

The Importance of The Code of Ethics in The Public Accountant Profession

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Abstract: This study aims to provide an overview and analyze the code of ethics for the public accounting profession and is expected to be used as reference material in terms of the practical application of the code of ethics in Indonesia. This type of research is descriptive qualitative. The data collection method in this qualitative research uses secondary data from scientific journals and books from other parties that support researchers in completing research data. The findings of this research can be used to develop new policies or improve tighter oversight measures for public accountants. This will help improve the quality of accounting practices, restore public trust, and maintain the integrity of the public accounting profession in Indonesia. The results of this study are important for the public accounting profession to uphold a code of ethics such as: integrity, objectivity, prudence, confidentiality, and professionalism in order to maintain public trust in entity financial information, ensure fairness in financial reporting, and provide quality audit services. In addition, this also has a positive impact on the reputation of the public accounting profession as a whole.

Introduction

The public accounting profession in Indonesia is regulated by the Indonesian Institute of Accountants (IAI), which has a responsibility to maintain ethical standards and integrity in accounting practices. The Code of Ethics for the Public Accountant Profession issued by IAI is the main guide for public accountants in carrying out their duties. However, in recent years, there have been several issues regarding ethical violations involving public accountants in Indonesia. Some cases include fraud in the preparation of financial reports, conflicts of interest, and lack of independence in providing audit services. Violations of this kind threaten the integrity and reputation of the public accounting profession, as well as reduce public confidence in the financial information presented.

In overcoming these problems, it is important to analyze the Code of Ethics for the Public Accountant Profession in Indonesia in depth. This analysis will involve research on the extent to which public accountants understand, internalize, and apply the Code of Ethics in their daily practice. The application of this Accountant Code of Ethics also has a positive impact on the quality of auditors and audit results, this is shown by the results of several studies Juhara, (2017); Alecsander, Lumeno, Hafied, & Paweroi, (2020); Candradewi & Samtika Putra, (2022); Ismiyati, (2019); Laila & Novita, (2019). Besides that, based on the results of the analysis that has been carried out, there are several reasons for the application of the code of ethics carried out as in research Alecsander et al., (2020) which states that in carrying out an audit, an auditor has certain career criteria that must be possessed such as accuracy in guaranteeing the credibility of audit results, which will be supported by professional, independent, and insightful expertise. In addition, the application of this code of ethics is necessary in carrying out an investigative audit of a fraud that has occurred (ACFE). Therefore, it can be concluded that the application of this code of ethics for public accountants is an important thing to always be implemented and upheld by every public accounting profession such as auditors.

Research that has been done before Juhara, (2017) shows that the application of a public accounting code of ethics has an impact on the auditor in producing quality audits and increasing the accuracy and completeness of audit results for users. Furthermore, based on research Fitriyanti & Suprihandari, (2022) mentions that IFAC has been quite successful in their efforts to harmonize the ethical standards of professional accountants around the world. Meanwhile, according to research JR, (2022) all parties who have a common interest take a role and work together to realize improvements in order to uphold the Code of Ethics for the Public Accountant profession. Study Andriyana & Trisnaningsih, (2022) mentions that the ethics and code of ethics of public accountants include; (i) The principle of integrity, every practitioner is required to be firm and honest, (ii) the principle of objectivity, every practitioner is required to be objective and avoid elements of subjectivity, (iii) the principle of competence and prudence, every practitioner must maintain knowledge and always be careful in acting, and in accordance with the professional code of ethics, (iv) The Principle of Confidentiality, every practitioner is required to maintain the confidentiality of any information obtained from his client, and may not disseminate it except with the approval of the relevant party, and (v) The Principle of Professional Conduct, every practitioner is required

to comply with all laws and regulations applicable invitations. Second, several violations by the Auditor while on duty to examine Garuda Indonesia's financial statements, among others; Principles of Integrity, Objectivity, Professional Conduct and Competence. Next research conducted by Kusumah & Novatiani, (2017) shows that the professional code of ethics at a public accounting firm (KAP) has fulfilled ethical principles, namely the existence of professional responsibility, public interest, integrity, objectivity, professional competence and prudence, confidentiality, professional behavior, and technical standards and is in the good category.

Based on the explanation above, this raises a research question in this study, is the accountant's code of ethics important for the public accounting profession?. So this study aims to provide an overview and analyze the code of ethics for the public accounting profession and is expected to be used as reference material in terms of the practical application of the code of ethics in Indonesia. By analyzing the code of ethics for the public accountant profession in Indonesia, valuable insights can be found about the effectiveness of the current code of ethics and potential improvements that can be made. The findings of this research can be used to develop new policies or improve tighter oversight measures for public accountants. This will help improve the quality of accounting practices, restore public trust, and maintain the integrity of the public accounting profession in Indonesia. Based on the results of previous research, the researcher can determine the research hypothesis as follows. This study can prove that the accountant's code of ethics is important for the public accounting profession.

