

The Role of Materialism-Based Work Culture to Reduce Accounting Fraud

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ABSTRACT

This study aims to reveal accountant' efforts to reduce fraud. This research uses an interpretive approach with phenomenological methods to see phenomena that are directly related to symptoms that appear around humans who are organized within the scope of interaction between the accounting profession, clients and third parties. The data in this study were obtained from observations in the field by actively participating in each activity, in-depth interviews related to efforts to avoid fraudulent practices with people who are directly involved in the world of accountants. Data analysis was performed using noema and noesis analysis. The results of the study show that the value of materialism is able to reduce fraud by an accountant through fair salary distribution, appreciating the work of employees and instilling a mindset that does not depend on the facilities provided by clients.

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1. Introduction

Accounting is essential to a country's economy, especially financial reporting. A good, moral, and ethical accountant will improve the quality of the preparation of the company's financial statements and the reliability of the financial reports prepared so that they are valuable and relevant in management's decision-making. Good and easy-to-understand accounting standards also assist accountants in preparing financial statements to provide added value information to related parties. Accounting standards are constantly changing and updating in line with the changes and developments of the times and the industrial world, especially changes in accounting practices. As a bona fide profession with a fantastic salary, accountancy cannot be separated from the values of materialism in behavior and work culture.

Study [1] shows that the attitude of public accountants by maintaining their integrity holistically, honestly, as they are, and based on applicable standards can reduce fraud. This is in line with research [2] which shows partially and simultaneously, individual morality, organizational culture, and internal control effectiveness have a significant adverse effect on accounting fraud. Several studies were conducted with various determinants with different findings. Therefore, researchers want to know the behavior of accountants' work culture as a determinant through the value approach of materialism in reducing fraud. Ethical dilemmas in the accounting profession can occur when the accountant and the client disagree on several aspects of the assignment's functions and objectives. In these circumstances, the client can influence the work process of the accountant. Clients can pressure accountants to take actions that violate accounting standards. In such situations, accountants face several conflicting decisions about their responsibilities. If the accountant fulfills the client's

demands, it means violating accounting standards and the code of ethics even though getting compensation from the client. However, suppose the accountant decides not to comply with the client's demands. In that case, he will be under pressure from the client, either in the form of termination of assignment, dismissal, and other consequences. Facing a dilemma like this, accountants are faced with a choice of ethical or unethical decision-making.

Besides clients, an accountant also gets pressure from competition with fellow accountants. The proliferation of new accountants makes old players rack their brains so that clients don't move to other accountants. When facing business competition, the typical action is a price war where whoever can provide a lower price can be sure that clients will come. However, this principle of price competition also has a negative impact because the lower the cost of accountants' services, the more accountants underestimate the procedures in their work, resulting in low-quality and up-to-standard financial reports.

Other research that raised the topic of the role of accountants in detecting and preventing fraud was also carried out by [3], where the results concluded that accountants who have professional certification have the best performance among the perceptions of other accountant groups. With a better perception, it can be used as a reference to choose a more effective method to detect and prevent acts of fraud. Fraud auditing methods, reconciliation of financial statements, application of forensic accounting in companies, policies related to whistleblowing, and protection technology with password protection methods rank highest for the effectiveness of fraud detection and prevention methods. Research with the theme of fraud detection using a quantitative approach and the questionnaire method has also been conducted by [4], where the results of his study concluded that the quality of external auditors and changes in directors significantly affect the detection and prevention of financial statement fraud. While in research [5], the results of his study concluded that work experience, professional skepticism, and time pressure together significantly affect the accountant's ability to detect fraud.

Study [6] states that one of the causes of the failure of accountants in detecting and preventing fraud is the low level of professional skepticism held by accountants. Professionalism is an essential individual attribute regardless of whether a job is a profession, identifying professionalism as mastery in knowledge, skills, and characteristics. High professional behavior in each profession is essential to foster public confidence in the quality of services provided by that profession. In addition, a profession that serves the interests of society can only maintain its existence if society values the profession to work responsibly [7].

