A BAUDRILLARIAN VIEW OF ACCOUNTING GOODWILL

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ABSTRACT

This paper emanates from the understanding of hyperreality – reality, and on the other hand based on the Baudrillarian postmodernist perspective. Thus, we aim to understand hyperreality and reality in accounting from the perspective of Baudrillarian pospodernism. A thesis by Macintosh indicated that today's financial markets operate detached from reality in hyperreality, and there does not exist anything stable to support the financial economy in the "order of simulacrum." Consequently, vital accounting information no longer refers to real references, which mean that we live in a world of free-floating signs. In the simulation era of today's world, accounting, just like all other areas of knowledge, faces a crisis of representation. Goodwill is a hidden value that accounting standards define as the value of future economic benefit (internal goodwill) and the difference between fair value and book value of the firm (business combination). This paper concludes that accounting goodwill represents the order of simulacrum (era of simulacra). These orders of accounting for goodwill are as follows: first, era of proprietary; second, era of political economy; third, era of globalization; and finally, the virtual era. It is also suggested that understanding goodwill is important to determine whether information of goodwill has value relevance for decision-making.

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INTRODUCTION

Accounting can be viewed as a firms' language (Suwardjono, 2010: 28), because accounting has a set of symbols, either words or numbers, which are used to communicate information from the provider of information to the user. Language is an important aspect in communication as language serves as a carrier of messages that contain a specific meaning. Meaning to be conveyed in the language may change over time or may differ depending on the information and the user's ability to read and understand it (Evans, 2010). Evans (2010) observed changes in accounting language using linguistic theory and emphasized his observations on the mechanisms and motivations that led to those changes. His paper concludes that changes in the language of accounting, including the transmission of language and culture, can provide historical information about the transfer of technical development, socio-economic, political or ideological process, power, and jurisdictional terminology. Therefore, the expression in language must be precise so that its meaning can be interpreted as its intended meaning. In order to have value, accounting information has to reflect the reality.

Suwardjono (2010: 29) defines reality as the reality or the physical facts of the company's activities. If reality is defined as a fact or facts, then the company's physical activity is symbolized by the signs of accounting language that should reflect the reality or factual. In this context, accounting will full with the measurement and assessment. Hendriksen and Van Breda (1992: 15) recognized that:

"Accounting number and classifications vary with respect to the degree of interpretation that can be inferred by the reader of accounting reports. For example, the item 'cash' in the statement of financial condition is fairly well understood to mean what accountants intend it to mean. On the other hand, the

classification of 'deferred charges' has no specific interpretation apart from the structural processes that given rise to it."

That is, the numbers and accounting classifications vary greatly depending on the interpretation that can be inferred by the reader of financial statements. For example, "cash" in the statement of financial position (balance sheet) is quite well understood meaning in accordance with the meaning intended by the accountant. Instead, "deferred charges" does not have a specific interpretation to the reader of financial statements. Similarly, does the term "goodwill." Goodwill in the statement of financial position is part of the intangible assets may have a different interpretation to the reader of financial statements.

Goodwill is a concept in accounting (as the result of logical thinking), which seeks to represent part of the company that does not appear in the financial statements and appear only in the event of a merger, both individual and corporate (Zanoni, 2009: 1). In this context, the reality has been reduced to a concept. No longer reflects reality or factual reality, but simply reflects the symbol itself (hyperrelity). If so, does the accounting of goodwill represent a reality or hyperreality? Baudrillard in his attempt to understand the reality and the development of modern society introduced his radical perspective of order of simulacrum as the era of sign. He characterized order of simulacra in four levels: First, the sign reflects the reality that is real and that no sign precedes. Second, the sign to hide or even distort the true nature of reality or that preceded it. Third, there is the absence of a sign to hide the reality. Fourth, the relation between signs and reality are exchanged or reversed, where the existence of sign occurs precedes the existence of reality (Macintosh et al., 2000). The remaining of this essay are developed as follows: the next section is literature review which describes the perspective of Baudrillarian Postmodernism, order of simulacra in financial accounting, and the definition of goodwill. From this point, we make an analysis of accounting goodwill and discuss it in the third section. Finally, the conclusion is set forth in the last section.

