

CAN VIOLATIONS OF ETHIC AND MORAL IN THE PRACTICES OF ACCOUNTING BE VANISHED?

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ABSTRACT

The Practices of Accounting is influenced by many factors. The main factor that often be discussed are ethic- and Moral. These Factors will influence theories, concepts of accounting and accounting's setting standard, Practices of accounting, and auditor. Factors of ethic and moral are based from religions teaching that be growth in social life. In other side, in the practices of accounting which was applied by those factors are still also happen many violations that could cause accounting's information refractions. These violations often did by internals or even externals accountants. These violations can be vanished, but they don't have to pass short cut only with auditors insurance. The violations beginning take place when religions can not influence already for ethic and moral actions in practice of accounting. Therefore, it's necessary to re-study about religions philosophy as a base stand for science and practice of accounting in the real world.

Keywords: Religions, Ethic, Moral, Violation, Accounting, and Practice of Accounting

Introduction

Encyclopedia of Philosophy (in Rakmat, 2004) mentions that one of the religions characteristics is moral demands that convinced was decided by God. Those explanations give a meaning that religions universally contain about teachings of moral that can guide humans on this world to act in right direction. This teachings of course come from what called visions that demoted by God and useful to guide humans. In history of Islam ever there was man (friend) asks to Rasulullah saw, this question: what is religions? Then, Rasulullah answer him: Religion is characters of good. These characters of good none other than make humans behaviors be always honors teachings of moral that was give from available book and useful for humans life.

There are many definitions about meanings of religions. Generally, religions often defined as beliefs in God who always alive, that is to Allah's soul and will which

about moral and ethic as a base to increase human's godly levels. Those explanations show that religions give us a teaching that we know as ethic and moral. Religions teachings often become sources of ideas from earlier philosophy experts; because religions always honor ethic and moral.

Go with the author's opinion, teachings of religions should not be interpreted shallowly that can mislead human being himself. Teachings of religions have vast enough meanings and universal, so the values of moral consisted inside can be spelled out vast. Teachings of religions must be able to create balance and harmony between needs of humans in this world also in hereafters later it. Humans should also be aware that anything they do in this world always be supervised and getting attention by God. Guilty feel will appear when humans do actions that breaking norms and ethic, because humans know himself that those wrong actions will also take responsibilities at hereafters later it.

Thomas (in Rahmat, 2003) with his theories *The Four Wishes* tell about four kinds of humans' basic willing, those are: (1) willing for salvation, (2) willing to get appreciations (*recognition*), (3) willing to be received (*response*), and (4) willing to get new knowledge and experiences. Generally, those four willing are causing humans to receive teachings of religions. The second willing, get appreciations (*recognition*), has inspired humans about there are feeling about want to be respected and known by others. If we hold with these teachings, humans should always act in ethic and moral way. The results from these teachings are humans will always become a man who be respected by other man. From here appear what called intelligence of moral. Intelligence of moral is ability to ponder which right or wrong using emotional and intellectual resources of humans' though (Ramayulis, 2002). Its indicator is someone's ability to implements it everyday (in real life). This can not be achieved only with put it in memory. Interactions between individuals with social environments are necessary.

Generally, ethic is an essential element in business and governments. Therefore, individuals or groups in a social life in business environments must aware and know about ethic limitations mentioned. Every their good actions in life should not miss from ethic attentions. Dittenhofer and Senneti (1995) in their study's results give several conclusions about basic concepts of ethic, include: (1) honesty, (2) admit to rights of properties, (3) treatment of associates, (4) consideration of environment values, (5) loyal to the group, and (6) performance to one's best ability in community projects.

Dittenhofer and Senneti explanations give us descriptions that ethic is a foundation for humans' actions in life individually or groups. Profession organizations should also have basic of ethic that can be making as handles on running a certain profession. In accounting, those base in ethic actions mentioned in ethic codes.

Ethic codes in accounting actually have appeared since beginning of 20th century (Casler in Ward et al, 1993). This ethic code is a tool that used to convince society, clients, and colleagues who is members of competent profession, who declare that they have integrities and emphasize in high standard. While we watch the history of accountant profession organizations in the worlds, many accountant profession organizations appear likes at U.S., Canada, U.K., Australian, Indonesia etc. These organizations honor ethic and moral by put into effect code of ethic to accountant's profession.

Religions Influences in Practices of Accounting

Religions actually are foundation for all of us for all aspects of life. Religions will always teach values of useful things for humans being. It's not easy for us to study good values in holy books. Teachings from holy books basically are to making harmony between mind (heart), speech and actions. This harmony presented only for positively matters and doesn't ignore or sacrifice values in teachings of philosophy from holy books.

In practice of accounting, actually after incident of economic depression knock down America in year 30s has arouse the thinkers' hearts to ponder the incident. Therefore, they try to find the best way to make accounting can be useful to all users without siding to one of them. In IASC (in SAK) in paragraph 12 that declare the aims of finances reports as follows:

The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an enterprise that useful to a wide range of users in making economics decision.

