The Reflection of Integrity in the Perspective of Tri Kaya Parisudha: Professionalism Ethics of Auditors at a Public Accountant Firm in Bali

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This study aims to examine the influence of integrity as the professionalism ethics of the auditor and from the perspective of 'Tri Kaya Parisudha' (three human behaviours; thoughts, words, and deeds), at a public accountant firm in Bali. Additionally, this research seeks to determine the factors that influence the professionalism ethics of the auditor, specifically their integrity. This research uses a qualitative research model and the triangulation method for the validity testing of the information gained from deep interviews. The informants are the auditors who work at the Budhananda Munidewi public accountant firm, who have a minimum of one year of experience. This study has resulted in the impact of the individual value and social value towards integrity.

Keywords: *Integrity, Tri kaya parisudha, Professionalism, Ethics.*

Introduction

The accounting profession has been overwhelmed by a negative reputation, suffering since the Enron scandal and the failure of Arthur Andersen (Theuri & Weickgenannt, 2008). As a result, the reputation of the accounting profession has been horribly tarnished. Public outcry ensued, and regulation demands surfaced. Accountants worked diligently to convince the political sector that there was a need for corporate audits to protect investors. The superiors of the profession pursued to convince both businessmen and politicians that a strong, independent accounting profession could prevent future abuses (Previts & Merino, 1979). Recent scandals have been on top of the news and the role of the accounting profession has been questioned by many parties. The current insights of the accounting profession by students studying business and accounting is important to determine the implications for the

stakeholders in accounting ethics and conduct.

The perceptions of business and accounting students as a result of these scandals must be considered to keep the profession viable. Where then, academicians outline the values of individuals and the community, while accounting educators also play key roles in determining professionals values (Burton & Sack, 1989). It is proposed that integrity is required to achieve the professional value in the accounting profession. Integrity is the most essential constituent, particularly in the accounting professional field. This strand is known and used as a parameter to assess the performance of accounting activity, the credibility of both the profession and the company, and also the confidentiality of both the profession and the company. Integrity is also considered as one of the most significant components, in terms of ethics in doing professional work. Integrity works as a boundary of how a profession needs to conduct an action ethically. Glen (2019) notes that a vast number of people will never connect a person with the provision of accounting information that may be poorly presented or, worse, derived through incompetent or fraudulent accounting practice.

Firstly, character building is one of the focusses when we discuss integrity because integrity is a reflection of an individual's character. Integrity, then, is believed to be a form of a strong character, whilst it is also an act of being honest, professional, and bold. One clear example is that we often learn in college about the accounting scandals, and almost all scandals are related to the matter of integrity. This reason can be proven by the statement: "Accounting firm Arthur Andersen and Co. pays close attention to sound business ethics because the profession rests on the principles of objectivity and integrity" (Kullberg, 1990), which shows that integrity is essential in a profession, in this case, as an accountant.

Secondly, despite the fact that character building holds a very crucial role to affect integrity, we cannot abandon the fact that social life is also related to integrity because this variable helps people to have different perspectives as the time changes. People have their different ideas of what ethics is, what integrity is, or which kind of interaction or communication is considered ethical, yet it wouldn't change the main personality of a person. Besides, integrity is considered as a part of the personality, which is formed by the person through their social life. Furthermore, social life is quite different from place to place. For example, in Bali, the social life has a unique value that is known as a spiritual value. Wherein, people believe when someone has a strong belief in their spiritual life, then they will have a strong character and be ethical. In this case, we can interpret it as having an integrity.

Integrity is considered as part of the basic ethics that an individual has. Therefore, there are three theories related to ethics, where these theories would provide information of how a person is ethical due to their natural instincts, reasons, and social factors. Those theories are known as virtue ethics, deontology theory, and utilitarianism theory. These theories are

related to the ethics where it is a fundamental concept of character building and social life which affect the integrity of public accountants in the perspective of 'Tri Kaya Parisudha' or the three human behaviours of thoughts, words, and deeds. Therefore, it is essentially crucial to comprehend these theories, as well as understanding the connection between them and the integrity of public accountants from the perspective of Tri Kaya Parisudha.

