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## 4 Mixed Approach Pros And Cons of Positivism and Alternativism: Towards The Perfection of Science Development

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### Abstract

We discuss the following questions: "Which one of these approaches is the best, and is it possible that the two schools of thought be "united" for the perfection of science development?" In accounting methodology or in any particular study, it is better that the use of both approaches were left to their respective researchers in discussing a topic, without criticizing each other and claim that one approach is better than the other. The two may complement and refine each other's topics studied in depth from different perspectives. Thus, it is expected that the development of science will lead to perfection with the development of various approaches used.

**Keywords:** Philosophy, Theory, Methodology, Positivism, Alternativism

### 1. Introduction

As was the case with civilization, science developed over time. Included in the development of science are philosophy, theory, and methodology. In its development, as we can see from various articles in international journals, some approaches claim to be better than some others, showing off their own strengths and at the same time criticizing others'. The development of science is expected to deliver benefit for wider community interest and to lead them towards perfection. The development of science in the various approaches should complement each other and improves a particular science.

Peursen (1990) revealed that all knowledge we have today are results from trial and error. Similarly, Bahm (1980) says that a scientist must have a speculative character. Both argued that a particular science arises because of strong human curiosity to find the answers of his questions through trial and error and to speculate on the answer supposed to be found later. Philosophy derived from human curiosity and continual trial-and-error strategy to find the answers of his questions and these resulted in a new theory that still requires validation on a continuous basis. Emerging researchers will further validate the various theories that have been formed and it is quite possible that they changed to more accurate paradigm and theory complemented with various empirical evidences that again resulted from trial-and-error, except that the latter employed more sophisticated method.

In the philosophy of science, various approaches have evolved and have their own time or era of revival. Various support and argument as a form of bigotry against particular schools began to appear, which is also accompanied by criticism of the opposing schools of thought. All of them claim to have better approach with various viewpoints to back them up, and it is not infrequent that academic debate occurred in various scientific papers. One of the interesting debates was that between positivism and alternativism (normativism), which still continues among academics and practitioners.

Watts and Zimmerman (1978, 1979) are the proponents of positivism who stated that what was done to bring the accounting theory is unscientific because its phases were done normatively, rather than positively. Another thing underlies the development of positivism is the demand of research community of economic and behavioral accounting that eventually gave rise to positivism as its mainstream (Ghozali, 2004).

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Positivist researchers assume that something is said to be scientific when it is done with empirical methodology and meet the market needs of economic and behavioral study on an empirical positivism basis. This made staunch supporters of positivism to grow rapidly in accordance with the demand of their time.

Chua (1986), in her article, criticizes positivist school she considered as overly self-glorifying in its approaches to data, model and statistical analysis. Chua was then come up with an alternative to normativism, which is interpretivism. The latter is characterized by its direct observation to the object in a highly subjective way, yet with consistent logic to explore it more deeply. It is a critical school that change or even provide solution to the problem and considered as beneficial to many people. Chua started criticizing positivism that glorifies the empirical data, models, and statistics but did not see objects in depth and detail. Positivism observed its object from its surface appearance and generalizes the certain conditions that in the end does not provide a solution to the problem, but simply presents the results of study that viewed objects from general perspective.

Christenson (1983) criticizes positivism as well, and said that it was normativism that gave raise to positivism. His writing explained that positivism comprehends an event only superficially and did not go into it to reveal its subtle technical matters. From the antagonism between positivism and its alternative, we will conduct further analysis and discussion about the pros and cons of both approaches. In addition, we discuss the following questions: "Which one of these approaches is the best, and is it possible that the two schools of thought be "united" for the perfection of science development?" "Is it possible that positivism, that is based on empirical mathematics, and normativism, which is an alternative thought that is based on descriptive analysis, become a new methodology?" "Can positivism and its alternative be combined or mixed as was done in other approaches to business and economic study?"

## **2. Discussion**

### **Development of Philosophy**

Debates on a paradigm cannot be separated from the philosophical framework that consists of four interrelated elements (Burrell and Morgan, 1979):

- a. Ontology that concerned with either universal or specific physical perspective on something; a perspective based on our senses.
- b. Epistemology that concerned with the nature, sources and limits or the scope of knowledge.
- c. Axiology that concerned with the values adopted to develop, choose and determine the priority and benefit of research.
- d. Human nature that dominated the development and dynamics of theory or knowledge and human relationship with the environment.