LITERATURE REVIEW

In this essay, we examine the accounting goodwill by using the perspective of Baudrillarian postmodernism of order of simulacra. The purpose of this essay is to get an explanation whether the language of accounting, goodwill in particular, able to represent reality and the meaning that was intended by the accountant.

Baudrillarian Perspective (Order of Simulacra)

Macintosh et al. (2000), explains that Baudrillard uses the idea of the simulacrum, implosion, and hyperreality to describe a radical development of post-modern society. A simulacrum is a sign, image, model, pretence, or a shadow that resembles something like the original. Implosion is a condition in which the boundaries between two or more entities, concepts, or the fact has melted, damaged, or destroyed so that such differences are no longer visible. Hyperreality refers to the condition of postmodernity where simulacra (signs, images, or models) are not associated with fact or reality apart from the material object or romantic ideals. In ontology, the postmodern world is currently dominated by linguistic and textual constraints, which is currently more important than the economic reality that shook the era of industrialism.

Baudrillard uses the concept of simulacra, implosion, and hyperreality to describe the development of signs and the reality of relationships in four levels (this does not describe the level of classification which is more important, but rather indicates that one precedes the other). Therefore, Baudrillard reveals the concept as a sign of an era or the order of simulacra. Levels of simulacra of Baudrillard area as follows: First, the sign reflects the reality that is real and that no sign precedes (profound reality). In this era, the sign refers to the appearance of real reality, in which the sign represents an honest and transparent reality. Second, the sign to hide or even distort the true nature of reality or that preceded it. In this era, the sign refers to the appearance of reality is distorted, in the sense of the sign no longer has properties like those of reality. Third, there is the absence of a sign to hide the reality. In this era, the sign, like the magic game, plays the role to create the reality. Lastly, the relation between signs and reality are exchanged or reversed, where the existence of sign occurs precedes the existence of reality. In this era, signs are not related to the reality, or even the reality itself is completely absent or hyperreality (Macintosh et al., 2000).

Order of Simulacra and Financial Accounting

In his article of Hyperreal Finance, McGoun (1997) represents the economic-financial instrument with a game of poker. People play poker by betting tokens (cash or stock), using the token they "play the market." Players can exchange these tokens whenever he pleases, and the players enjoy the thrill of competition and the pride of having his/her token value increased. McGoun describe the level of simulacra associated with the money as follows: The first level describes the general currency symbol (image) of the property. The second stage, which is influenced by Marx Bauldrillard opinion that the "political-economy" is the transmutation of all values (labor, knowledge, social relations, culture, and nature) to the value of economic exchange. The third level, the exchange only reflects the exchange, which is justified by the exchange transactions for consumption. At the fourth level, there is no justification for the transaction. By using Bauldrillard view, the levels one, two and three, excuse or reason for the exchange of money is the “value” of money, but on the fourth level, the reason for the exchange of money is a “sign” of the money itself.

Furthermore McGoun (1997) described that phases or levels can be applied specifically in financial assets, such as stock prices. In the first stage, the stock price accurately represents the intrinsic value of the company. The second stage, the stock price, because of the distortions and market imperfections represent an imperfect indicator of the intrinsic value of the company. The third stage, the stock price is the only value that a company known, and the fourth stage or hyperreal stage, the stock price is only a “sign value” which is completely independent from the value of the company.