Literature Review

Integrity

Integrity is a complex concept with alliances to standards of morality, especially those of truth telling, honesty, and fairness, as well as to the personal ideals that may conflict with such standards (Mcfall, 1987). Integrity is consistently adhering to a moral or ethical code or standards. A person with integrity consistently chooses to behave universally acceptable when faced with alternate choices (Sarros & Cooper, 2006). Schabracq, Winnubst, and Cooper (2003) delivered integrity as a working life idea and relate integrity to the work stress debate. They argue that the workers' sense of experiencing integrity at, and in work, is vital to expand the understanding of the mechanisms causing stress or distress in the current working life. Furthermore, Schabracq, Winnubst, and Cooper (2003) draw on Fromm and Erikson and their elaborations of integrity as the crown on the development of identity. Schabracq further defines integrity as a state of congruence, that is, a state in which we experience continuity and connectedness between ourselves and our surroundings.

Character

Various definitions of character exist. Lickona (1991) states that character development is triphasic. The first phase is moral knowing, which includes moral awareness and moral reasoning, and deciding the right course of action. The second phase is moral feeling, which is a concern about doing the right thing. Moral feeling consists of conscience, self-esteem, empathy, and humility. The third phase is moral action, which means acting with competence and will. Without character, our actions are routine and often meaningless.

Character helps identify who we are. It is stated by Gavin et al. (2003), where personality is what we show the external world, character is who we really are on the inside. Furthermore, Gavin et al. (2003) define character as personal integrity. The individual is undivided in his or her fundamental beliefs and attitudes, presenting those values to everyone. It is the strength and conviction to stand one's ground and make the morally right decision, even when it is difficult. From this perspective, it is clear that character has a moral imperative that has individual as well as universal applications and outcomes. For the purpose of this study, these definitions are combined to promote character as a personal value and sense of integrity that

is intended to achieve morally appropriate outcomes. Character is related to integrity because integrity is an act of being honest and fair (Mcfall, 1987), and where it is also found that character consists of honesty, fairness, compassion, humility, and being one's own person (Tait, 1996).

Character Building (Having Good Character)

Good character is central to psychological and social well-being. It is not simply the absence of problems, but rather a well-developed family of positive traits. The building and enhancing of character strengths not only lessens the possibility of a negative aftermath (Botvin et al., 1995), but character strengths also help youth to thrive. Good character is linked with desired outcomes, such as school success, leadership, tolerance and the valuing of diversity, the ability to delay gratification, kindness, and altruism (Scales et al., 2010). Good character is allied with a reduction of problems, such as substance use, alcohol abuse, smoking, violence, depression, and suicidal ideation (Park, 2004).

Social Life

Humans are social creatures, where they are gifted with the instinct of a social understanding from birth. This instinct leads them to become an individual that forms a life where they can interact with other people, that is also known as a social life. Meltzoff (2011) claims that infants are born with early forms of social understanding. Leslie, Friedman, and German (2004) claim that the theory of the mind is part of our social instinct, the product of a core construction for focussed learning. The fundamental design problem for a young brain that learns about invisible, intangible, and abstract states —— like beliefs — is being able to attend to such states in the first place.

Tri Kaya Parisudha

Tri Kaya Parisudha can be simply defined as positively thinking, speaking and behaving. Furthermore, the phrase can be extracted into three words: 'Tri' means three; 'Kaya' means behaviour; and 'Parisudha' means good or positive. Thus, 'Tri Kaya Parisudha' means three human behaviours in terms of thoughts, words, and deeds, which require to be sanctified (Suhardana, 2007). By being sanctified, it is meant that human behaviours cannot be tarnished by bad deeds. Tri Kaya Parisudha is a basic Hinduism belief, that is taught by parents to their children at an early age. In elementary school, the teachers do advanced teaching to the students about Tri kaya Parisudha through song lyrics. The concept of Tri Kaya Parisudha can be extracted by three points. First is 'Manacika Parisudha', which means anything that is related to positive thoughts. Therefore, we must think in a positive way because human thought is the main point. It is something that starts with good words and

good deeds. Positive thinking creates positive sayings and deeds. Next, 'Wacika Parisudha' is anything related to words and saying. Meanwhile, 'Kayika Parisudha' is anything related to the body and deeds. It is a form of deeds that include physical doing (Suhardana, 2007).