The various cases and research above show that the accountant is the most blamed profession. Accountants have a crucial role in maintaining the dignity of financial reports as the leading actor in ethical violations in the business world. This further implies that there is encouragement from outside or the external environment of the accountant so that the behavior of an accountant has deviated. As a result, there is an opinion that the accounting profession is seen as having a lower level of integrity than other professional groups. Previous research revealed that the value of an accountant's religiosity and professionalism could reduce fraud because religiosity and professionalism are the internal accountants' efforts. This research aims to show accountants' work culture through a materialistic approach to reducing fraud. The expected contribution of this research is to find ways of disclosing the work culture of accountants through a materialistic process from a financial perspective that can reduce fraud.

2. Method

This research was conducted at the X Public Accounting Firm in Malang. The reason for choosing the Teletubbies Public Accountant Office (KAP) as the research location was because of the historical value of Malang City as the second largest city in East Java and so many types of industries developed in Malang City. The types of sectors range from government agencies, BUMN, private, and small and medium enterprises. On the other hand, KAP X, a newly established KAP in 2014, currently the scope of its clients still ranges from MSMEs and small industries that need to

understand the accounting concept. Hence, the opportunities for fraud to occur are more significant. In addition, the researcher chose the KAP Teletubbies research object location because of access to informants, so the results obtained were expected to be more representative.

The criteria for informants used in this study are as follows: (1) Having skills in accounting and pursuing accounting for more than ten years; (2) Experienced as an external accountant for more than ten years (3) Having certification as a Chartered Accountant (CA). The informants in the study were: Mr. T (Managing Partner of KAP Teletubbies), Mr. RS (Partner of KAP Teletubbies), and Mr. SK (Supervisor of KAP Teletubbies). In this study, the name of the KAP was disguised to maintain the confidentiality and good name of the KAP concerned.

The data source used in this study is primary data, which is obtained from direct observation of the research object, namely how to reduce accountant fraud through materialism values, both through interviews and observations in the informant's office. This interview was selected so that the informant could more freely provide information about the problem the researcher wanted to study. Furthermore, the observation was carried out by becoming a participant observer. This observation is a form of observation in which researchers directly participate and participate in the activities of accountants at the Teletubbies Public Accountant Office for six months, from January 2021 to June 2021. to observe how the value of materialism can reduce accountant fraud.

Technical analysis of phenomenological studies in this study uses the developed analytical techniques [8], including the following four stages; Phenomenon Description; Identification of Themes; Connecting the noema/noetic correlation, and the abstraction stage of the essence of the noema/noetic correlation. The initial step of the analysis is to describe the phenomenon based on the results of the interviews and then proceed with identifying the themes that emerge from the results of the implementation of the first steps. The next step is to develop the noema and noesis contained in the themes. The final stage in data analysis is to abstract the essence of the relationship between noema and noesis, a process which, in phenomenological research terminology, is known as eidetic reduction.

The initial step taken by the researcher was to identify the phenomenon of fraud, which is increasingly prevalent; in fact, it originated from the accountant's role as a practitioner. After identifying the phenomena that occur, the next step is to conduct interviews and in-depth observations of the behavior of an accountant. Interviews and observations were conducted under two conditions, namely the conscious condition when the informant was interviewing with a focus. The second condition is carried out when the accountant is carrying out daily activities to strengthen the results of the interviews, which are conducted consciously. The results of the discussions and observations were then formulated into noema and noesis, which in the end, the researcher concluded that the phenomena that occur were based on the conscious and unconscious conditions of an informant in his work cultural behavior.

3. Results and Discussion

Accountants must have a salary component in fees, compensation, allowances, or other terms. Many people still think that a pure accountant's salary comes from the value of the engagement or work contract, even though the nominal written on the work contract is still general. It has not been divided and has yet to be deducted from other expenses.