Inspired by the writings of McGoun (1997), Macintosh et al. (2000) and Macintosh (2003) analyzed earnings using post-structuralist view. Earnings – which called “net income” by the accountants – is a sign of the sign, and a sign that is no longer represents the intrinsic income, real profit, or real income. The income as reported as an accounting net profit is only a reflection of net income itself (completely detached from reality). Macintosh (2003) used Bauldrillarian view and genealogy sign into four levels (era). The first era referred to as the feudal era; mark this feudal era of accounting in a transparent manner is a reflection of the real object. In this era, in the UK for example, rates and fines actually reflect the real object like a lamb, rice, seeds, and others, which also reflects the social relationship between the employer (lord) with the management / worker (steward). In the partnership of business, profits actually calculated from the results of a project business (venture). In other words, the profit is really divided after a business project ends. So is the capital of passive partner (Commenda), where it describes Commenda (such as members of the church or the nobility) who has participated in a secret partnership for a profit is a sign of exploitation, immorality, and dishonesty.

The second era is the era of falsehood (order of counterfeit). In this era, there was the fall of social hierarchy of feudal era and the birth of democracy. The sign is no longer dominated by hierarchical social levels, rigid, and cannot be bent, but the sign (labor and capital) can circulate freely to all parties. This new class of people (bourgeoisie) demands the freedom of rights, participation in a democracy, and the right to keep their own property. This new society can live like the life style fit for kings, feeding on a set of the best quality of china dishes. These objects represent a sign of “fraud” as false as the owner, who tried to imitate or pretend to be of the nobility (royalty). This era is the emerging signs of accounting “profits (earnings),” - which represent as the emergence of business (venture) with a permanent capital investment based on business ownership (in India in the mid 1660's). There was also an idea of the continuity of business (going concern), so the company must continue to calculate its earnings on a periodic basis. Accounting earnings represent reality that originally divided at the end of a business, but now imitated in profits as if the business is no longer exist. A sign of accounting "profit" merely reflects the "obligatory of sign" which is still associated with "real income," income is only a reality of existence as being real. (Macintosh et al., 2000; Macintosh, 2003).

The third era is the era of production. With the advent of the era of production in the 18th century, accounting earnings mark a radical change. In this era, which by Bauldrillard referred to as "industry of simulacra," an era in which the production technology capable of producing artificial goods; the object is no longer a reflection, counterfeiting, or analogies of the original stuff, but just a clone of a production. Therefore, the sign is the object and the object is a sign. Social levels also experience changes characterized by the production rules, rights, and laws. Signs of accounting earnings also changed with the development corporation and the shareholder's absence. Capital has the same meaning as aggregation or collection of assets and liabilities in the company. Profit is no longer the result of a business owner, but is the result of the capital. Emerging what is known as entity that replaces the partnership or proprietary (Macintosh et al., 2000; Macintosh, 2003).

The fourth era is the era of simulation. Realism nonmaterial signs that go beyond material economics of commodity production, consumption, and exchange mark this era. Bauldrillard suggested a new era: "... the organization of society According to simulations, codes, and replaced production models as the organizing principles of society." A new era that is also known as hyperreality, where there are indications that the signs are no longer directly refer as a referent, or that the sign is no longer a forgery of a specific reference, or a sign does not absorb or dominate object, but purely a sign reflecting the sign itself (pure simulacra). Another term used is homo semioticus replace homo economicus. In this era, a sign of accounting "earnings" gave rise to the concept of "earnings management" refers to the smoothing of income (income smoothing) or for a certain academia as the manipulation of earnings and forecast analysis (Macintosh et al., 2000; Macintosh, 2003).

Macintosh (2003) concluded that many accounting symbol that does not have a clear reference to the object or real events, so that the accounting does not fully perform its functions according to the logic of representation, accountability, or the presentation of economic information in a transparent manner. Not much different from Macintosh conclusion, Riduwan et al. (2009), in a study of critical-postmodernist Derridean, implies that: first, the presentation of income statement should disclose earnings information in accordance with the pragmatic interpretation of the frame. Second, reporting income information not only to favor idealism, given the end users are those who profit information in pragmatic habitus. Third, idealism should limit the application of accounting principles in the transaction and the accrual of real events, or reduce its application in the event that there is only limited to the idea or concept.

