

Ethics and the Role of Accountants Facing the Current Industrial Revolution

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Abstract—Accountants as a profession are required to keep abreast of developments in an increasingly globalized world. In the current era of the Industrial Revolution, the Indonesian accounting profession must respond to these challenges by strengthening expertise, opening insights both independently and in groups, instilling high values and ethics to contribute in order to withstand pressure and win the competition. Accountants have a code of ethics that regulates professional ethics issued by the Indonesian Institute of Accountants under the name Professional Ethics of Accountants. The code of ethics for the accounting profession is used as a basis for ethical behavior and becomes a guarantee of quality morals in society. The development of the digital economy has changed the role of accountants from book-keeping to internal control and information analysis for management, as well as increasing competition in the field of accounting education. Students are required to understand and follow the code of ethics for the accounting profession as the basis for their future professionalism, which can be learned through professional ethics courses. Understanding the code of ethics will help students behave ethically at work and position themselves as professional accountants. The code of ethics for the accounting profession contains principles and rules that must be obeyed by accountants, such as professional responsibility, integrity, objectivity, competence, confidentiality, professional behavior, and technical standards. This article aims to explain narratively the role of ethical accountants in facing the industrial revolution. Accountants face a number of challenges in carrying out their roles and obligations. It is recommended that all interested parties jointly take a role and help each other to make improvements in upholding professional ethics.

Keywords— Ethics, Accounting Profession, Industrial Revolution.

I. INTRODUCTION

Accountant is a profession that has developed from century to century and has experienced ups and downs in maintaining its existence. This profession is increasingly developing into a business that creates public trust which is expected to be a promising profession. Currently, the accounting profession needs to realize the need to regenerate into millennial accountants. Accountants as a profession are required to keep abreast of developments in an increasingly globalized world. In this competitive era of the Industrial Revolution, the Indonesian accounting profession must respond to these challenges by strengthening expertise, opening insights both independently and in groups, instilling high values and ethics to contribute in order to withstand pressure and win the competition.

As one of the most important professions in the world of economy, an accountant is required to understand a code of ethics to maintain the quality and trust of service users in it. The code of ethics for the accounting profession is contained in the ethics of the accounting profession which regulates rules and norms in the professional sphere. The ethics of the accounting profession is a science that discusses good and bad human behavior or actions as far as the human mind can understand work that

requires training and mastery of a special knowledge as an accountant. Accountants are bound in their professional duties to comply with the ethical rules contained in the accountant's code of ethics. The accountant's code of ethics is a moral principle and the desired action is in accordance with the legal basis of accounting, so that what is done is seen by the public as a commendable act in increasing the dignity and honor of an accountant. The accountant's code of ethics is an ethical rule that has been agreed upon and regulated by a professional association. The existence of this code of ethics is expected that accountants understand and apply it as a responsibility in carrying out their professional duties.

Professional ethics (professional ethics) can be interpreted as an attitude of life in the form of justice to be able or able to provide a professional service to the community with full discipline and expertise, namely as a service in order to carry out tasks that are an obligation to society. In general, the notion of professional ethics is an ethical attitude that is owned by a professional, namely as an integral part of the attitude of life in developing their duties and also applying general ethical norms in special fields (professions) in human life. Professional ethics or professional code of ethics is closely related to certain fields that relate directly to society or consumers. The concept of professional ethics must be mutually agreed upon by parties within the scope of work in order to carry out rights and obligations for the survival of an entity. This professional ethics acts as a system of norms, values, and professional rules in writing which expressly state what is right or good and what is not right or not good for a professional. In other words, the purpose of this professional ethics is for a professional to act according to the rules and also avoid actions that are not in accordance with the professional code of ethics.