The aims of this finances reports are giving moral messages to us that accountant practitioner can not do and act in as they like in evolving or doing investigations which beneficial one side only. Here values of religions should be spelled out in teachings of values of ethic and moral, later it can influence the life of humans being.

Nowadays, to handle those situations, a code of ethic of accountant profession is formed. This is not enough just for practitioner, because no matter how good a code of ethic accountant profession if values of ethic and moral are not planted inside the accountants' mind, so accounting practices will never working well. Concepts about code of ethic expected can be tied up morally to internals accountants or external accountants (auditors). The final destination of code of ethic concept is about to decrease accounting practices violations which can cause losses to many sides.

Basic of ethic and moral values should be planted in man's mind since he's a baby born by the family, and when he starting elementary in formal schools by the teachers. Educations of ethic and moral in accounting sector is not only be influenced by the accounting lecturers or teachers, its responsibilities fell on all of us. We are including families, countries, governments, teachers, religions leaders, profession organizations etc.

Teachings of ethic and moral have been dug by the profession organizations or even academicians from various sources. The accounting's basic theories and concepts were opening our mind so we can ponder and thinking in a repairing of accounting practices. Those concepts look always be perfected or even added with brand new concepts to adapt with modern ages. The accounting's basic theories and concepts were coloring accounting literatures from monograph to Accounting Standard of Finances and other *standards setting*.

In accounting practices, including internal and external accountants, actually in direct way or not have been influenced by teachings of ethic and moral (Religions). The sources could be coming directly or not from teachings of religions, norms of societies or even profession organizations, and available *standards setting*. The aims of all of this are to give and serve finances information neutrally (not refraction) for all sides and useful for takings decisions of economic in the right way. As which explained in Al-Quran (Al-Baqarah: 282) below:

يَتَذَكَّرُ فِيهَا لِيَوْمٍ هَآءِهِمْ إِذَا تَقَايَنْتُمْ بِهِتَيْنِ إِلَىٰ أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ
وَلْيَكْتُب بِيَدِكُمْ تُكَاتِبُ بِالْعَدْلِ وَلَا يَأْب كِتَابُكُم أَن تَكْتُبْتُمْ كَمَا غَمَعْتُمْ
فَلْيَكْتُبْ وَلْيُقِِّلِ الْيَدَىٰ عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا يَبْخَسْ مِنْهُ شَيْئًا
لَّيْسَ كَرَاهَىٰ عَلَيْهِ الْحَقُّ سَلِيحًا أَوْ ضَعِيفًا أَوْ لَا يَسْتَطِيعُ أَن يَقْرَأَ حُرًّا
فَلْيَقْرَأْ وَيُنْهَد بِالْعَدْلِ وَأَشْتَقُّهُمُ أَشْمَعِينَ مِّن رِّجَالِكُمْ فَإِن لَّمْ يَكُونَا
رَجُلَيْنِ فَرَجُلٌ وَآمَرُ لِقَانٍ مِّثْلُ مَرَضُونَ مِنَ الشُّهُبَاءِ أَن تَضِلَّ بِحَدِيثِنَا
أَن نَّجْعَلُ إِعْتِدَابِنَا مُتَدَيِّجًا عِنْدِنَا إِلَّا مَرَّةً وَلَا يَأْب إِعْتِدَابُ إِقْلَانَةٍ إِسْمَاءُ
وَلَا تَشْعُرُوا لَن تَكْتَبُوهُ صَغِيرًا أَوْ كَبِيرًا إِلَىٰ حَلِيلِكُمْ فَذَلِكُمْ أَنْتُمْ
عِنْدَ اللَّهِ أَهْلُوهُ أَهْلُوهُ لِلشُّهُبَاءِ وَتَوَلَّوْهُمُ إِلَّا مَا شَاءُوا إِلَّا أَن تَكْفُرُوا
بِحَاكِمِيهِمْ يُؤَيِّرُونَهَا بِهَيْئَتِكُمْ فَلَيْسَ عَلَيْكُمْ جُنَاحٌ أَلَّا تَكْتُبُوهَا
وَأْتَصِفُوا إِذَا تَمَلَّكْتُمْ وَلَا تَقْضُوا حَقَّيْتُمْ وَلَا تُعْهِدُوا وَيُن تَقْعَدُوا فَلْيَكْتَب
أَكْرَىٰ وَرَىٰ وَأَمْرًا وَأَلَّهُ وَبِهِ يَلْتَكِبُ أَهْلُهُ وَأَلَّهُ رَبُّنَا وَلَهُ عِلْمُ السُّعُورِ