Researches in accounting basically can be done through several methodologies; either quantitative or qualitative, or a combination of both. In recent decades a lot of research was conducted using quantitative approaches because of the lack of balance between the perceptions of experts or scholars who conduct qualitative research and those of educators or academics that considers quantitative approach as better for and in accordance with scientific practice and real conditions. A methodology will develop if it is supported by mainstream researchers because they are the ones who used and developed, and even publicize, the methodology.

Neuman (2003) in Januarti (2004) elucidated that from the perspective of philosophical approach, there are several genres of philosophical research methodologies, such as:

- a. Positivism
- b. Rationalism

c. Interpretive social science that includes interpretif grounded research, constructionism, ethnomethodology, cognitive, phenomenology, idealist, subjectivist, naturalistic paradigm, symbolic interaction, semiotic, heuristic, hermeneutics, and holistic.

d. Critical social science, and

e. Post-modern.

As mentioned above, it is clear that philosophical methodology has its own variety of approaches and paradigms; thereby making it reasonable that some researchers prefer the ones over the others and develop their preferred methodologies according to their area of expertise. This brings up the following questions, "Why should there be pros and cons, fanatical support for and criticism of particular schools of thought?" "Why wouldn't all these schools of thought refine and complement each other to lead the development of science into perfection?" Let us consider the following discussion of the forms of fanatical support for particular schools of thought, and of the possibility of these to become a mixed approach in business and economic studies.

### 3. Fanatical Support for Positivism

The research methodologies are closely related to scientific methods, and their use of is inseparable from the philosophy of science, especially that of positivism developed by the Vienna Cycle (Ghozali, 2004). Some characteristics of positivist approach are, among others, that this approach justifies the concept of generalization and analysis of a phenomenon into a theoretical concept. This approach also strongly believes that its empirical level is in accord with what happens in the world of practice, making it more suitable for the needs of the many. Positivism also claimed that what it does is scientific and meet the following three criteria (Ghozali, 2004):

a. It includes one or more general principles or laws.

b. It has preconditions commonly embodied in observation statements.

c. It has statements that illustrate what is being explained.

Positivism confidently believed that its method is the best and meet practical needs by generalizing the results of an empirical theory to all objects. The development of positivist theory was inseparable from dissatisfaction with normativist theory, and there are three basic reasons for the shift from normativist to positivist approach (Watts & Zimmerman, 1986):

a. Inability of normativist approach to empirically test the theory because it is based on the wrong premise or assumption, therefore its validity cannot be tested empirically.

b. Normativist approach focuses more on the welfare of individual investor than that of general public.

c. Normative approach neither encourages nor allows for the optimal allocation of economic resources in the capital market. This is due to the fact that in the market-based economic system, accounting information can be a controlling tool for community in allocating economic resources efficiently.

Supporters of positivism believe that normativist approach conducted a study subjectively rather empirically, and therefore unable to explain the phenomena that exist in the practical world. Positive accounting theory seeks to make good predictions in accordance with the actual event (Scott, 2000). Positivism assumes that the power and politics as the established social systems within organizations consist of concrete empirical phenomena and is value-free (independent) among the manager and employees who work in them (Machintosh, 1994 in Indriantoro (1999)). Positivism considers itself as a neutral, objective and value-free observer of accounting phenomena being observed (Indriantoro, 1999). Capitalist economic system is a strong foundation for the development of positive accounting for it always trying to meet the market demands. Rashid (1997) suggests that the relationship between theory and practice is found in the positive accounting the presence of means-end dichotomy, which is the separation between the worlds of theory and practice. This assumption is a logical consequence of the ontological assumptions (assumptions

about the object of study), namely the question of the existence of an object of research and social realities. Researchers should be able to convince themselves of the existence of something being studied or investigated, either a concrete object or a concept (Gaffikin, 1989, 1998).

According to Watts and Zimmerman, positivist approach has contributed significantly to the development of accounting (1986) as follows:

- a. Generates a systematic pattern in the choice of accounting and provides specific explanation.
- b. Provides a clear framework to understand accounting.
- c. Indicates the significant role of contracting cost in accounting theory.
- d. Explains why accounting is used and provides a framework for predicting accounting choices.
- e. Encourages researches relevant to accounting and put emphasis on prediction and explanation of phenomena.

Positivism felt that what it did contributed significantly to the education and practice of accounting. Its ability to generalize and predict phenomena deemed to meet the criteria for observing phenomena or objects.