<u>Defining Goodwill</u>

Some philosophers thought that definition or conception of conduct could be considered as acts that tend to confine (to hegemony) a person's thinking. As expressed by Antonio Gramsci (1891-1937), hegemony is a form of oppression against the way of thinking (especially thinking of oppression by the capitalist). Gramsci suggested the need for liberation from the hegemony (Santoso et al., 2007: 71-911). However, in this essay we still make the definition or conception, with the aim not to create hegemony but rather to limit the scope of writing. Definition is the part that cannot be separated from the concepts of accounting, as required in the definition of the concept formation. Definition and concept is not different, because they provide an explanation (description) to represent something that cannot be observed directly, with the aim that "something" that makes the human mind. Therefore, to understand the same thoughts about the goodwill, it would require the definition of goodwill.

Hendriksen and Van Breda (1992: 637) stated that if a name can be assigned to intangible assets, indicating that these assets are assets that can be identified. Intangible assets such as goodwill cannot be identified. Intangible assets, although it has no substance, just like other assets, must meet the criteria for recognition of an asset; which are must be measurable and must be relevant and reliable. Should goodwill be recognized? Given that, goodwill is an example of intangible assets having a high uncertainty. It was described that goodwill may be recognized at a given time by comparing the market value of companies with net assets of the carrying amount, and if the market value is higher than its carrying value, goodwill is part of the company's assets. From this viewpoint, it is difficult to associate with the cost of goodwill or business income, so there is no point to capitalize goodwill or treated as a reduction of revenue at the time of goodwill occurs (APB 17).

Scott (2009: 231) defines goodwill as the present value of abnormal earnings in the future in relation to intangible assets. Goodwill relationship with abnormal earnings based on the economic realities of corporate value, so the value of goodwill is equivalent to the capitalization of abnormal earnings stream expected to firm. The equation is stated as:

$$G = [\frac{I-(ke \: x \: B)}{ke}]$$

where

G = goodwill
I= perpetual expected earning flow
Ke= cost of equity
B: equity book value; dan I – (ke x B): *abnormal earning* (Zanoni, 2009: 2).

That is, a company will have goodwill if the intangible assets generate abnormal profits. Based on this definition, then the goodwill is an intangible asset arising from the internal assessment. Example of measurement of goodwill is:

The Company has a net asset value of $240,000 and annual net income of $60,000, and return on investment of 25%. If the normal market return is 10%, earnings $60.000 states that the total assets worth $600,000. The Excess return of 15% above normal returns from goodwill or any intangible assets will amount to $ 360,000. If the intangible assets identified worth of $240,000 then the goodwill will be $ 120,000 (Beams et al., 2009).

APB 16 recommends that when a business combination is considered as a purchase, the acquired assets should be recorded at fair value or the fair value of the consideration that is made in exchange. This view is consistent with the historical cost concept, which states that assets should be recorded at the time of passage if given consideration cannot be measured clearly. APB 17 also states that, if the cost of an acquired company is less than the market value / assessed value of the identifiable assets minus liabilities, the difference shall be allocated to reduce the value of non-current assets (Belkaoui, 2000). Goodwill can be recognized at any time by comparing the market value of a company with a value of net assets. Equities increased in value by recognizing goodwill. But goodwill is a benefit that cannot be specifically identified, so there is a lack of logical reasoning to associate those costs with any specific income in future periods. Treatment of assets that cannot be identified is still unclear, assets that cannot be identified do not have a semantic interpretation, and therefore not relevant so that should not be recognized as intangible assets.

Therefore, it can be concluded that goodwill is part of intangible assets as a corporate asset valuation accounts that cannot be identified. Goodwill can occur in two ways, namely the assessment of internal valuation or arise from the merger process. Goodwill arising from the internal assessment is measured by assuming that the goodwill is the discounted present value of future earnings in excess of what is expected as a normal return (abnormal return), while the goodwill of a business combination are measured by comparing the fair value and carrying value of the company's net assets.