Today many people have lost their ethical and moral values. These values grow from social processes and results from social life. Individuals who are born in a society and experience socialization to accept the existing rules of society. This causes ethics and morals to play an important role in carrying out public relations in society. The existence of ethics and morals that are owned by each individual makes society live in peace. However, in order to create an ethical business world, students must be equipped with ethical abilities. So far, students are only equipped with technical skills to solve business problems. In fact, when entering the world of work, students will not only face business problems, but will also experience a moral dilemma. Therefore, students must also be equipped with adequate ethical abilities (Dellaportas & Hassall, 2013).

The current industrial revolution is increasing competition in the field of accounting education, namely the services of public accountants, management accountants and accounting information systems. The digital world not only creates great opportunities and benefits for the public and business interests, but also has implications for business continuity risks and the credibility of corporate organizations. Accounting has developed into a complex data processing cycle with the potential for manipulation of financial information. Recent scandals and other accusations of accounting and accountant conduct have tarnished the reputation of the profession and therefore require more detailed analysis and investigation of ethical issues in the profession. Such as the occurrence of major cases involving Enron, Tyco International, and WorldCom which damaged the image of a professional accountant. These cases have become a heavy blow to the accounting profession because society has begun to doubt the credibility of this profession.

II. LITERATURE REVIEWS

2.1. Definition of Professional Ethics

Professional ethics (professional ethics) is an attitude of life in the form of justice to be able or able to provide a professional service to the community with full discipline and expertise, namely as a service in the framework of carrying out tasks which are obligations to society. In general, ethics is divided into two, namely general ethics and special ethics. General ethics talks about the basic conditions for how humans act ethically and how to make decisions, while special ethics are the basic moral principles that are applied in certain fields. Special ethics are divided into two parts, namely individual ethics and social ethics (Sihotang, 2019:67).

2.2. Principles of Professional Ethics for Accountants

Indonesian Accountants have the Principles of Professional Ethics of the Indonesian Accountants Association which were decided in the VIII congress in 1998, namely (IAI 2006:20000.7): (a) Professional Responsibilities In carrying out their responsibilities as professionals, each member must always use moral and professional considerations in all activities he undertakes. (b) Benefit and utilitarianism Utilitarian theory recognizes that decision making involves a choice between the benefits and costs of alternative courses of action, and focuses on the consequences of actions for the individuals affected. (c)

Rights-based approach Rights theory assumes that individuals have certain rights and other individuals have an obligation to respect those rights. Therefore, a decision maker following the theory of rights must take action only if it does not violate the rights of an individual. (d) Justice-based approach Justice theory deals with issues such as equity, fairness and fairness. The theory of justice includes two basic principles. The first principle assumes that everyone has the right to have the maximum level of personal freedom that is still in accordance with the freedom of others. The second principle states that social and economic action must be undertaken to benefit everyone and be available to all. (e) Public Interest Each member is obliged to always act within the framework of serving the public, respecting public trust, and demonstrating a commitment to professionalism. (f) Integrity To maintain and enhance public trust, each member must fulfill his professional responsibilities with the highest possible integrity. (g) Objectivity The principle of objectivity requires members to be fair, impartial, intellectually honest, not prejudiced or biased, and free from conflicts of interest or being under the influence of other parties. (h) Professional Competence and Due Diligence Each member must perform his professional services with due care, competence and determination, and has an obligation to maintain professional knowledge and skills at the level necessary to ensure that clients or employers benefit from competent professional services based on developments in practice, legislation and state-of-the-art techniques.

2.3. Basic Principles of Ethics for the Accounting Profession

Every profession has its own code of ethics, but there are a number of moral principles that apply equally to every profession. A. Sony Keraf identifies four moral principles that apply equally to all professions. The first is responsibility regarding the implementation of duties and their consequences. Integrity is shown by being honest and committed to carrying out professional ethics. Objectivity is expressed in providing an assessment of actions or decisions based on data and facts. Competence is shown by the ability and skills in carrying out work. Confidentiality is reflected in the determination to keep professional secrets. In addition to these four ethical qualities, a professional needs to equip himself with adequate knowledge to give maximum weight and results to his work (Sihotang, 2019:68).

