pressures and the organization's legitimacy in the eyes of society. Stakeholder theory acknowledges that companies have responsibilities not only to shareholders, but also to employees, customers, suppliers, and the community. According to legitimacy theory, companies strive for and maintain social legitimacy, which can have an impact on accounting and disclosure policies.

The second criticism is that PAT is the only scientific method for conducting accounting research, disregarding legitimate alternative research approaches such as critical theory and interpretive research (Boland & Gordon, 1992; Kejriwal, 2022). Milne (2002) argued that positive accounting theorists have provided no substantive evidence to support the view that firm management uses annual report social disclosures to pursue their own wealth interests. Since Watts and Zimmerman introduced PAT in 1978, its focus has been limited to three classic hypotheses: the bonus plan hypothesis, the debt covenant hypothesis, and the political cost hypothesis. For decades, PAT research has primarily tested these three hypotheses in various contexts, with little significant theoretical development.

Suggestions for improvement include broadening the research variables and context to include current issues such as ESG (Environmental, Social, and Governance), corporate governance, blockchain technology, sustainability reporting, and integrated reporting in order to make the theory more contextual and relevant. PAT research should be expanded to better understand how these factors influence firms' accounting policy decisions and reporting behavior.

A third criticism is that PAT only explains observed behavior without addressing ethical concerns, which may lead to situations

in which unethical practices are justified (Oladutire et al., 2023). PAT focuses solely on explaining and predicting current behavior, implicitly justifying opportunistic practices as 'normal' phenomena that must be understood rather than corrected. Sunder (2017) adds to the criticism that PAT has traditionally assumed that accounting practices are static over time. In reality, accounting practices can change as a result of technological advancements, regulatory updates, and changing economic conditions. The value-free nature of PAT is one of its main criticisms. Without evaluating whether the actions are morally right or wrong, PAT only provides descriptions of actual events and facts. Although this theory can explain why managers manipulate earnings, it offers no guidance on the morality of such actions. Nonetheless, ethical issues are vital in professional accounting practice. This value-free method may give the impression that any accounting procedure is acceptable as long as it can be justified economically. This may overlook how some accounting practices affect society and morality. For instance, from an ethical and social responsibility standpoint, such disclosure may be required, even though PAT can explain why businesses do not fully disclose environmental information (because it would increase political costs).

Incorporating a normative approach is one suggestion for improvement so that the theory also offers guidance for social responsibility and corporate ethics. Social values and ethical considerations must be included in the creation of a more thorough positive accounting theory. Accounting research must take into account "what ought to happen" from a wider ethical and social welfare perspective in addition to explaining what actually occurs.

The fourth criticism is that PAT relies on economic positivism, which may not be appropriate for complex and value-laden accounting phenomena (Boland & Gordon, 1992). Positive economics, the template for PAT, was developed in the context of relatively simple market analysis; however, accounting is a social phenomenon involving interpretation, negotiation, and meaning construction that cannot be reduced to neoclassical economic models (Tinker et al., 1982). The nexus of contracts metaphor for viewing firms oversimplifies the complexity of social, institutional, and cultural relationships that shape accounting practices (Schroeder et al., 2023).. PAT was primarily developed using data and context from companies in the United States and other developed countries. When applied to developing countries or in different cultural contexts, PAT research findings are not always uniform. This suggests that institutional, cultural, and social environmental factors play an important role, which the theory does not fully capture. For example, in countries with weak legal systems, ineffective enforcement, or strong collectivistic cultures, managerial behavior in accounting policy decisions may differ from PAT predictions developed in countries with strong legal systems and individualistic cultures. According to research conducted in various countries, institutional quality, investor protection, and cultural norms all have a significant impact on accounting practices.

Suggestions for improvement include conducting cross-country research (comparative accounting studies) and adapting the theory to local institutional and cultural environments. PAT development must take into account cultural factors like individualism versus collectivism, power distance, and uncertainty avoidance, as well as institutional factors like the legal system, enforcement quality, and degree of investor protection. This method will result in a more reliable theory that is applicable everywhere.