Research Method

This research is a qualitative descriptive study. Aims to describe and or describe the characteristics of the phenomenon. One of the main characteristics of descriptive is its narrative nature Ulfatin, (2022). If all aspects of the phenomenon have been successfully explored, the researcher wants to describe the characteristics of the phenomenon as a whole and thoroughly with narrative words and sentences. The research analysis tools in this research is in the form of previous research literacy studies regarding the code of ethics of the public accounting profession. The data collection method in this qualitative research uses literature review. The type of data used in this study is secondary data, it comes from scientific journals and research books from other parties that support researchers in completing research data. Then for data source the researcher start search begins with writing the keyword "code of ethics for the professionalism of the accounting profession" on Google Scholar, 17,300 relevant articles and e-books will be found. Furthermore, researchers limit the articles or journals they are looking for by tracing the publication year of the journal between 2019 and 2023 so that 10,100 articles and related e-books are obtained. Furthermore, the researcher found journal articles with a total of 23 journal articles and 3 e-books that were suitable and in accordance with the research theme.

Result and Discussion

The public accounting profession in Indonesia plays an important role in maintaining public trust in entity financial information. In carrying out this responsibility, a public accountant needs to uphold the attitude of professionalism which is reflected in the code of ethics of the public accounting profession. This code of ethics serves as the ethical basis that governs the behavior and work principles of a public accountant. The public accountant's code of ethics forms the ethical basis for a public accountant based on PSAK chapter section 110 and sub-chapter section 110.1A1 which includes:

1. Integrity

Integrity is being honest in conducting business and professional relationships. According to Muria & Alim, (2021). Integrity is the honest attitude of the accountant by behaving impartially and avoiding conflicts of interest. An auditor who holds high principles of integrity can produce audit reports that are more reliable, this is because someone who holds high integrity does not accept fraud Aripriatiwi, (2020). The personality of the individual itself influences the attitude of integrity. Integrity can be exercised with conscience, but business can also influence decision making. Integrity that is carried out with conscience is carried out because of an attitude of trust in task responsibilities. Integrity is an important principle in the Public Accountant Professional Code of Ethics. A public accountant is expected to have high integrity, namely adhering to the principles of honesty, fairness and honesty in every aspect of their work. This integrity includes the ability to avoid conflicts of interest, not commit fraudulent acts, and act in accordance with applicable ethical standards. The importance of the integrity of the accounting profession can be measured by the high integrity itself. The higher integrity of the accounting profession, the better the quality of work. This statement is supported by research of Salsadilla, Kuntadi, & Pramukty, (2023), Nurjanah & Kartika, (2016), Siahaan & Simanjuntak, (2019) and Suharti et al., (2017) stated that Integrity has a positive effect on Internal Audit Quality. So it can be concluded that integrity is an important factor that influences the results of the work of the accounting profession.

2. Objectivity

Objectivity is a belief that it does not take sides with any party and avoids causing a conflict of interest Batoro & Suryono, (2020). The attitude of objectivity possessed by the auditor makes the auditor to be honest. Being honest means not compromising audit results with interested parties. Financial and client relationships can affect objectivity. In carrying out work such as collecting data, an auditor must have logical thinking. The logical mind in question is the absence of pressure, both external and internal. In the absence of pressure, it is expected to produce a reliable audit report. An increase in the principle of objectivity can be followed by an increase in audit quality Basmar, (2020). Objectivity is a principle that requires a public accountant to carry out his duties with objectivity and without bias. In presenting financial reports and providing audit services, a public accountant must act independently and impartially. This objectivity is important so that the results of the work of public accountants can be relied upon and can be trusted by those who use them. The

importance of the objectivity of the accounting profession can be measured from the high objectivity itself. The higher the objectivity of the accounting profession, the better the quality of work. This statement is supported by research of Ramadhan & Abubakar Arif, (2023) stated that objectivity has a positive effect on Internal Audit Quality. So it can be concluded that objectivity is an important factor affecting the work of the accounting profession.