2.4. Industrial Revolution

The concept of the digital revolution has developed since the discovery of computers and the internet at the start of the Industrial Revolution 3.0 in the 1960s. The most interesting aspect of the digital revolution is the role technology plays in positively changing society. They brought a wave of revolution in the field of information to digital form. The revolutionary wave changed people's lives in communicating activities and created a "Network Society", because many things were done virtually via the internet and online. The era of globalization which was marked by the rapid development of technology and knowledge and was followed by the Industrial Revolution 4.0 has affected the perspective of humans in working and living their lives; namely life that is increasingly digitalized and focuses on the performance of technologists, in relation to internet mobilization, machine technology, 3D printing, artificial intelligence (AI) and robotic technology (Hermawanto & Aggraini, 2020:42). The digital revolution, namely changes in the culture of communication and people's behavior to switch to fast and easy media. The digital revolution has succeeded in changing the way people view life. The industrial revolution means major and radical changes to the way humans produce goods Each of these major changes is always followed by major changes in the economic, political, even military and cultural fields. Certainly there are millions of old jobs disappearing, and millions of new ones emerging.

III. RESEARCH METHOD

This type of research is qualitative research. Qualitative research, also called natural research or natural research, is a type of research that emphasizes processes and meanings that are not tested, or measured precisely with data in the form of descriptive data. Research explanations were obtained from several journals which were analyzed by replication by reviewing the study literature. The literature study method is a study method using mass media, or records of past events from written sources and theories from books, journals, relevant documents (Sugiyono, 2015). The data collection technique used Google Scholar by displaying the keywords ethics, the accounting profession and the industrial revolution so that a total of 5,960 journals were found.

IV. RESULT AND DISCUSSION

The development of the digital economy has opened up new possibilities while simultaneously increasing risks. These changes also have a significant impact on the development of accounting. The role of an accountant is no longer limited to book-keeping. However, it includes internal control, providing information analysis for management, especially related to the

company's financial strategies. Accountants and financial analysis will also move from being retrospective to being predictive. According to Primasari (2019), the transformation of the accountant's role above has become an obligation that an accountant must adapt to the current world of work. The world is changing so rapidly as a result of massive technological developments. This shows that humans together with technology are developing so rapidly. Technological developments and innovation seem to be racing against time. The accounting profession that is managed in such a way must maintain integrity starting from standards, systems, processes to the human resources themselves. Then increase competence by mastering non-financial data such as leadership skills, developments in information technology and data analysis. An accountant who is professional and able to transform the industrial revolution by increasing mastering skills, insights that are open to new things about change and the importance of maintaining good values and ethics to contribute. One form of an accountant's readiness in facing industry 4.0, apart from how he is able to produce good financial reports, is about how he is reliable in analyzing various variables and processes them critically in making decisions. This ability is something that machines cannot do (Tikurante et al., 2020). Several previous studies have proven that the role of accountants was influenced by the industrial revolution which resulted in the behavior of accountants tending to change. As research from Yulianti et al., (2021) an accountant who understands or does not understand technological developments in the industrial revolution era 4.0 has the same motivation, tends to want to change the behavior model of an accountant to the digitalization generation. The wider the advancement of technology, the greater the motivation for the behavior model of accountants tends to change. These results support Rosmida's research (2019) which states that accountants must have a strategy to deal with the industrial revolution 4.0 era.