Virtue Ethics

According to Aristotle, the answer relies on the development of virtue. A virtue is defined as the actualisation of a potential. Human beings are not born good or bad by nature, but have the capacity to become good, if they develop their virtues, or bad, if indulgence invites. By developing and practicing virtues, we develop our capacities and natural temperaments to do the right thing in any situation. Furthermore, we can actually do more. In fact, we develop our willingness to do the right thing as well. This is a crucial passage for the purposes of our discussion on moral motivation, and deserves to be emphasised. Aristotle describes a number of these puzzling examples of 'irrational behaviour', and argues that they are explained by 'incontinence', which can be described as the prevalence of (wrong) emotions on (correct) reason: Meltzoff (2011) "The continent person seems to be the same as one who abides by his rational calculation and the incontinent person seems to be the same as one who abandons it. The incontinent person knows that his actions are dishonorable, but does them because of his feelings, whereas the continent person knows that his appetites are base, but because of reason does not follow them (Suhardana, 2007)".

Deontological Theory (Kantian Theory)

Kant introduces the key concept of duty to clarify the rationale underpinning his moral theory by analysing three different types of motivation:

1. *Actions from duty:* these are actions that are really undertaken for the sake of duty itself. That is, they are done because the agent thinks that they are the right thing to do. There is no consideration of the purpose of the action matters, but only whether the action respects a universal moral law.
2. *Actions by immediate inclination:* everyone has some inclinations, such as to preserve one's life, or to preserve honour. These are also duties that have worth in their own sake.
3. *Actions impelled by some other inclination:* this third type of motivation includes actions that can be done in conformity with duty, yet are not done from duty, but rather as a means to some further end.

The Kant's perspective, this explains that what makes an action 'the right thing to do' has to be found in the agent's intention (Mcfall, 1987): "For, in the case of what is to be morally good it is not enough that it adapts with the moral law but it must also be done for the sake of

the law; without this, that conformity is only very contingent and precarious, since a ground that is not moral will certainly now and then produce actions contrary to the law (Scales et al., 2010)".

Utilitarianism

The principle of utilitarianism (Mill, 1871) is the "Greatest Happiness Principle" (GHP): "Actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness". The consequentialist approach of utilitarian ethics was almost naturally adopted by the self-interest, utility maximisation axioms of the neoclassical homo economicus, which dominated economic theory for almost a century. It still represents the mainstream model of human behaviour currently applied by economists, despite a growing literature demonstrating its theoretical fallacies — see for example, the key contributions by Simon (1955), and Sen (1977) — and providing empirical evidence of its inconsistence with real human behaviour (Kahneman & Tversky, 2007).

Premise

Integrity is a fundamental value that is formed by internal and external factors, which were explained here in this research as personal value and social value. Integrity is believed to take place as the ethics of the auditor's professionalism.

Research Methodology

Data Source and Informants

The data source used by the writer is primary data, where the information was gained from the informants through direct interview. This kind of data would include transcripts of the interviews, the archive of recording, and the findings during the implementation process. As this research uses direct interviews from the informants, the writer would describe the criteria of the informants as the public accountants or auditors who work in the Budhananda Munidewi public accountant firm in Denpasar, Bali, and they should be of a Hindu background, and have a minimum of one year of experience.

Data Collection Techniques

In this qualitative research, the technique that will be used is interview based data collection. The writer conducts an interview and questions the subject to gather information and compare the information (field study) and the theories written in this research. Additionally, the informants in this qualitative research would be selected and determined by certain

criteria that the writer has framed. The informants are public accountants who work in a public accountant firm.

Research Instruments and the Test

Data Analysis Technique

In analysing the primary data, the research method used is qualitative descriptive analysis by the constant comparative method, where the writer constantly compares one category to another by doing data reduction. Data reduction is defined as the process of selecting, focussing on simplification, abstracting and transformation of rough data arising from written records in the field. Data reduction activities take place continuously, especially during qualitative oriented projects or during data collection.