“O you who believe when you deal with each other in contracting a debt for a fixed time, then write it down; and let a scribe write it down between you with fairness; and the scribe should not refuse to write as Allah has taught him, so he should write; and let him who owes the debt dictate, and he should be careful of (his duty to) Allah, his Lord, and not diminish anything from it; but if he who owes the debt is unsound in understanding, or weak, or (if) he is not able to dictate himself, let his guardian dictate with fairness; and call in to witness from among your men two witnesses; but if there are not two men, then one man and two women from among those whom you choose to be witnesses, so that if one of the two errs, the second of the two may remind the other; and the witnesses should not refuse when they are summoned; and be not averse to writing it (whether it is) small or large, with the time of its falling due; this is more equitable in the sight of Allah and assures greater accuracy in testimony, and the nearest (way) that you may not entertain doubts (afterwards), except when it is ready merchandise which you give and take among yourselves from hand to hand, then there is no

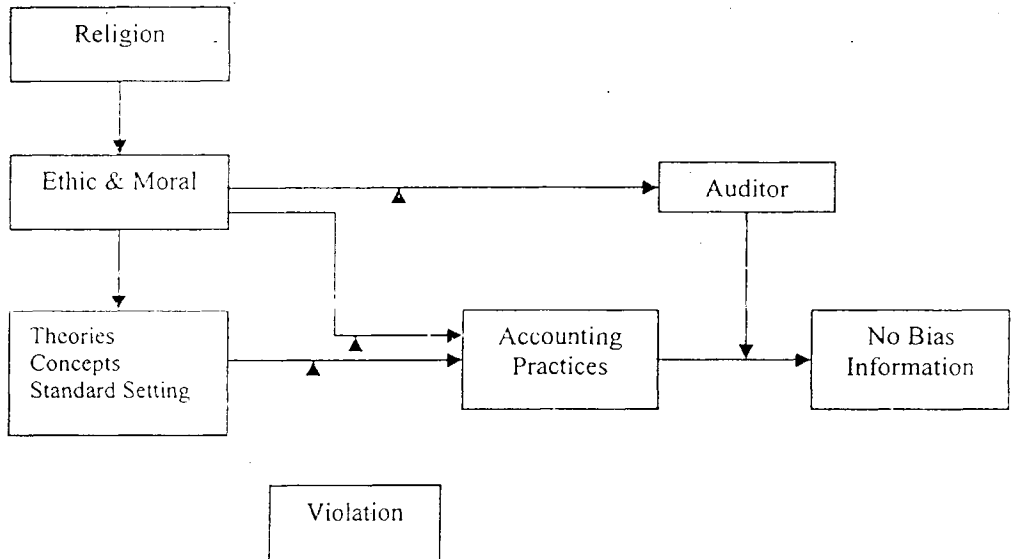
blame on you in not writing it down; and have witnesses when you barter with one another, and let no harm be done to the scribe or to the witness; and if you do (it) then surely it will be a transgression in you, and be careful of (your duty) to Allah, Allah teaches you, and Allah knows all things.” (Shakir translation; www.al-quran.org.uk)

Meanings in verse are mentioned to give a philosophic teaching that registration of that (accounting) is needed in a business activity to prevent errors and dishonesty. Thus, business activity will work appropriate with norms of ethic and Moral, and appropriate also with teachings of religions that always invite us in kindness, as God’s will (Allah).

Accountant practices often face very dilemmatic situations. At one side they must obedient to their leader, and at the other side they should honor profession ethic that put forward truths and justices in society. If in these situations internal auditors are not based with moral they will do their jobs with heavy of loads mentally. In the end, the moral based is somebody’s belief in religions. Otherwise, internal auditors who don’t have enough basic values of ethic and moral will break ethic value in their activity without any fears. In addition, they will also look for any slots to deceive and tactic for certain interests.

One of the ways to minimize the violations is by applying sanction, moral sanctions or even laws sanctions that will tied up all persons. In developing countries, like Indonesia, reward of works and creation of external practicing accountants must also be reexamined. Often, reward accepted mentioned was not proportional with company’s asset values or there are drastic enough differences with company’s managements. The existences of big enough fee (*reward*) lameness between foreign auditors and local auditors make Indonesian (local) accountants professionalism becoming very low. As a consequence, kind of sanctions that apply in Indonesia by law will not as hard as sanctions in modern countries. Even though, sanctions for accountants in Indonesia were almost very light and even often there are no sanctions. Based on this opinion, the author put it in a conceptual sketch next:

Conceptual Sketch



Relations between Ethic and Moral by Theories, Concepts, and Accounting Standard Setting

Ethic in accounting are always be made as a base to develop theories of accounting, concepts of accounting and *standards setting*. The beginning of accounting that developed by Luca Pacioli, a priest from Italy, none other than is a tool for humans to responsible to his God. Later, this tool (accounting) is becoming a responsibility tool of humans (managements) to owners (*principle*) in theory of agent take place when capitalism appears. The alteration and changes of these paradigms were occurred because of business environments changes that happen at that time. If we saw those two paradigms that developed by Luca Pacioli or even theories of agent were to honor values that professionals of accounting must have. Ethic and moral values should also mirrored in code of ethic of accounting. This code of ethic of accounting was expected at least could guarantee ethical and moral behavior in every accounting activities which did by practitioners.