ORDER OF SIMULACRA OF ACCOUNTING GOODWILL

In line with the thinking of McGoun (1997), Macintosh et al. (2000), and Macintosh (2003), we try to analyze the accounting of goodwill by using the perspective of postmodernism Bauldrillarian. We propose the order of simulacra of goodwill as follows:

Era of Proprietary

The first era is the era of proprietary, in which a sign, symbol, or image reflects the owner's property. Proprietorship term originally appeared in the attempt to put on an exposition of the logic of double-entry (double-entry bookkeeping). In accounting, the equation is: $\sum A - \sum L = P$, where the proprietor (owner) is the center of interest. Assumed assets and liabilities owned by the proprietor is the proprietor liability, so the net value of the proprietorship is a business proprietor (Hendriksen and Van Breda, 1992: 770). When a business starts, the company's value equals the value of the initial investment of the owner. With the passage of the business, this value will change to the initial value plus the accumulated investment earnings and will be reduced by the net loss or withdrawal by the owner. This becomes the concept of wealth. Thus, in this era, theory of proprietary is a logical partnership framework under the law and most appropriate be applied to a single union (single proprietorship).

In this era, business is still a venture where business is limited to one ship route trip. In my opinion, goodwill has not yet emerged, because the owners are only concerned for his own fortune. In addition, the form of business combination is still not widely known. Even if there is no assessment or company business combination, goodwill is more suitable recognized as a reduction of income or as expenses that will form the property owner (Hendriksen and Van Breda, 1992: 637). The reason given by Hendriksen and Van Breda is to recognize and assess the fair value of goodwill by comparing the company with net assets of the carrying amount is difficult. How we determine that the value of the company represents the fair value of real world if the company does not actually being liquidated? As expressed by Macintosh (2003), in this era, business is still dominated by individual businesses, so individual company sets the value. Takeover of an individual business by another will depend on its owner, as the owner determines how wealth he has.

Era of Production (Political-Economy)

The second era is the era of political economy, where there are various interests that tried to be served by the reporting of goodwill accounting. McGoun (1997) revealed that in the era of "political-economy" there was a transmutation of all values (labor, knowledge, social relations, culture, and nature) to the value of economic exchange. In an era of booming capitalism, there were many efforts in the development area, including efforts to replace individual owners (proprietary) to the mass production. Which in turn makes the difference of interest among the stakeholders of the company became increasingly sharp. Various theories of accounting that is based on economic theory emerged in this era to explain accounting practices. These theories include dynamic capabilities theory, enterprise management theory (enterprise equilibrium theory), which became the basis of valuation of internal goodwill. The theory of capital, in which the economic shift from an agricultural economy to trade, and eventually became the industry economy, making the capital as a factor of production, which eventually resulted in a shift towards intangible dimension, social, and dynamic. Zanoni (2009: xii) provide examples such as theories of human capital theory, social capital, and intellectual capital, which seeks to explain that the value company may be caused by the human resource excellence, social, and intellectual property.

These theories cannot be separated from the emergence of a Political Economy of Accounting (PEA) paradigm. PEA asserts that accounting (practice and research) should be analyzed through three approaches, namely the normative, descriptive, and critical (Cooper and Sherer, 1984). Normative approach emphasizes the normative elements and an assessment of the social. That is, accounting is identified and evaluated with variety of paradigms. The political and social values influence the choices of accounting. Descriptive approach emphasizes that accounting is a practical thing. It is influenced by the behavior of individuals and classes that exist within or outside the organization. As to better understand, the accounting practices need to be a descriptive approach. Critical approach emphasizes critical awareness to develop and evaluate alternative paradigms and methods that combine a variety of accounting interests.

