Reconstruction of Public Accountant Ethics through Hamka's Religious Rational Ethics Perspective

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Abstract

This article aims to explore about the efforts to rebuild the ethical awareness of public accountants in understanding an Islamic ethics akhlakul karimah. The reconstruction of ethical awareness of public accountants is based on the rational ethical ethical perspective approach of Hamka. Hamka's view examines ethics based on two points of view, ethics towards human beings and Ethics towards God. The results of this study are useful for theoretical development of the sociological aspects of the construction of the ethical meaning of public accountants which are based on religious morals so that in practice they will prioritize these religious values and minimize the existence of practices that are not in accordance with the ethics of public accountants.

JEL Classification Code: M41, M42

Keywords: Public Accounting; Ethics; Akhlakul Karimah; Religious Criticism

Introduction

Since the issuance of the Securities Legislation Act of the 1930's in the United States which decides that all financial statements in the capital market must be audited by independent public accountants, the role of public accountants has increased. Public accountants have a dual responsibility that is the responsibility to management who pay their fees and the responsibility to the community for the reasonableness of the financial statements presented that show the real economic reality (Richard, 1988). Auditors have a social responsibility to maintain their independence in producing financial statements that are useful in decision making (Lee, 1993). This role is at the same time an ethical dilemma faced by a professional as well as a fact of life (Philomena & Barry, 1995). Professional ethics serves a potentially contradictory dual role (Parker, 1994). This double responsibility leads to problems in the public accountant, ethical issues in the form of integrity, objectivity and independence, so that various cases arise regarding ethics of public accountants.
The Enron ethics violation case according to Tuanakotta (2007) began before 2001, where as many as 125 former Andersen auditors then worked for Enron companies, including Richard Causey Chief Accountant Enron. This condition causes Andersen's accountants to be given more than reasonable services. Andersen's service contract to Enron in 2000 reached a value of USD 50 million, placing Enron as Anderson's second largest client. On the Andersen Public Accounting Firm, in dealing with Enron's services, David Duncan was assigned as an engagement partner who in the Enron case was a victim of Anderson's Public Accounting Firm management, where David Duncan was fired in early 2002 or shortly before hearing with Congress. The culmination of the Enron case was the cessation of Anderson's audit firm practice on August 31, 2002.

Ethical violation cases as well as the Enron case have an impact on the massive collapse of the company which then leads to a decline in public confidence about the role of accountants, especially the role of public accountants as the frontline that gives confidence to the public about the fairness of the company's financial statements (Cooper, 2005). Furthermore, Cooper revealed that the emergence of the collapse of the company mainly related to the Enron case was a direct impact of the greed of corporate institutions and professional actors at the time, namely lawyers, bankers, accountants and auditors who lost their integrity and independence. When accountants place personal interests by only accommodating the interests of clients, then at that time there was a threat of ethical violations (Mustofa, 2014). The Enron case becomes a symbol of corruption, greed and the unethical behavior of accountants, auditors and public accountants (Craig & Amernic, 2004). Furthermore, according to Craig, the fall of Enron became a symbol of the strength of the capitalist system in maintaining the wealth of shareholders.

However, current accounting practices were born and developed to serve the economic system of capitalism (Carruthers et al., 1991). The public accounting profession that was born and became a product of the capitalist economic system functions as a modern corporate supervisory institution (Purba, 2012). Carruther et. al., (1991) revealed that accounting is needed by capitalists to rationally assess their decisions in the past. Accounting is a tool used in rational decision making for the future of their efforts in the economy of modern capitalism, in which the maximum investor profit is the main goal. Accounting in which there is a double entry is a legitimate tool of modern capitalism and also a flexible electronic device in describing capitalist endeavors, therefore the arrangement in accounting both tight and loose depends on the decisions of the owners of capital. Failure to implement ethics is based on the main ethical risks due to self-interest, failure to maintain objectivity and independence, inappropriate leadership and poor organizational culture, lack of ethical courage to do what is right, lack of ethical sensitivity and failure to conduct proper professional judgment (Jackling, Cooper, Leung, & Dellaportas, 2002).