In America's accounting history around 1930s, accounting profession is evaluated as come a mother of trouble on America's economic depressions, in reasons too many manipulations. Around 1940s, ideas from Paton and Littleton were appeared as monograph that contains theories and concepts of accounting. In the next years, later appeared what called *standards setting*. Final products of standards setting are about PSAK and SPAP. PSAK or even SPAP aim none other than to honor values of moral in accounting practices.

The old time accounting practitioner, Luca Pacioli, didn't know about PSKA like this time. They are directly using teachings of ethic and moral that taken from teachings of religions on that time as a basic of accounting practices. Actually accounting practices could be working well even though there are no theories, concepts, and *standards setting* of accounting. By the time running with changes of humans civilizations accounting practices will not be just enough with only based on teachings of ethic and moral.

Violations on accounting practices often occur when incentive factors (*reward*) that accepted by managements as payments from owners for running his business. Ayres and Ghosh (1999) in their study declare that incentive structures can make a difference that could stimulate ethical behavior. An impact from this ethical behavior that often occurs and knows in accounting is management of profit (*earning management*). This management of profit basically is an anomaly behavior and often ignores the basics of ethic that can inflict a financial loss to others.

Anomaly of ethical behaviors generally will always be connected with business structures, compensations, rewards, and punishments. Violations by public accountants (external/auditor) that happen, like in Indonesia, many caused by factors of reward or compensations they receive and factors of punishment/sanctions (almost not exist). Accounting practitioners in company (internals accountants) also often doing diverge actions because they detect weaknesses in standard of accounting. This case occurs because of the pressures from their bosses, the salary that may be good or other factors that can not revealed yet. It looks clear that ethic actually have important role as internals and external accountant's handouts in produce information that have capabilities and relevancies in the making of decisions for stake holders.

Sources of Teachings of Ethic and Moral

Since ages formerly basic sources of teachings of moral and ethic from philosophers were always stressed in teachings of religions. Those teachings of ethic and moral were never stopped and always propagandize to make humans always remember, so that can affected their behaviors in socials interactions or even in their business. Ethic literally comes from Latin language "*etihica*" that meaning moral philosophy. This interpretation is growing vast and become a guide about how to behave according to cultures, moral, and religions perspective. It can be a good habit and can be used as a guide or norm in every human's activities.

Raharjo (2001) explain that religions are foundation of moral system that prevails in society. That statement shows us that when humans begin to interact with environment of course they should not only commit to desire that could drive them to the wrong way, as explained in Al-Quran (Al-Furqon: 43-44) below:

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أَرَأَيْتَ مَنْ اتَّخَذَ إِلَهَهُ هَوْنَهُ أَفَأَنْتَ تَكُونُ عَلَيْهِ وَكِيلًا ﴿٤٣﴾ أَمْ
تَحْسَبُ أَنَّ أَكْثَرَهُمْ يَسْمَعُونَ أَوْ يَعْقِلُونَ إِنْ هُمْ إِلَّا كَالْأَنْعَامِ بَلْ هُمْ
أَضَلُّ سَبِيلًا ﴿٤٤﴾

“Have you seen him who takes his low desires for his god? Will you then be a protector over him?” “Or do you think that most of them do hear or understand? They are nothing but as cattle; nay, they are straying farther off from the path.”
(Shakir translation; www.al-quran.org.uk)

The meanings that can be taken from these verses are that humans should not put desire that can mislead in front. This word of “desire” has neutral meanings, could mean good or bad actions. Humans could be worst than animal when they put bad desire in front. To keep human in good actions (positive desire), they should holding on teachings of religion.

Actions that put ethic and moral base on way of thinking that Allah is the one and only God, self capitulations to God (Allah), and belief that all our actions are always seed by God (Allah) will make humans fair to others. Al-Quran (Al Baqarah: 188) gives warning to humans who believe not to consume or doing business interactions in wrong way (*bathil*). Bathil here interpreted as every action that is in contradiction against norms and values of religions (ethic and moral). Shihab (2001) explains that inclinations of humans to kindness (teachings of moral) were proved with existences of similarities main concepts of moral in every civilizations and Periods. For examples there are no civilizations consider good about falsehoods, victimizations, and arrogances. Otherwise, no body though that respect to our parents is a bad thing.

The consequences of those teachings of moral and ethic in business and accounting environments are huge. For examples there are many accountants that still ignoring teachings of moral and ethic' so they will produce information that can mislead the users. As explained before, humans that didn't care about moral and ethic inclined to do *bathil*. Maryani and Ludigdo (2001) in their articles explain that a religiosity factor is one of the factors that influence accountants to do an ethical action. They said that religious activities are not only happen while someone do ritual behavior (religious service), but it also happen when they do other activities that been stimulated by final force. Religion is one of the systems that influential to build attitudes because it can put basic concepts of moral inside humans individually. This case is also explicitly said by

Grey et al (1996: 25) below:

"To be accountable is morally sound and spiritually uplifting thing to do... It is only...the conditioning effect of large organizations that make the idea of freely giving an account so bizarre."