Although there has been a shift in accounting, accounting goodwill still insists on the principle of historical value. Example of Accounting Goodwill - Historical Cost Accounting is as follows:

"P companies pay for Rp87.000.000, - to acquire the S company's voting stock outstanding at the date of January 1, 2011 when the company's shareholders' equity consists of share capital of Rp60.000.000, - and retained earnings amounting to 30,000,000, - Calculation of goodwill company is recognized for Rp15.000.000, - {Rp87.000.000 - (Rp90.000.000 x 80%)." (Beams et al., 2009)

Goodwill calculation shows that the company's P (parent) recognizes the S company's net worth only 80% of the value of its subsidiaries.

Based on historical accounting concepts, we argue that in this era, goodwill valuation approach is done by the Income Statement approach. Measurement and valuation of goodwill is mainly aimed to make the allocation of the historical value of the company, either by technique of amortization of assets or by technique of impairment of goodwill. As revealed by Riduwan et al. (2009) that earnings do not represent reality. A sign of accounting "profit" merely reflects the "obligatory of sign" which is still associated with "real income," income is only a reality of existence (being real). Therefore, the sign of goodwill is also just a reality of existence or being real.

Era of Globalization

The third era is the era of globalization, where accounting attempted to be globally standardized with the implementation of International Financial Reporting Standards (IFRS). Here are the reasons why Indonesia adopts IFRS as stated by the Chairman of the National Board of IAI (Indonesian Accounting Institute), Ahmadi Hadibroto:

IFRS is a strategic step toward uniformity of "language" in the accounting and financial reporting as the main agenda of the global accounting profession. The creation of global harmonization of accounting standards is also one of the objectives and commitments of the G-20 in enhancing the cooperation of the world economy. Global standards enable the comparability and exchange of information. IFRS convergence may enhance the information of the financial statements of companies in Indonesia. Adoption of international standards is also very important in order to stabilize the economy. The benefits of IFRS convergence program is expected to reduce investment barriers, improve corporate transparency, reducing costs associated with the preparation of financial statements, and reduce the cost of capital. The goal of financial statements prepared by the IFRSs will only require a bit of reconciliation to produce financial statements.

The interesting part about the statement is the uniformity of language, economic stability, and benefits of IFRS adoption. From here, it seems that adoption of IFRS did not see the factual reality of the situation and conditions in Indonesia, but rather look at globalization simulacra (is it possible that many countries with its cultural, community, social interaction, legal, and others be made uniform?) Research of implementation of IFRS in Indonesia (Chariri and Hendro, 2010; Wahyuni and Lay, 2010; Boediono, 2008) provide evidence that IFRS is suitable in Indonesia. Unfortunately, there is no research about whether harmonization or adoption of IFRS is in accordance with local cultural and spiritual values in Indonesia. There is also no reasearh evidence that could prove that Indonesia is necessary to adopt IFRS (the reality of Indonesia).

The main principle of the background for IFRS is a principle of comparability and uniformity with emphasis on the approach to fair value (fair value accounting). Todd Johnson, a FASB staff expressed (2005, as quoted by Ball, 2005):

"The Board has required greater use of fair value measurements in financial statements because it perceives that information as more relevant to investors and creditors than historical cost information. Such measures better reflect the present financial state of reporting entities and better facilitate assessing their past performance and future prospects. In that regard, the Board does not accept the view that reliability should outweigh relevance for financial statement measures."

Accounting for goodwill is mainly set in conjunction with the acquisition of companies or businesses combination (IFRS 3 and IAS 36):

All business combinations are accounted for by applying the purchase method, requiring that one entity is identified as acquirer (IFRS3.17). The difference between the cost of the business combination and the fair value of the assets and liabilities acquired represents goodwill (IFRS 3.51). Goodwill is not subject to amortisation, but is assessed for impairment at least annually (IFRS3.54 and IAS36.10). Impairment is charged to the income statement (IAS36.60).