Increased competition also enveloped the field of accounting education, namely in the services of public accountants, management accountants, and information systems. This is the basis why the basic accounting specialization program is still at the highest point in every university, with the selection of the accounting specialization program the students who are involved in it hope to become part of the accounting profession in their future lives to be able to develop their skills, especially in the field of accounting that has been studied in the lecture before. However, the lack of knowledge of information about professional ethics for the accounting profession is the basis for many accounting graduates who actually ignore the importance of professional ethics, where in practice there are eight professional ethical codes that an accounting profession must have in order to get a positive response to service users, as well as prioritizing professional responsibility, where each member must always use moral and professional judgment in all activities he undertakes to develop the accounting profession, maintain public trust and carry out professional responsibilities in self-regulation. After the fall of several well-known companies in the world, such as Enron and WorldCom, the university has been in the spotlight of many parties, especially regarding its ability to produce a generation of morals and ethics (Dellaportas & Hassall, 2013). Therefore, several campuses provide ethics learning through courses and moral formation programs. Business ethics is a compulsory subject, especially for accounting students (Husin, 2008). Ethics lessons carried out on campuses are very diverse, some are held as separate courses (stand-alone courses) and some are carried out in an integrated manner with core courses (Dellaportas & Hassall, 2013).

However, currently students are equipped with knowledge and knowledge about the ethics of the accounting profession and the problems that will be faced in the industrial revolution. Professionalism is needed in all fields of profession. Moreover, professions that serve the public interest. One of them is the public accounting profession. In carrying out their duties and responsibilities, accountants must be guided by the code of ethics for the Indonesian accounting profession. This code of ethics for the accounting profession is given when students are still attending lectures on campus. Therefore the role of the campus is very important in understanding the professional code of ethics. Students who have understood the code of ethics for the accounting profession will later carry out their duties and responsibilities in accordance with the code of ethics. An understanding of the code of ethics for the accounting profession influences the ethical behavior of students (Ernawati et al., 2016). Students who take professional ethics courses contribute to the level of ethical behavior of accounting students. In this course there is an understanding of the ethical code of the accounting profession. Every student who has attended this course has a high perception of ethical behavior. This is because the contents of this professional ethics course provide examples of what positive attitudes and actions should be taken in carrying out their professional activities. So that accounting students are equipped with a solid foundation as prospective professional accountants. In addition, the code of ethics for the accounting profession contains rules and principles that must be obeyed by every accountant. The results of this study are consistent with research conducted by Dewi (2010), Fikriati (2012), Arifiyani (2012) and Pamela (2014). The research found evidence that students who have an understanding of the code of ethics will behave ethically at work. Referring to Mulyadi's theory (2002: 53) it is explained that the accounting profession's code of ethics includes professional responsibility, public interest, integrity, objective, competence and

prudence, confidentiality, professional behavior and technical standards, this theory supports how an accountant places his position.

V. CONCLUSION

The development of the digital economy and technology has opened up new possibilities while increasing risks in accounting developments. The accountant's role is no longer limited to book-keeping, but also includes internal control and provides information analysis for management. Accountants and financial analysis will also move from being retrospective to being predictive. To face the industrial revolution, an accountant needs to improve competence by mastering non-financial data such as leadership skills, developments in information technology and data analysis. The ability to analyze various variables and process them critically in making decisions is important for an accountant. The role of accountants was influenced by the industrial revolution which resulted in the behavior of accountants tending to change more and more and accountants must have a strategy to deal with the era of the industrial revolution.

Increased competition in the field of accounting education has led to the popularity of basic accounting specialization programs at every university. However, the lack of knowledge of professional ethics has led to many accounting graduates ignoring the importance of professional ethics. Business ethics is a compulsory subject especially for accounting students, and there are various courses of ethics conducted by campuses, either as separate subjects or integrated with the core courses. There are eight professional codes of ethics that must be owned in order to get a positive response from service users. Professional responsibility must be prioritized to maintain public trust and carry out professional duties properly.

Accounting students who understand the ethical code of the accounting profession have a high level of ethical behavior in their future jobs. An understanding of the code of ethics for the accounting profession can influence student ethical behavior. Professional ethics courses provide examples of positive attitudes and actions that should be taken in the profession. The code of ethics for the accounting profession contains principles and rules that must be obeyed by accountants, such as professional responsibility, integrity, objectivity, competence, confidentiality, professional behavior, and technical standards.

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