The nominal work contract, which is still general, must be divided among each team member, using a percentage system considering the team member's position and contribution to the work. The part received by the supervisor is, of course, different from the part received by junior staff, as well as the part received by team members who work actively is other than the part received by team members who are not active. This system is implemented by Mr. T so that the principle of justice can be achieved.

"I try to be as fair as possible so that the nominal in the agreement can satisfy all team members. Besides that, I also have to think about office operational expenses such as electricity and wifi. So that in the end this distribution is a win-win solution for offices and employees."

The noema of the statement above is to apply the principle of fairness to team members as much as possible, while the noesis is to find a middle ground between the office's needs and employees. The win-win solution statement made by Mr. T illustrates how difficult it is to become a managing partner at KAP because you have to try to balance employee welfare and office operational needs. Employees sometimes misinterpret this balance when they get fewer rations and other funds are rushed elsewhere. This follows what was stated by Mr. SK:

"My actual nominal salary is not certain, sometimes it goes up sometimes it goes down. I am aware that accounting services are completely uncertain because they are busy at the beginning and at the end of the year. Slightly contrary to my statement regarding the concept of sincerity and religiosity, actually a stable salary can also affect the performance of accountants. But for accountants whose positions are staff, they are not as lucky as accountants whose positions are already managing partners."

The noema of the above statement is that the salary received by an accountant is not always a large amount, while the noesis is that a fair salary will make employees feel more comfortable. The statement from Mr. SK refutes the mindset of the people who thought that accountants' salaries were high; this was not entirely true. An accountant with a managing partner can take a larger share of the work contract. Still, on the other hand, an accountant with a junior staff position is also required to be sincere with the part he receives. Whereas according to SK, when an accountant gets proper compensation, he will automatically work even better. Mr. SK's statement, which seemed to open people's eyes, was then supported by Mr. RS:

"For my subordinates, the rules apply what you get based on what you do. So, when my subordinates have a shift to work overtime, the compensation I give is also according to the results of the work. I don't want misunderstandings with my subordinates to make my work poor and in the end the client is dissatisfied."

The noema of the above statement is that the salary received is directly proportional to the employee's contribution, while the noesis is that the salary received will ultimately be directly related to client satisfaction. According to Mr. RS, employee compensation should be adjusted to the workload. This is for the sake of the work quality that aligns with the workload given. Seeing the difference of opinion between Mr. T and Mr. RS, the writer can understand that the roles of the two are different. Mr. T as the managing partner certainly has a more significant burden to keep KAP Teletubbies able to stay afloat and compete with market developments. In contrast, for Mr. RS as a partner, it can be a little more spacious because it can focus on completing its client responsibilities.

"My relationship with Mr. RS is unique, we are friends but also compete. We are friends because we both fight under the banner of KAP Teletubbies and are committed to continuing to spread the wings of KAP Teletubbies. But on the other hand we also compete in terms of clients and fees. We do have many differences both in terms of work intensity and the distribution of fees to employees, so when there is jealousy between my subordinates and his subordinates it is each other's business."

The noema of the above statement is that there are different points of view between the Managing Partner and Partner regarding employee salaries, while the noesis is to stay focused on each other's work and not compare. According to Mr. T, his excellent relationship with Mr. RS will be okay with the difference in salary received between his staff and Mr. RS's subordinates. Mr. T thinks that when his subordinates seem unmotivated, then it is the leader's job to take a stand. What Mr. T usually does to calm his associates is by giving them an understanding that his position as a managing partner obliges him to think about other things related to the office. In addition to providing this

understanding, Mr. T also gave freedom to his subordinates to seek sustenance elsewhere because it did not interfere with the work at the KAP.

“Some of my subordinates become lecturers, some have their own clients, some share their time working in other offices. I consider this as compensation for their salary which is not as big as the salary of Mr. RS' subordinates. The important thing is when I call them into the office, they are ready and have finished their work.”