The current practice of applying the code of ethics is still influenced by the economic system of capitalism, because the making of the code of ethics was originally to protect against the loss of important information that would be detrimental to investors. The current ethical principles according to (Hansen & Mowen, 2005) have 10 core values namely 1. Honesty 2. Integrity 3. Keeping promises 4. Loyalty 5. Fairness 6. Caring for others 7. Respecting others 8. Responsible citizenship 9. Pursuing excellence and, 10. Accountability.

In this study, the author seeks to present the concept of public accountant ethics which is expected to perfect the conception of the public accountant code of ethics that has existed and applies to professional associations at both national and international levels. The conception formulated in this study presents the religious rational values of Hamka in the ethical concept of Akhlaqul Karimah which has never been used in solving the ethical problems of public accountants above, which in this concept puts the concept of "accountability to God" in the concept of ethics of public accounting when this does not exist. The concept of ethics akhlaqul Kharimah Hamka is one of the embodiments of the concept of Islamic ethics which is discussed in detail by Hamka (Hamka, 2017; A. Haris, 2010). This research aims to develop the ethical concept of Hamka ethics based on Hamka's ethics as his critical theory.
Literature Review

Hamka's ethical conception is one conception of Islamic ethics. Islamic ethics provides the best understanding of ethics rather than western ethics (Al-Aidaros, Shamsudin, & Idris, 2013). Some western theories define ethics based on different standards. Each theory has a single perspective regarding ethical issues such as action, character, religion, or culture. The concept and understanding of Western ethics is incomplete in explaining what is right and what is wrong. In contrast, Islam has a comprehensive perspective on ethical issues because the lawgiver for all systems, including the ethical system, is God, who knows everything and what is best for all humans. Ethics in Islam is defined as good principles and values based on Islamic sources. Islamic sources are the only standard for identifying what is right and what is wrong. Islamic ethics and Islamic sources have different characteristics that make Islamic perspectives more appropriate to explain ethics. These characteristics are completeness, realism, and balance.

In formulating ethics, Hamka is guided by the Qur'an and Sunnah. In the Qur'an there are many things that can be used to build an authentic Islamic approach to ethics (Rizk, 2008). It also highlights the substantial need to examine work ethics and other work-related attitudes, such as individualism in a non-Western environment. In line with this research Triyuwono revealed that the holistic principles of the code include existing principles plus sincerity, love, and divine will. They function as steps to guide accountants to become homo spiritus. This study also suggests using a modern approach to the ethical certification of accountants (Triyuwono, 2015).

In Islam, ethics is the most important part of human life in society. Even the Prophet Muhammad was sent to the world to "perfect the noble character (Akhlakul Kharimah)". To get the morality of Karimah, one must return to the Qur'an and make Muhammad the example of his life (Qur'an Surah Al-Qalam, 68: 4), because in fact the Messenger of Allah possesses great morals. Furthermore, Kartanegara revealed that in Islam, ethics is a science that teaches how to live happily or how to get happiness where to achieve happiness one must have a temperament and good behavior (Kartanegara, 2005). According to Hamka, happiness is not in our possessions or money, but happiness is in us, in our hearts. If happiness in the conception of capitalism is the accumulation of wealth or materialism, then in Islam according to Hamka (2016) happiness is the achievement of the elements of wisdom, courage, determination and justice. These four components are the source of the morality (kharima, 2017).

In capitalism, happiness is limited to the material form, the pursuit of self-interest on a rational basis is characteristic (Anderson, 2000). Whereas Islam in Hamka (2016), citing several Islamic philosophers such as Ibn Khaldun, stated that happiness is when someone has submitted and obeyed the provisions of Allah and humanity. In line with Ibn Khaldun, Imam Al Ghozali also assessed happiness is when humans can remember God, can withstand anger, can withstand lust and control knowledge. The peak of true happiness is when humans reach the cleansing of the mind (Hamka 2016), then the concept of ethical auditors should not only contain ethics based on something that is material, physical, but must also base spiritual concepts, namely the existence of accountability to God.

If the current conception of public accountant ethics, the code of ethics is based on agreed values based on rational decisions for the purpose of maximizing individual profits, then Islam bases ethical actions and moral ethics on character according to the Koran and Al Hadith. Islam puts man as the manager of the earth, therefore as a manager, then he must be able to act fairly, even the matter of measurements and scales in trading must all be done fairly (QS. Huud 11:85).
Research Methodology

This research is a qualitative study which reveals that a study in essence seeks to find the truth or justify a truth through various models. The paradigm used is the religious critical paradigm based on Hamka’s ethics religious rational. In accordance with the objectives of critical research that is to produce knowledge (Eriksson & Kovalainen, 2008).