Generally in literatures of management's area in comprehensions of organization ethic programs, like company are implementations of company's social responsibilities, social responsibilities impacts, and connections between leadership, company cultures, and programs of ethic (Brenner, 1992). The opinions mentioned are also supported by Trevino (1992) that explained that comprehensions about justice of moral and behaviors in organizations will have implications for educations of ethic and effective management towards ethical behaviors in business organizations. However for the aims of accounting base in teachings of ethic and moral is none other than stimulating justices, welfares, and protecting rights on properties. Therefore the idea of executions of ethic and moral is settled on accountants' codes of ethic.

Huss and Patterson (1993) suggested that deliberations on a set of equipment of moral values are a part in ethic research and ethic educations. It impacts the aims of educations of ethic according to special applies in accountants' profession, while aspects of ethic and professionalism are important matters needed for developments of social accounting, which will be applied in practices that due to ethic by members of accountants' profession (Mathews, 1995). For Indonesian accountants, Code of Ethic is settled in Indonesian Accountants' Code of Ethic (Prosiding Congress VIII, 1998) consisted of three parts, these are:

1. General Code of Ethic
2. Compartment Accountants' Code of Ethic
3. Interpretations of Compartment Accountants' Code of Ethic

As a basic for accountants so the statements of profession ethic that obtain on that time can be used as interpretations and or rules of ethic until new rules and new interpretations are exposed to replace it. This accountants' code of ethic basically is a manifestation of teachings of moral and ethic executions that must be used as guides to do all actions by accountants which connected with their profession. At least, accountants' code of ethic is carried out by Offices of Public Accountants, Units Peer review Public Accountants Compartment-IAI, Profession Supervisor Agency, Departments of Finances RI, and BPKP.

For introspection, are accountants (individually or group) act to maintain ethic and moral or not will be mirrored in Indonesian Accountants' Code of Ethic paragraphs 1 verse 2, said:

"Every member must always defend their integrities and objectivity in carry out the tasks. With defend integrities; they will act honest, firm and without pretension. With defend objectivity; they will act fair without influenced by pressure/requests of any sides/self interest."

The explanations above generally describe that accountants in every actions must always honor values of teachings of moral and ethic so that integrities and objectivity can be applied well. Because of integrities and objectivity, he will always be able to act honest, firm and without pretension. Otherwise, he will also be able to act fair without any pressures. This case also included in aims of accounting (shariah), none other than aim to stimulate justices, welfares, and protecting property's rights as which explained before.

Actually guides about accounting's basic concepts were already settled in some accounting's literatures and Standard of Finances Accounting (SAK). SAK has mention that Reports of Finances must be presented according competently, honest and neutral. If we look precisely on those basic concepts actually they are spelling outs from teachings of moral that settled in a standard setting. However, there is a problem, are the accountant practitioners looked precisely and studied about those basic concepts?

To make competent Reports of Finances (can be tested), accountants must serve them honestly. As an impact of honesty's values, accounting practitioners will keep the neutrality of Finance Reports automatically. Suppose accountants can run those basic concepts, its mean everything they did already honor teachings of ethic and moral. Supports to values of honesty are not only absolute on one profession but it's also must be supported by other profession comprehensively. For examples, every customer of banks (Debtor Company) that would loan funds from banks must attach conditions of Reports of Finances. Meanwhile, those principal conditions of credits (loan) need treasure guarantee with high away market values than the values of credits be submitted. At last, Reports of Finance Attachment will only as formality. Because of that reports were only as formality, company with bad work still can get the credits. This incident usually happens in not so big values of credit. Their method is manipulating Reports of Finances with managements of profits that absolutely ignoring ethic and moral.

On credits with hundreds of billion rupiahs obtain the contrary. Although market values of the company asset are low away than the values of credits submitted and the company's work are also bad, the credits still can be liquid. It happen because debtors dares to give tips or repayments to bank's staff at credits division and to bank's leaders with billions of rupiahs. Finally, Report of Finance is being manipulated by managements of profits, and then it occur influent credits. Like cases of Banks BNI with total of influent credits more less 1,7 quintillion rupiahs, and Bank Mandiri more less 20 quintillion rupiahs.

Based on those influent credits incidents, we can make conclusion that maintenance of ethic and moral need to get from other sides with profess that always connected with accountant profession. Maintenance of ethic and moral can not be done only by accountants itself. Law's instruments must act fair and honest on running process of laws. Without any supports from everyone, its impossible ethic and moral could carry out appropriate with what were dreamed by teachings of religions.