The noema of the statement above is that some of Mr. T's employees earn a living outside KAP X, while the noesis is that a maintained performance must accompany this relief. Based on Mr. T's statement, it is clear that he still puts forward the humanist side when he cannot pay his staff as much as the salary of Mr. RS's staff. Mr. T is aware that many of his team are married and have many dependents, so more than the salary from KAP will be needed to cover their needs.

From the results of interviews with Mr. T, the researchers tried to make in-depth observations about these findings. From observations, it was found that several of Mr. T's departure and return hours differed from other employees who had to stay eight hours in the office. After further investigation, some of these employees reasoned that they would meet with clients or had a teaching schedule. This was acknowledged by Mr. SK, who already knew the character of Mr. T.

"What can I do, bro, it's also difficult to find a job, so I'll just enjoy it. After all, I am currently a lecturer at a private university in the city of Malang. On the other hand, because I have set up KJA, I can determine my own direction without having to fear that my salary will be divided or cut. The important thing is that I remain devoted to Mr. T and don't slacken my performance at KAP."

Mr. SK emphasized that accountants are less lucky than people think. The workload which must maintain the behavior by the code of ethics of the accounting profession clashes with the salary he receives. It is not uncommon for accountants to become unmotivated or even tempted to engage in fraudulent practices because they feel that the work risks they are responsible for are not appreciated. Fortunately, with his religiosity and professionalism, Mr. SK decided to find other ways to make a living instead of being trapped in the dirty world of fraudulent practices.

What Mr. SK did was in line with the theory of reasoned action, where the values and social norms he believed in did not make him tempted to commit fraud. The theory of Reasoned Action (TRA) explains behavior that changes based on the results of behavioral intentions, and behavioral choices are influenced by social norms and individual attitudes toward behavior [9]. [10]"Theory of Reasoned Action is an attitude towards behavior, subjective norms, and perceptions of behavior control, forming individual intentions and behavior."

It has been explained above that the term materialism, which so far has a negative connotation, has been refuted by informants. Materialism is a mindset that views life based on everything in the form of material things and excludes everything in the name of the senses. Even materialists do not believe in the existence of the supernatural and always think that matter is the only substance. The materialist concept contradicts Islamic values because it looks at everything from a material point of view. At the same time, Islam does not teach its people to look at everything from material things because material things are the world's pleasures alone. However, all these concepts were not taken for granted by the informants because they believed that materialism, in this case, was the compensation they got for their work. Compensation in the form of salary, benefits, and so on is the right of every employee for their hard work. So, the question that is still developing from this research is whether the materialism possessed by a person is proven to reduce fraud in his work. The following is the opinion of Mr. SK:

“In fact, if Mr. T just added a little bit to our share of rights, our performance could have improved even more. Depart on time, go home not in a hurry. So, I'm not surprised that employee turnover at KAP Teletubbies is high because many employees are ultimately weak and decide to resign.”

The noema of the above statement is that high salaries will increase employee performance, while the noesis is that low salaries result in many employees resigning. Based on the statement above, Mr. SK regrets the work climate developed at KAP Teletubbies. The working environment, which should be relaxed but full of trust, eventually becomes distrustful of each other because there is no salary transparency. Even though according to Mr. SK, one of the aspects that make employees feel at home and not think about resigning is the appreciation for the work they have done, moreover this is an accounting service that contains a lot of risks because it is related to life and death of a business. The risks accountants face can minimize by building trust between employees so they don't feel that something is being covered up. This is what Mr. RS said:

"We both know that clients often give us small amounts of money for our operations, it can be in the form of gas money or souvenirs. As long as it doesn't interfere with the independence of my subordinates, it's fine as long as the nominal value isn't too big either."

The noema of the above statement is that providing facilities for clients is commonplace, while the noesis is that the accountant should be able to sort out which facilities will interfere with his objectivity. From Mr. RS's statement, it can be concluded that he is trying to find a middle point where his subordinates feel trusted but do not violate the rules. When his subordinates receive an assignment and are given facilities from the client, Mr. RS does not necessarily scold his subordinates. Mr. RS did this, of course, with various considerations, such as whether the provision of these facilities would interfere with the quality of work of his subordinates. When the provision of these facilities made his staff not independent, Mr. RS quickly gave a warning. Trivial things such as providing facilities to clients can be a whip for employees, whether to improve their performance or make them forget their problems.