6. Conclusion

A comprehensive analysis demonstrates that NAT and PAT have profound, complementary, and inseparable practical implications for understanding modern accounting practices.

This article lists six fundamental criticisms of PAT (self-interested reductionism, lack of normative guidance, claims of methodological exclusivity, weak proxies, neglect of ethics-sustainability, inadequate economic positivism) and NAT (lack of empirical basis, subjectivity of values, idealism-reality gap, neglect of standard-setting process, digital limitations, internal fragmentation). This article also provides specific recommendations for enhancements for each theory.

References

1. Bezuidenhout, A. (2025). Institutional and epistemological barriers in normative accounting research. *International Journal of University Islamic Uganda*. <http://mailx.iuiu.ac.ug/index.php/ijuss/article/download/916/638>
2. Boland, L. A., & Gordon, I. M. (1992). Criticizing positive accounting theory. *Contemporary Accounting Research*, 9(1), 142–170. <https://doi.org/10.1111/j.1911-3846.1992.tb00874.x> [Scopus Q1]
3. Deb, R. (2019). Accounting theory coherence revisited. *Journal of Accounting & Organizational Change*, 15(1), 89–114. <https://doi.org/10.1177/0258042X18823134>
4. Deegan, C. M. (2022). *Financial accounting theory* (5th ed.). McGraw-Hill Education.
5. Demski, J. S. (1988). Positive accounting theory: A review article [Review of 'Positive accounting theory' by Watts & Zimmerman]. *Accounting Review*, 63(4), 623–629.
6. Financial Accounting Standards Board. (2024). *Conceptual Framework for Financial Reporting* (Chapter 6: Measurement). Financial Accounting Foundation. <https://fasb.org>
7. Hendriksen, E. S., & Van Breda, M. F. (2001). *Accounting Theory* (6th ed.). McGraw-Hill.
8. Hossain, M. S., Johora, F. T., Raja, J. E., & Hasan, R. (2024). Big data analytics, artificial intelligence, and blockchain technology in accounting research. *International Journal of University Islamic Uganda*.
9. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
10. Kabir, M. H. (2005). Normative accounting theories. *Dhaka University Journal of Business Studies*, 26(1), 87–123.
11. Kejriwal, M. A. (2022). Positive accounting theory: A critical evaluation. *International Journal of Health Sciences*, 6(S3), 4500–4509. <https://doi.org/10.53730/ijhs.v6nS3.6886>
12. Lako, A. (2004). Peran filsafat ilmu sebagai fondasi utama dalam pengembangan ilmu (teori) akuntansi. *Jurnal Bisnis dan Akuntansi*, 23(1), 15–22.
13. Mattessich, R. (1992). On the history of normative accounting theory: Paradigm lost, paradigm regained? *Accounting, Business and Financial History*, 2(2), 181–198. <https://doi.org/10.1080/09585209200000031>