Data Validity Check Techniques

The triangulation technique is used to check the validity of the data. In other words, triangulation is a data validity checking technique that utilises something else in comparing the results of interviews with research objects. Triangulation can be completed using different techniques, such as interviews, observations and documents. This triangulation is used not only to check the credibility of data, but also to enrich the data. There are four types of triangulation, including utilising the use of sources, methods, investigators, and theories. In this study, of the four types of triangulation, the researcher only used examination techniques using sources.

Results and Discussion

Results Discussion

The purpose of this study is to have a better understanding of the integrity of public accountants from the perspective of Tri Kaya Parisudha. In addition, to achieving a better comprehension of the importance of integrity in the accounting profession, and also to comprehend the effects of character building and social life towards the integrity in the accounting profession. In this case, it would be targeted to the public accountants in Bali. This study results are as follows:

1. Based on the interview results, the informants have delivered their knowledge and elaborated into a brief comprehension of where individual value and spiritual value affect human behaviour and personal character. As those values are taught very early, it means that building the personal character and behaviour started in a very small environment

during their early ages. Integrity itself is a personal character that is formed by individual and spiritual value.

2. Integrity is a part of ethics because integrity defines responsibility and honestly, and it is also a boundary in performing communication, and for doing something right or professional.

3. Integrity is hardly required in accounting professions. In this case, the public accountant, it is compulsory to involve integrity as one of their personal characters and as an ethical standard. Wherein, integrity will give them a strong limit to the things you do to be responsible, honest, and professional.

4. Integrity is affected by both internal and external factors. Internal factors come from the individual itself and are the character of a person. External factors are other constituents such as family, the environment, and social life.

5. Ethical dilemmas often come at the audit practices. These informants have experienced some ethical dilemmas where they had to deal with their clients or they had to follow the ethical standards of their profession. Luckily, they believe in the integrity that they have. It made them decide to keep their integrity and own the obligation to educate their clients.

6. These informants have shared their perception on how they treat their clients. They admitted to treat their clients fairly. A fair action followed by honesty and responsibility is an indication of integrity.

7. Personal character affects integrity. A strong character could be a parameter of integrity and it is built in the early age that a person would have a personal character that defines their integrity.

8. Social life could also affect integrity, because integrity is a character and it could be affected by an external factor too. The external factors are their social life, the way they interact and socialise, and the people they adapt to.

9. When integrity is formed by the collaboration of individual value and spiritual value, as a 'Hindu Karma Phala' — which is a principle, and it is a good example of how spiritual value could form integrity — the relation of good deeds and the definition of integrity itself, are a true reflection of integrity.

10. A fraud can occur for several reasons. One of those is personal character. The bottom line is that the person has a lack of integrity. Integrity is the key point of the personal character, to limit them from crossing the line of ethics. When they have a lack of integrity, then they will not have a defined character.

Conclusions

Based on the discussion that has been described in the previous chapter, the following conclusions are obtained, as outlined below.

Individual value that represents character building affects integrity, as integrity is part of personal character. Furthermore, individual value has been learned by a person at an early age, as they have a natural capacity to develop their character during three phases. The first is moral knowing, followed by moral feeling, and lastly, moral action.

The rhree phases of character building are related to spiritual value as well. The moral lesson from the spiritual point of view in Hindu is called 'Tri Kaya Parisudha'. The character building phases have a similar concept of Tri Kaya Parisudha, where we have to think, speak (feel), and do anything with morals. Moreover, in Tri Kaya Parisudha, there is a belief of 'Karma Phala', where it is a basic gospel or principle taught to people. This principle limits the behaviour of humans to be morally acceptable by the surroundings.

Character building and social life can affect integrity. There are internal and external factors, such as natural capacity that represents an internal factor, and the social environment as the external factor. Firstly, natural capacity involves feeling, thinking, and deeds that we as humans are able to control with morals. Human behaviour that is controlled by morals is considered as integrity. Secondly, the social environment is about maintaining the character that a person has. Character can change as the social environment provides different points of view. Therefore, personal character can positively or negatively change.

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