Table 1. Identification of the Meaning of Reducing Fraud from the Point of Materialism

Noema	Noesis
1. Trying to share profits as fairly as possible by the proportion and workload	1. Profits that are shared relatively will be a win-win solution
2. Appreciate the work of employees, especially when the employee adds overtime hours	2. If a leader misunderstands his subordinates, it will make his work worse, and in the end, he decides to resign
3. An accountant should not be easily tempted if he gets facilities from clients	3. Accountants who receive facilities from clients will make their judgments disturbed and not independent.
Theme	
1. Fair distribution of rights by the contribution of employees to achieve a conducive situation	
2. Appreciate every work of employees	
3. Giving confidence to subordinates to develop themselves	
4. Do not be lulled by the facilities of the client and maintain independence as an accountant	
Meaning	
1. The first step in anticipating materialism is to distribute salaries carefully so that feelings of jealousy do not arise among employees,	
2. The next step is to appreciate the efforts of employees to complete their tasks so that they feel trusted and, in the end, are not tempted to accept facilities from clients.	

Concerning the provision of facilities by clients, Mr. T has his own thought:

"When I received an assignment from a client, I constantly reminded my staff to work according to the corridor. Don't be swayed by the sweet face of the client because we don't know whether the provision of these facilities is included in the nominal stated in the work contract or not. My hope is that when my subordinates really work without getting any extra from the client, the client will not be complicated when billing."

Mr. T's unique mindset does not necessarily make the writer accuse him of being a materialist. As explained in the previous chapter, Mr. T's responsibility as a managing partner requires him to know the money flow. When Mr. T feels that the office's needs have been met, he can complete the rights of new employees.

What Mr. T did was in line with the concept of attribution theory which explains a person's behavior. Attribution theory explains how we determine causes and motives for a person's behavior. This theory refers to how a person describes the causes of the behavior of others or himself, which internal and external factors will determine. Internal factors such as nature, character, attitude, etc., and external factors such as specific situational pressures or circumstances that will influence individual behavior. [11] explains that externally caused behavior is ascribed to external causes, that is, the individual has behaved in such a way as to be caused by a particular situation.

Based on the description above, attribution theory refers to the causes of an event or the results obtained based on individual perceptions. In this study, attribution theory is used to explain the professionalism of an accountant in carrying out his duties and responsibilities. Several studies dealing with the topic of self-awareness of an accountant have often been raised. Analysis [12] shows differences in the assessment of fraud risk in low and high conditions by an auditor, and there is an interaction between the auditor's mindset in fraud conditions in the fraud risk assessment. Based on the description of fraud reduction in terms of materialism above, to more easily understand the meaning of the problem of fraud reduction, it can be seen in Table 1.

4. Conclusion

Based on observations of the informants' speech and behavior, it was found that the efforts that accountants can make to reduce fraud while working through materialism, fraud can be reduced if employee salaries are given relatively by contributions. Another thing that can be done is to appreciate employees' work so that they feel at home and trusted. When an employee feels comfortable and trusted, they will not be easily tempted by property offers from other parties or facilities from clients so that their independence as accountants is maintained.

This research is expected to provide a practical and theoretical contribution, mainly in fraud research. It can be used as input for the company or KAP in reducing fraud by an accountant in terms of materialism, mainly by 1) fair distribution of salaries, 2) appreciating the work of employees, and 3) instilling the mindset of not depending on the facilities provided by the client.

This research is very far from perfect; there are many limitations related to the process. Limitations in this study include Limited time in conducting interviews and observations due to the busyness of the informants, so some of the information received still needs to be improved in detail, and the results of conversations with informants cannot all be disclosed because the information provided is confidential.

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