3. Precautions

On the precautionary principle, clients must be ensured to receive competent professional services. Such services must comply with professional standards and technical standards, as well as applicable laws and regulations. In addition, a public accountant must also act according to existing standards Muria & Alim, (2021). Prudence has shown the maintenance and achievement of a level of knowledge and understanding in providing services easily and quickly. According to Maulana, (2020), competence influences audit quality. If a public accountant has sufficient knowledge and experience, it will produce a better audit report than an auditor with minimal knowledge. Prudence is a principle that emphasizes the importance of careful analysis and evaluation in carrying out duties as a public accountant. A public accountant must carry out his work carefully, carefully and consider all relevant risks. This caution is important to avoid mistakes that can be detrimental to clients or users of financial information. In carrying out the profession, an accountant is governed by an accountant's code of ethics, one of which is prudence in carrying out work in accordance with established technical and professional standards. Professional ethics is often associated with the quality of audit work, in which the relation is that an auditor in carrying out his duties must comply with established professional ethics. This is likely to affect audit quality as well. In research conducted by Siahaan & Simanjuntak, (2019), where the Professional Ethics variable is used as a moderator for Auditor Independence and Professionalism it succeeds in moderating its relationship to audit quality. In another study, namely research conducted by Sari, (2015), Professional Ethics as a moderating variable cannot moderate the relationship between Independence and Professionalism on audit quality at KAPs in Medan City. Then according to Silvinia, (2021), Auditor Ethics has a significant influence on audit quality. So it can be concluded that the precautionary attitude is one of the professional ethics which is an important factor in the quality of the work of professional accountants.

4. Confidentiality

Confidentiality is a principle that requires a public accountant to maintain the confidentiality of information obtained while carrying out professional duties. Information obtained in a professional relationship with a client must be kept confidential, unless there is a legal obligation or consent from the client. Professional and business relationships produce information. Such information must be kept confidential Muria & Alim, (2021). Confidentiality is needed or maintained by public accountants unless there is an agreement or special approval that has been given or there is a professional obligation to disclose this information. This confidentiality also requires public accountants to safeguard information so that while carrying out their services they do not take advantage of this information to do things that are not true for personal gain or for third parties. In carrying out his profession, an accountant

is governed by an accountant's code of ethics, one of which is confidentiality in carrying out work in accordance with established technical and professional standards. Professional ethics is often associated with the quality of audit work, where the relation is that an auditor in carrying out his duties must comply with established professional ethics. This is likely to affect audit quality as well. In research conducted by Siahaan & Simanjuntak, (2019) and Silvinia, (2021), Auditor Ethics has a significant effect on audit quality. So it can be concluded that confidentiality is one of the professional ethics which is an important factor in the quality of work of professional accountants.

5. Professional

Professional is the behavior of complying with applicable regulations and not taking actions that can reduce the trust of clients and society JR, (2022). Professionalism is a principle that includes the attitude, behavior and work quality of a public accountant. A public accountant is expected to have the knowledge, skills and competencies needed to carry out his work professionally. Professionalism also involves continuous improvement of knowledge and expertise and a commitment to maintaining the reputation and dignity of the public accounting profession. Public accountants must have good behavior to maintain their reputation and avoid actions that can harm the public accountant himself. Public accountants must have professional behavior in carrying out or carrying out their services. Every public accountant must avoid all actions that can discredit the profession by complying with existing rules or laws. The importance of the professionalism of the accounting profession can be measured by the high professionalism itself. The higher professionalism of the accounting profession, the better the quality of work. This statement is supported by research of Salsadilla, Kuntadi, & Pramukty, (2023), Siahaan & Simanjuntak, (2019), Pratiwi et al., (2020), and Septiana & Jaeni, (2021) stated that professionalism has a positive effect on Internal Audit Quality. So it can be concluded that professionalism is an important factor that influences the results of the work of the accounting profession.

Conclusion

Based on the results of this research it can be concluded that Integrity, objectivity, precautions, confidentiality, and professional which are the accountant's code of ethics are important for the public accounting profession. This statement is supported by the previous research which is stated that the accountant's code of ethics has influences the results of the work of the accounting profession. The code of ethics for the public accounting profession is the basis for the ethics of a public accountant, so it is important for an accountant to apply a code of ethics. The public accounting profession in Indonesia has an important role in maintaining public confidence in the entity's financial information. To carry out this responsibility, a public accountant needs to put forward an attitude of professionalism which is reflected in the code of ethics of the public accounting profession. The code of ethics includes several important principles, namely integrity, objectivity, prudence, confidentiality and professionalism. Integrity requires a public accountant to be honest, avoid conflicts of interest, and act in accordance with applicable ethical standards. Objectivity requires a public

accountant to be independent and impartial, so that the results of his work can be relied upon and trusted. The precautionary principle requires a public accountant to carry out his work carefully, carefully and consider all relevant risks. Confidentiality emphasizes the importance of maintaining the confidentiality of information obtained in the course of carrying out professional duties, unless there is a legal obligation or consent from the client. Finally, professionalism involves attitudes, behaviors, and the quality of work of a public accountant which includes knowledge, skills, competence, continuous improvement, and compliance with applicable regulations. By adhering to these principles, a public accountant can maintain public trust in entity financial information, ensure fairness in financial reporting, and provide quality audit services. In addition, this also has a positive impact on the reputation of the public accounting profession as a whole.

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