Examples of goodwill according to IFRS accounting (fair value accounting):

P companies pay for Rp87.000.000, - to acquire the company's voting stock outstanding at the date of January 1, 2011 when the company's shareholders' equity consists of share capital of Rp60.000.000, - and retained earnings amounting to 30,000,000, - Calculation of goodwill company is recognized for Rp18.750.000, - {(Rp87.000.000/80%) - Rp90.000.000). (Beams et al., 2009)

Goodwill calculation shows that the company's P (parent) recognizes the company's net worth (the subsidiary) at 100% of the value of its subsidiaries. With this calculation, the value of goodwill will be larger than the measurement of goodwill in the previous era (Rp15.000.000). This makes the company's assets to be larger and the potential impairment of goodwill will significantly would reduce corporate profits.

At this time, the entity theory is emphasized in the new corporate entity, although in reality (legally) the new entity does not exist. Based on the new entity theory and principles of relevance, we argue that accounting goodwill in this era of emphasis on the balance sheet approach, in which the accountant seeks to provide information about the company's assets at balance sheet date (not the historical value of the property companies). It appears that in this era, the object (goodwill) is no longer a reflection, counterfeiting, or analogies of the original item, but only an imitation of a mass production (global).

Era of Virtuality

Lastly, the fourth era is the virtual era, where the boundaries of the world and social communities have disappeared altogether. Forms of companies in the future no longer looks real (mortal and brick) but rather in virtual form (form of company in cyberspace). Information and communication technology revolution has eliminated national borders, time and space to interact and communicate with each other to form a global community. Technological development has also brought a lot of change, especially in transaction activity. Flow of goods and services not only through the customs area from one country to another, but also through electronic transfer (virtual). Consumers can purchase goods easily through the internet, and in a short time to hand the goods. Trading in the virtual world known as e-commerce has the potential to be one of the largest wheel drive economic development in the future.

In addition, the traffic cash payments as an instrument to assess the transaction will also undergo radical change. Money no longer seem real (paper form), but transformed into another form of the electronic money (e-money). E-money can be formed as card-based product and software based product (Suryaningrum and Hastuti, 2010). E-money in the form of card-based products is often referred to as electronic purses, which are principally intended for direct payment (face to face). While software based product is often, called digital cash, in principle, is an application (software) is installed into a Personal Computer (PC) that runs with the standard operating system that was developed to conduct transactions via a computer network (internet). Mechanical technique that is used to manipulate the data of "value of money" is balance-based techniques. The concept is to apply the principles used in bookkeeping process in which each transaction shall be treated as the debit or credit which would then affect the outstanding (balance) contained in the e-money.

In this era, simulation occurs, there are indications that the signs are no longer directly refer to a reference (referent), or that the sign is no longer a forgery of a specific reference, or sign does not absorb or dominate an object, but purely a sign reflecting the sign itself (pure simulacra). The Company is no longer a referent of the company, and money is no longer the referent of money. As a result, the value of goodwill as a form of company will be very difficult to be measured and assessed considering the company itself exists only in cyberspace (virtual). Thus, the important question remains: is it still necessary to have the accounting goodwill in the future?

CONCLUSION

The objective of this essay is to understand whether the term goodwill have a meaning that represent the reality of accounting transaction and reporting. On the study of accounting goodwill, I use the perspective Baudrillarian order of simulacra, and concluded that accounting goodwill were divided in four era: 1) the era of ownership (proprietorship), 2) the era of production (political economy), 3) the era of globalization, and 4) the virtual era. In the earlier era, the accounting of goodwill still represent a reality of accounting transaction, but along with the development of social, business, technology in accounting transactions, this concept of goodwill has been changed. Goodwill seems to represent the hyperreality of accounting transaction.

Review of goodwill accounting in this essay is limited to literature study and our own interpretation, so it needs further study with a variety of paradigms such as Interpretive, critical, or postmodernists. Qualitative research is appropriate to be used, since it digs deeper into the meaning of goodwill by the parties related to the company (stakeholders), not only investors, shareholders, auditors, and governments, but also the management accountant, accountants' educators, or other parties. Besides that, it seems necessary to answer the question "is information of goodwill still useful for decision maker?"

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