Parts of Ethic and Moral in Accounting

The fast developments of accounting in Americas in year 1930s stimulated also by developments of capitals markets there. Needs of accounting information will always be focused for needs of stake holders' decisions making. Because without clearly basic concepts or basic theories, the accountants at Americas finally will be accuse as one of the reasons of economic depressions in their country. This event could realize because of many accountants were suspected have served accounting's information just for certain interest. Finally, in mid 20th century appear various concepts and theories that study accounting theories in practices in business worlds and academicians.

Opinions and paradigms about theories of accounting are now being known as concept of normative and positive accounting theories. Opinions of normative theories try to flatten about what should happen or what should do. Opinions of this concept were supported by Sweeny, McNeal, Paton and Littleton, and Alexander. While opinions of positives theories declare that theories of accounting aims to explain and predict accounting practices that will happen. Groups of opinions of positives theories such as are Watts and Zimmerman, Jensen and Meckling, Ball and Brown, and Dopuch.

Both of normative and positives theories concepts opinions must holding in teachings of moral and ethic permanently. Dittenhofer and Sennetti (1995) put to the front basic concepts of ethic, include: honesty, acknowledgements on rights of properties, existences of subject in organizations (group), considering values of societies, loyalty towards groups, and personal working ability with the best capability in projects at societies. Those are meaning none other than to make all connected sides put forwarder ethic and moral as a base to pour new concepts, develop new accounting's theories and as a base for the makers of standards setting in evolving rules in accounting practices. This case is appropriate with what has explained by Sarker (1999) about golden ethical rules of the shariah. The aims of golden ethical rules of the *shariah* include maximize the benefits of socials (social utility) for public's importance (*maslaha*), minimize the social disutility (*mafsada*), and give top priority to benefits of socials at on individual importance. Taheri (2000) and Hameed (1997) with the same opinions distinctly and clearly said that basic aims in economy of Islam are more stress in public's properties and national's properties up on personal properties (private). It looks clear that in the concepts and opinions of Islam's accounting were more stress in macro economic approach, which the theoretical concepts using proprietary theory as guidance.

For examples, in practices of agent's concepts and theories applications, often occur interest conflict between owners (principle) and agent (management). Both of them are try to maximize their profits for each. If we using teachings of moral from golden ethical rules of the *shariah* as a basic action, nobody would be suffer financial loss. Otherwise, every side that involved in these problems would get profits. Also members of standard setter that didn't hold in ethic and moral (norms) would incline to make standard setting that would give profits only to one side. These methods can be done through illegal lobbies and breaking the obtain norms of laws in the same time.

Violation of Ethic and Moral

Violations in accounting's worlds can be done by many sides that involved in process of accounting's information making. Sides of standards setter are accountant practitioners (composers of company finances reports), and the auditors. Karmasin (2002) explain that differences of attitudes that aim to debates and conflicts are connected with ethic, interest and powers. Accountant practitioners will have inclinations to give beneficial only to management sides. They will act all the way legally or illegally to make management sides satisfied by seeing their accountants works that can maximize their welfare. Management of profits methods are often used because it can maximize management welfare and shows their good working ability in the same time.

The Research results of Duncan and Knoblet (2000) have suggested that developments of ethic on company's accountants have contributions towards the decisions of accountants to do management of profit. Decisions to do management of profit depend to how far the accountant practitioners honor the values of moral and ethic towards their tasks or profession. Basic assumptions that settled in the Finances Accounting Standard at beginning are often never care for. While menus about alternative from several accounting methods were always choose the best only for the certain interests. Here actually locations of ethic and moral that planted in accountant practitioners.

The other practices which have breaking ethic and moral characteristic also often be done by the management accountants. In the company estimations arrangements appear practices that known as budget slack. These practices occur because of influenced by sizes of bad working ability, systems of controls that very curbs the employees, low awareness of the employees, managers willing, and other. Practices of budget slack occur because of the managers and the employees want to be evaluated and be watched that their working ability are good. Impacts of these good working ability opinions will continued in process when managements of profits take place. Process of finance data manipulation will continued starting from practices of budget slack that be done by management accountants, and then be continued by accountants of finances (internal auditors) in engineered profits that will published in the company finance reports.

The managements often argue that what they do didn't break prevail norms. They often equivocate with analog as follows: "Is my actions are wrong when my daughter that would be proposed by Arjuna I brought her to the beauty salon so she can appear more pretty and looks glorious to the publics? And my actions didn't break norms that prevail in societies". Those basic analogies often become reasons for their actions and all at once the way to do management of profit. Otherwise, while accountants always hold firm in teachings of ethic and moral of course they also must know how far its limitations. Therefore, information of accounting must reflect reality and accounting has parts to communicate those realities (Hameed, 2000).