Result

Ethics Towards Human Beings: Khalifatullah Fil Ardh

Ethics are inherent in public accountants, hence the quality of ethics reflects the quality of the public accountants themselves concerned. Audit quality becomes important in guaranteeing audit results. The research of Duka et al. reveals that the Code of Ethics is an important principle that must be obeyed by accounting professionals to improve their profession, maintain public trust, and express honesty and fairness. Appropriate ethical and ethical behavior is very important in accounting for various motives (Duska, Duska, & Ragatz, 2011).

The problems of public accountant towards others are caused by the low understanding of public accountants in the professional code of ethics (Richard, 1988), therefore ethical education is needed for auditors (Saravanamuthu & Tinker, 2006), and in-depth understanding of ethics through various methods both through emotional and Spiritual Individuals (Ludigdo, 2005). Research reveals that ethics have a significant effect on the performance of public accounting firms (M Ibidunni, Okere, Ibidunni, Joshua, & Okah, 2018). Quality assurance in audits has increased investor confidence in the reliability of audited accounts and professional independence ethics has a significant impact on quality assurance therefore, professional ethics is very important in quality assurance in audits because it increases auditor independence (Onuora, 2015).

Public accountant profession can thus have 2 (two) options, where the first path is in order to be a khalifah on earth and the second as a destroyer on earth. Public accountants who work as caliphs will then call for goodness, be fair, independent, objective, have integrity because their actions are only in the context of serving God as the creator, and placing themselves as creatures who are always obedient and subject to the creator. If the public accountant chooses as a destroyer, then all his actions will come out of his nature as a khalifah.

The existence of Islamic morality will provide the basis for the prevention of financial scandals. The three concepts of Islamic ethics above will deliver public accountants to the understanding that in life this is not limited to material, but more than that public accountants are creatures of God consisting of bodies and souls, all their activities are always under God's supervision and all that humans do including accountants the public will be held accountable before God. Violation of professional ethics as a condition where humans have violated and has no ethics in association and life. Humans have lost their identity as the bearer of the mandate or caliph on the face of the earth where they have lost compassion, justice, and are unable to hold and introspective, so this is what gives birth to violence, justifies all means to achieve the desired way (Azwandi, 2014).

The choice of profession is directed to achieve the goals of human life, namely achieving world happiness and happiness in the hereafter. According to Hamka (2016), to achieve world and hereafter happiness, humans must always clear their minds. Furthermore, according to Hamka, looking for treasure must be, because if people do not have property, then people who have a pure heart, clean mind if they want to help others, then it will not be done. In the absence of wealth, one will also find it difficult to study, even though knowledge is the pillar of perfection, reason is the perfection of religion and the
perfection of religion becomes a pillar in achieving the happiness of the hereafter, therefore looking for
treasure with the aim to achieve happiness in the hereafter (Hamka, 2016b).

In relation to Ethics, Hamka calls it the term "moral science" and mind. An action is not only
seen from the surface or the results, but also from human intentions and their causes. To get a noble
character, humans need self-control so as not to sin, and it is left to the height of the mind. Furthermore,
the higher the level of trust (faith) in God, the higher the inner responsibility to stay away from sin
(Hamka, 2018). This can be interpreted that the higher one's faith the higher the morals.

Furthermore, Hamka said that good character is a temperament of the apostles, honorable
people, people who are pious and is the result of the struggle of people who are experts in worship
(Hamka, 2017). Science of mind is knowledge that discusses human nature and actions from the good and
bad sides. While akhlaq also means knowledge that discusses the problem of human good and bad
behavior, besides that ethics is related to what humans should do (ethics of obligation) and ethics of virtue
that is ethics of what humans should leave (A. Haris, 2010). Regarding ethics to human beings, Hamka
states that human nature has a tendency, anger and selfishness. In addition, God gave the Intellect to
humans to regulate the original nature, but with reason alone humans can not be enough to be ethical
towards fellow humans, therefore to be ethical towards fellow human beings, in addition to mind, humans
must use the Qur’an and the Sunnah of the Prophet (A. Haris, 2010).