#### **4. Fanatical Support for Alternative**

Positivism has been criticized for its claims of superiority and fanaticism. Lawrence (1992) made the following criticism:

- a. Critique of the research techniques or methods says that,  
The market testing caused them to have less influence on accounting research.
- b. Critique of philosophy put emphasis on the fact that Watts and Zimmerman gave a positive or normative terms and leans not on philosophical arguments of other sciences in their first writings to support the methodology they were developing. Watts and Zimmerman assume that the social world and its structure can be viewed in isolation from the individuals being studied; it is not objective because it is impossible that the researcher exists in isolation from the object being studied.
- c. Critique of economic-based research in accounting says that:
  1. The methodology is individual; it illustrates each social phenomenon as a consequence of individually decided action, or, in short, the individual made decisions that he or she did not carry out.
  2. Its approach is neoclassical that maximizes its hypothesis because the assumption maximization is just one of the many assumptions required in the neoclassical theory. Under this claim that each individual makes a decision, the subject is defined exclusively to maximize the benefits of each personnel.

The only possible criticism is whether this can be done easily. Neoclassical economics is miserably weak in terms of dynamics (Demski, 2003 in Januarti (2004)). In particular, Demski said that the important question is "not how the choices of accounting method vary depending on the time and circumstance, but why an organization is designed to motivate specific behavior in the field of accounting". Tinker et al (1982) criticized positivism saying that positive theories are value-laden and are shield to prevent bias and ignoring emphasis on the contested class. Holthausen and Leftwich (1983) conducted a literature review of economic consequences of the resulting limitations in interpretation due to incomplete theory of politic and contract and specific problems in the dependent and independent variables.

Some critics say that positivism still has a weakness in the theory, methodology, and its attempt to generalize the results of the phenomenon of an object; therefore it cannot be used to solve a problem on the phenomenon of objects. Ball and Foster (1982 in Januarti (2004)) concluded from the review of article in accounting in their time and criticized that that:

- a. Company size and empirical plan of bonus serves as a proxy to ignore other variables, and it is less appropriate in an empirical study.

- b. The theory is behind the construction of the foundation is miserably weak for the political costs.
- c. The sample used cannot be maintained.

The methodology used in positivism also received some criticisms; among those who criticize is Christenson (1983) who criticized that:

- a. The logic of positivism uses an obsolete methodology.
- b. It uses “sociology of accounting” in an accounting theory.
- c. It introduces a testing standard of an argument on the exception of cancellation theory.
- d. The method employed to explain the theoretical construction is inadequate.

Christenson held that positivism still have disadvantages in developing a theory based on the methodology it used. Its testing and methodology still require continuous processes of validation and verification.

Criticism also came from Lowe et. al (1983), in Januarti (2004), who expressed the following about positivism:

- a. Its economic framework is unjustifiable.
- b. Positive approaches give rise to disputes.
- c. Natural contract is not a science.
- d. Differences in the presented evidence.

McKee et. al (1984), in Januarti (2004), who replicated Watts and Zimmerman (1978), stated that:

- a. The results are inapplicable to other samples.
- b. Future knowledge of sample proportion is biased toward parameter estimation.

Whittington (1987), having reviewed Watts and Zimmerman’s (1986) work, stated that:

- a. Imbalances between the arguments and the evidence presented.
- b. Extreme methodology
- c. Positive theories are value-laden.
- d. Sociology of accounting is not supposed to be in an accounting theory.

The above critiques suggest that positivism still also has shortcomings, and this brings up the question: Is it not possible for both approaches to be mixed in a business and economic research? The answer is ‘it is quite possible’. Both have their own advantages and disadvantages so that the advantage of the one may compensate the disadvantage of the other, and they differ in methodologically.

## **5. Conclusion**

Various opinions of and support for the two approaches, positivism and alternativism, are emerging today. They support and criticize the arguments with the perspectives of the respective author or researcher. Philosophically, the mixed approach is considered difficult to implement, especially on ontological analysis. This is due to the differing perceptions of an object, which is value-free and independent, depending on the individual's background. However, methodologically, mixed approach can be implemented as an effort to lead the development of science into perfection, and to balance or to complement the methodology.

What mentioned above doesn’t apply to the mixed method. The latter is, in practice, applicable as an auxiliary to research approaches and to the development of the study results. However, it is philosophically difficult to implement because they differ in ontology, epistemology, theoretical perspective, and methodology. However, regardless of the approaches and the arguments, the most important thing is their

effort to lead the development of science into perfection, without necessarily claims that some approaches are better than some others.

In accounting methodology or in any particular study, it is better that the use of both approaches were left to their respective researchers in discussing a topic, without criticizing each other and claim that one approach is better than the other. The two may complement and refine each other's topics studied in depth from different perspectives. Thus, it is expected that the development of science will lead to perfection with the development of various approaches used.

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