Many things in accounting practices are influenced by society's values and perceptions. Socials values in society will affected in quality of finance reports and company finance abilities. Orlitzky (2001), and Simpson and Kohers (2002) in their researches proofs there are positive correlations of between company social abilities and finance abilities. Otherwise, accounting violation actions are also often be done by inspectors (auditor). Beu and Buckley (2001) give a statement in their hypothetic those persons who have higher morality stages would act ethically than persons with fewer morality stages. Therefore, auditor in ethical actions can be influenced by many factors. Those factors are compensations that would give by managements are bigger than values that would give by owners, to keep continuances year next inspection, and the sanctions for cheating were very light or even almost nothing. This big difference compensation problem often stimulated businessmen (included accountant) entire worlds to do ethical actions or behaviors. As results of the research of Shafer (2002) give proofs those public accountants who often act not ethically could influence the finance report materials. While second and third reasons usually occur in developing countries like Indonesia.

In Indonesia, the majority stake holders of a company inclined being possessed by certain persons. They also sometimes act as owners or as managements. When they hired public accountants to audit the company, the public accountants are often asked to do actions appropriate to their wills. Thus, sometimes their positions can be as owners (principle) or as managements (agent). For examples, at Jakarta stock exchange a lot of stocks owned by publics approximately 20%, while the remainders owned by certain persons. With only 20% stocks circulating on publics, not amazed if they play the prices of stocks with their own way. Theoretically, the prices of stocks show the value of the firm. Facts on fields didn't like that; exactly on the contrary, theories about prices of stocks did not be in effect in Indonesia. Besides, there also often occur actions that breaking ethic and moral and even breaking the laws, for example is insider trading. This incident actually is a very disgrace matter. Even though the subjects didn't feel guilty and even didn't noose by the laws.

Insider trading incident in accounting's way may didn't break the rules. But other accounting information users were served or give by stale finance report information. While information from Finance Report are still warm and delicious were eaten by insider trading actors. Violations of moral and ethic like this make the aims from

Vol. 13, No.1/2, Desember 2005

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accounting could not running well. The beginning of accounting appearing or creating actually is for humans' benefit. Thus, morally and ethically that implied and written in accounting contain two responsibilities. That is; responsibilities to god and responsibilities to humans (information users).

They ignore other's interests (minority) who have connections with company mentioned. The minorities will present in much harmed positions by immoral and unethically actions. If it is not stopped, it's not impossible that business field will not running well in Indonesia or other country. Finally, the candidates of investors are afraid to invest their money in Indonesia. Much more unemployment stimulates bigger opportunity of crimes and violations of ethic and moral.

Educatations of Ethic and Moral

Many opinions declare that one of the ways to ward off or to minimize the violations of ethic and moral in accounting is by ethic and moral educations. Ward et al (1993) in his study suggested that it's necessary to create concepts of important ethic, and absolutely needed to be applied in curriculum of accounting at all stages of education of accounting. Stages of educations can include educations from lower levels up to the highest level, formal educations or non-formal. The aim none other than is to make the accountants be able to be fair, As what said in Al Quran (Al Hadeed: 25) below:

لَقَدْ أَرْسَلْنَا رُسُلَنَا بِالْبَيِّنَاتِ وَأَنْزَلْنَا مَعَهُمُ الْكِتَابَ وَالْمِيزَانَ
لِيُقِيمُوا النَّاسَ بِالْقِسْطِ وَأَنْزَلْنَا الْحَدِيدَ فِيهِ بَأْسٌ شَدِيدٌ وَمَنْفَعٌ لِلنَّاسِ
وَلِيَعْلَمَ اللَّهُ مَنْ يَنْصُرُهُ وَرُسُلَهُ بِالْغَيْبِ إِنَّ اللَّهَ قَوِيٌّ عَزِيزٌ



"Certainly We sent Our apostles with clear arguments, and sent down with them the Book and the balance that men may conduct themselves with equity....."

(Shakir translation; www.al-quran.org.uk)

Loeb (in Huss and Patterson, 1993) explained about the aims of accounting ethic education, such as:

1. *Relate accounting education to moral issues.*
2. *Recognize issues in accounting that have ethical implications*
3. *Develop "a sense of moral obligation" or responsibility.*
4. *Develop the abilities needed to deal with ethical conflicts or dilemmas.*
5. *Learn to deal with the uncertainties of the accounting profession.*
6. *"Set the stage for "a change in ethical behavior.*
7. *Appreciate and understand the history and composition of all aspects of accounting ethic and their relationship to the general field of ethic.*

Those opinions mentioned give us a guideline to ward off or to minimize an unethical behaviors and violation of moral. Those opinions were also supported by Ryan (2001), in the study found that higher level of moral stimulate ethical behaviors of public accountant profession by increasing the professionalism. Therefore, as a basic of moral and ethic educations none other than were based on teachings of religion as its philosophy's base.