**Ethics Towards God: Tauhid as a Source**

In connection with the use of mind, Hamka quotes the words of Prof. Huizinga is a Dutch
philosopher on three important civilizations that refers to the first three, which can unite the things that
are born with the soul. Second, it should have a noble purpose, that is, the hereafter and the third, to
defeat the world. A civilization that does not go to humanity should be destroyed (Hamka, 2016).
According to Hamka, Islam uses not only the mind to conquer nature or to investigate a matter with the
intention of resolving it, but to remember that behind the things that are seen there are supernatural.
Behind the present life there is a more eternal life, the life of the living. The most noble purpose, the true,
the purpose of the struggle of human life is *ma'rifatullah* (knowing Allah SWT), doing his
commandments, avoiding his ban. The center of the *ideatullah* is in itself, the feeling of weakness in the
presence of something supernatural that governs and destines this world, and a feeling that he is one of
the created beings of the *khaliq* (the creator).

The ethics of God can be achieved with the sincerely, the king *(full of hope), compassion (fear
of torment), mercy, piety, gratitude, *tawakkal, tafakkur* and surrender (Hamka, 2016). Hamka argues that
the source of Ethics to God is the belief of the *Tauhid* who places the One God as the Lord of the
universe. Islamic morality is a navigation toward a prosperous life and a path for interpersonal interaction.
The navigation is claimed to have humane content and aims to reach the pinnacle of happiness. Islamic
morality is a compilation of a number of systematic principles and beliefs as the order of human life,
bound by revelation that aims to regulate human life and limit relationships with others in a way that
best realizes the purpose of human existence in the world. Therefore, the moral code is based on two
things: the divine and the human (Al-Ayaari, 2019).

Further, morality is a fundamental trait of the human being that is embedded in the self and
appears to the surface through will or behavior and is practiced without compulsion by and for a reason.
Humans have morals that are based on human behavior as well as morals associated with their activities
that are born of the impulse of their will. Someone who have a moral because he is a human being. God
gives nature to people with praises and disgrace, so human beings are praised for their good over evil.
Hamka establishes ethics after *tauhid*, by placing *tauhid* as a source of ethics to fellow humans or other
beings. The ethics or morals of a person are considered good morals / virtues / charities as in every movement they are always motivated by slavery to God (Hamka, 2016a).

The presence of Hamka-based ethical conceptions of religious rationality in which Hamka (2016) put tauhid in ethics and view that humans are created to be happy, and to achieve happiness, humans must understand that the source of happiness does not lie in the ownership of property and money. Happiness lies in the heart and can be achieved with the moral elements of kharimah through courage, wisdom, justice and determination. Hamka considers that all human activities must be good to God and also to humans. As revealed by Haris (2010), humans are equipped with mind, feelings and thoughts with which humans can act ethically. Furthermore, Hamka revealed that only the body that disappeared when humans were gone, and the spirit will remain intact for which all human activities will be held accountable. The concept of human responsibility in the later days is what makes human beings not only obey because of physical rules, but also obey because they feel that there is oversight other than physical. This conception of accountability to God is called religious conception.

Conclusion

Quality public accountants are public accountants who are ethical and have integrity (Fatt, 1995). Integrity is obedience to morals and ethical principles, knowledge of what is morally right and the courage to do the right thing (Smith, Charoensukmongkol, Elkassabgi, & Lee, 2009). In the practice of public accountants, professional organizations set a code of ethics for public accountants in conducting the profession. Ethical values in the form of love, truth, justice, freedom, unity, tolerance, responsibility, and respect for life become components in carrying out the profession (Sadowski & Ph, 2012). Enforcement of professional ethics is the key to giving the public confidence in the services provided by public accountants, if professional ethics which are the basis for public accountants are not properly implemented it will have an impact on the emergence of problems in the form of public mistrust of professional services provided.

The author hopes that the conception of Islamic ethics akhlaqul kharimah based on the religious rational values of Hamka can be used to rebuild the ethical awareness of public accountants who have been far from divine values. Islamic ethical awareness is based on material and spiritual goals, where Islam is based on the conception of humanity, good living patterns, brotherhood, social justice and the balance of physical and spiritual happiness of all humans (Rice, 1999). In Islam, the conception of individual life in society is inseparable from Islamic law, where Islamic law has three objectives namely purification of the soul, enforcement of justice in society and the realization of human benefit.

References