14. Mattessich, R. (1994). Conditional-normative accounting methodology: Incorporating value judgments and means-end relations of an applied science. *Accounting, Organizations and Society*, 20(4), 259–284. [https://doi.org/10.1016/0361-3682\(94\)90023-X](https://doi.org/10.1016/0361-3682(94)90023-X)
15. Milne, M. J. (2002). Positive accounting theory, political costs and social disclosure analyses: A critical look. *Critical Perspectives on Accounting*, 13(3), 369–395. <https://doi.org/10.1006/cpac.2001.0509>
16. Munter, P. (2024). Addressing investor needs through application of the updated Conceptual Framework in FASB standard setting [Statement]. U.S. Securities and Exchange Commission.
17. Oladutire, O. E., Soyinka, K. A., & Akinola, M. T. (2023). Accounting theory formulation: The methodological approach. *International Journal of Research and Innovation in Social Science*, 7(11), 1645–1655. <https://doi.org/10.47772/IJRIS.2023.7011129>
18. Pinnuck, M. and Stevenson, K. (2021), Enhancing the Interface between Standard-setters and Academic Research. *Australian Accounting Review*, 31: 169-185. <https://doi.org/10.1111/auar.12343>
19. Pelger, C. (2016). Practices of standard-setting: An analysis of the IASB's and FASB's process of identifying the objective of financial reporting. *Accounting, Organizations and Society*, 50, 51–73. <https://doi.org/10.1016/j.aos.2015.09.001>
20. Pelger, C. (2019). The return of stewardship, reliability and prudence: A commentary on the IASB's new Conceptual Framework. *Accounting in Europe*, 17(1), 33–51. <https://doi.org/10.1080/17449480.2019.1645960>
21. Raj, S. K., & Azam, M. R. (2023). A critical review of the 2018 Conceptual Framework of IASB: A shift towards primary users. *Corporate Governance and Sustainability Review*, 7(4), 28–36.
22. Reiter, S. A. (1998). Economic imperialism and the crisis in financial accounting research. *Critical Perspectives on Accounting*, 9(2), 143–171.
23. Salawudeen-Hassan, F. (2025). Accounting conceptual frameworks in transition: Comparative insights on FASB, IASB, and emerging challenges. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.5406708>
24. Schroeder, R. G., Clark, M. W., & Cathey, J. M. (2023). *Financial Accounting Theory and Analysis: Text and Cases* (14th ed.). John Wiley & Sons.
25. Scott, W. R. (2015). *Financial Accounting Theory* (7th ed.). Toronto: Pearson Canada.
26. Stefan-Duicu, A., & Sudacevschi, M. (2024). Normative versus positive accounting theories. *Proceedings of the International Management Conference*. Bucharest University of Economic Studies.
27. Sunder, S. (2017). Accounting theory: Economic or ethical? *Accounting Horizons*, 31(1), 229–242.
28. Tinker, A. M., Merino, B. D., & Neimark, M. D. (1982). The normative origins of positive theories: Ideology and accounting thought. *Accounting, Organizations and Society*, 7(2), 167–200. [https://doi.org/10.1016/0361-3682\(82\)90019-8](https://doi.org/10.1016/0361-3682(82)90019-8) [Scopus Q1]
29. Upa, V. A. (2023). Normative accounting: A philosophy perspective. *International Journal of Progressive Sciences and Technologies*, 37(1), 63–66. <https://doi.org/10.52155/ijpsat.v37.1.5025>
30. Utari, C., Manalu, M. W., Lubis, N. R., & Muda, I. (2023). Approaches and critiques of Positive Accounting Theory (PAT) and Normative Accounting Theory (NAT): A literature review. *Brazilian Journal of Development*, 9(12), 31784–31799. <https://doi.org/10.34117/bjdv9n12-082>
31. Wagenhofer, A. (2023). Sustainability reporting: A financial reporting perspective. *Accounting in Europe*, 20(2), 1–13. <https://doi.org/10.1080/17449480.2023.2218398>
32. Watts, R. L., & Zimmerman, J. L. (1978). Towards a positive theory of the determination of accounting standards. *The Accounting Review*, 53(1), 112–134
33. Watts, R. L., & Zimmerman, J. L. (1986). *Positive Accounting Theory*. Prentice-Hall.
34. Watts, R. L., & Zimmerman, J. L. (1990). Positive accounting theory: A ten year perspective. *The Accounting Review*, 65(1), 131–156.
35. Whittington, G. (1987). Positive accounting: A review article. *Accounting and Business Research*, 17(Autumn), 327–336.
36. Wiratama, R., & Asri, M. (2020). A literature review: Positive Accounting Theory (PAT). *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3523571>
37. Zimmerman, J. L. (2024). Bonus plan hypothesis and debt covenant hypothesis in compliance behaviors. *International Journal of University Islamic Uganda*.
38. Zeff, S. A. (2017). Some obstacles to global financial reporting comparability and convergence at a high level of quality. *British Accounting Review*, 39(4), 290–302.