The other way that can be applied to educate the accountants is by giving sanctions to accountants who do violations in their practices. Sanctions that ever be applied in America by Texas Society of CPAs (in Robertson, Hawkins and Miller; 2000) consisted of three levels, these are: educational, remedial, and punitive. Firstly, the accountants who get these sanctions will always be monitored in certain range of times by profession organization/institutions. Secondly, the accountants who have already broken the rules will be reeducated so their competences can be repaired again. While the third one is that the accountants will get educational sanctions or remedial or even their memberships in profession organizations can be adjourned or pulled.

We can not repair educations of moral and ethic partially only. Everyone who related to business worlds in process of accounting must see comprehensively. For examples, for better moral and ethic of the employees and or the accounting practitioners, they must pay attention to the reward system. The bad of reward system stimulate persons to do violence. This crime can appear in uncertain time depends on the opportunities available there. Furthermore steps can be done by improving the system and the process of accounting to restrain or prevent deceits. Therefore, the accountants must be able to evolve the correct formula, and can minimize the other violations. The existences of health practices automatically will encourage somebody's moral and ethic to do kindness.

According to the author's opinion, various stages (level) of sanctions can give a valuable lesson to accountants' profession. Therefore, that way can create society's belief toward accountants' work. Otherwise, this is not as easy as reversing our palm. Accountant profession organizations in developing countries like Indonesia still unstable yet like in modern countries. Organizations of accountants in Indonesia still depend on *Ikatan Akuntan Indonesia* (IAI). IAI organization still being interfered by political interest that being ridden along by giant companies' interest. It will be difficult if the IAI do not get hurry to make improvement so the accountant's integrity can be retained.

Success in ethic and moral maintenance that were done by the accountants is not other than repairing the quality of life. In one side, the accountants will be able to get success in running their profession, even as internal or external accountants. Success in this career automatically will make persons who have interest in this accounting profession giving great honors (appreciation). While in the other side, their family will feel a pride that one of the family members can defend their integrity. This better quality of life will automatically stimulate their piety to God. Therefore, the success of the accountant practitioners in running their integrities can be enjoyed by a lot of society's members. This thing is appropriate with the first aims that accounting was created in order to avoid evil thing (bathil) and stimulate human to do kindness (haq).

Conclusion

Humans in society and business must hold on teachings of religion. Teachings of religion can guide humans to act ethical and morally. This ethical and morally behavior is a basic of philosophy that was used to study theories, concepts, and accounting's standards setting. Teachings of ethic and moral are also a basic that must be held by the accounting practitioners, that is internal or even external accountants. Those teachings of ethic and moral actually aim to make accounting practitioners act fair and didn't take the side road from the rules decided based on norms that prevail in society. Divergences or violations of ethic and moral in accounting practices will cause finance loss of many sides. For examples, one of the reasons of economic crisis in America was accountants who were doing violations of ethic and moral in running their profession. To make ethic and moral value can be applying well, so it needs improvement in system reward and system punishment clearly. Both are should balanced so that an accountants' professionalism can be maintenances as well.

To make the accountants running their profession right in track, so the professions organizations have evolve the rules and codes of ethic to the accountant practitioners. But there are accountants who always look for gaps so that they can escape from those rules and codes of ethic. Rules or codes of ethic will not be useful if the subjects didn't honors teachings of ethic and moral that based from teachings of religion. Beside that it needs the law upholder's supports that can give proportional sanctions towards the practitioners who break ethic and moral.

Vol. 13, No.1/2, Desember 2005

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Postgraduate Program, Brawijaya University

As a prevention action, those violations of ethic and moral need the existences of appropriate education system. Educations of moral and ethic can be done on somebody who lies on the lower level of educations to the highest level. With the existences of educations of ethic and moral at least give signs to running profession better. The accounting practitioners later will detect which must be doing and which may not be doing. The hopes are the reports of finances that published to all sides can reflect the actual conditions and not mislead.

Accountant profession always be demanded to can defend the integrity and objectivity in doing the tasks. Integrity and objectivity that belonged to the accountants will give objectivity impact to the accountant's services users. Thus will be stimulated justice, welfare, and protection to the rights of having treasure. As mentioned above, in some accounting's literatures, Reports of Finances must be presented competently, honest and neutral. If this thing is could running well, so golden ethical rules of the shariah can be reached.

Budget slack practices or management of profit is should can be prevented. Practices like this occur because of several sides simultaneously has interest that related to another. Budget slack appears because demands of employees, company leadership (management), and the willing of the accountant itself. Which are more horrifying, this improper incident was brought in capital markets, so that appear the insider trading. This chain can be cut when everybody realizes the truths of their profession integrity for each by following the teachings of ethic and moral based on teachings of religion.

Education of moral and ethic actually is our responsibility as members of society. Because of that, education's system should be improved starting from baby until human get formal education at schools, and also when they still doing their profession. The systems of sanctions also must be given appropriate with stages of the violations, begin from educational sanctions, remedial, until punitive. Improving efforts in improve accountants' quality of life.

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Vol. 13, No.1/2, Desember 2005

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