



UDC 331

## THE EFFECT OF LOVE OF MONEY ON THE ETHICAL PERCEPTION OF ACCOUNTING STUDENTS WITH MANACIKA PARISUDHA AS A MODERATING VARIABLE

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### ABSTRACT

This study was conducted because of ethical violations committed by individuals tasked with auditing financial reports, resulting in a crisis of public trust in the accounting profession. This study aimed to examine the influence of the love of money, which is suspected of influencing the ethical perceptions of accounting students, which will later become the basis for their ethical decisions. Moderating variables of manacika parisudha which are likely to influence the interaction of love of money on ethical perceptions. The population in this study was Accounting Professional Education Program students of Tarumanagara University, class of 2023. The sample selection method used nonprobability sampling with a purposive sampling technique, so 100 accounting students of Tarumanagara University were obtained as research samples. The results of the first hypothesis indicate that the love of money has a significant adverse effect on the ethical perceptions of accounting students; the results of the second hypothesis indicate that manacika parisudha weakens the influence of the love of money on the ethical perceptions of accounting students at Tarumanagara University.

### KEY WORDS

Love of money, ethical perception, manacika parisudha.

The financial scandal involved one of the largest audit firms, Enron and Worldcom, which manipulated financial report figures (window dressing) so that their performance looked good by working with a public accounting firm. Enron manipulated financial reports so that the company's performance looked good from a financial perspective. This aims to give the company a high value in the eyes of investors so that its shares will increase. This indicates external pressure that will positively affect fraudulent financial reporting (Diansari & Wijaya, 2019). Fraud in financial reporting is the manipulation of financial reports carried out by management in playing with asset or income figures to attract the attention of financial report users such as investors, creditors, and others (Paramitha et al., 2022). Financial reports may contain errors that deceive users (Maggalatta & Adhariani, 2020). Enron manipulated financial reports with the assistance of one of the largest firms at that time, the Arthur Andersen Public Accounting Firm. The manipulation is detrimental to many users of financial reports. In addition to users of financial reports, it is also detrimental to the public accounting profession, which relies heavily on public trust. This action is considered to demonstrate the lack of professional ethics. Fraudulent practices involving public accountants have occurred abroad and in Indonesia. One of the cases in Indonesia involving audits is the Garuda Indonesia case. Garuda Indonesia manipulated financial reports by recognizing income improperly by recognizing receivables as income prematurely, increasing profits in 2018 by US\$ 809, while in 2017, Garuda suffered a loss of US\$ 216.58 million (Husein et al., 2023). The OJK and Ministry of Finance investigation into Garuda's Financial Report concluded that Garuda's financial report was not in accordance with Financial Accounting Standards. It was declared by the regulator as an invalid financial report and was annulled by several shareholders.

Based on several cases, there is a role for professional individuals in manipulating financial reports so that in order not to harm the role of the profession that relies heavily on public trust, it is necessary to have an ethical perspective. Accounting Profession Education (PPAk) students who are prospective accountants in the future must have high ethical



perception. The better the ethical perception of students, the more they are expected to become accountants who adhere to the applicable rules by the code of ethics of the profession.

However, money has become very important; many people do everything they can to get money, including manipulating financial reports by several professional figures. This is a form of love for money commonly called love of money. Tang (1992) introduced the concept of "love of money" to psychological literature, which measures a person's subjective feelings about money.

Love of money is a person's behavior toward money and desires and aspirations for money (Khanifah et al., 2019). Several studies have investigated the influence of the love of money in a business context and reported several fraudulent practices caused by employee money orientation. This shows that love of money has a significant relationship with unethical behavior (Rahman, 2020). The results of research conducted by Alfitriani et al. (2021) and Panduwisari et al. (2021) showed that the love of money has a negative effect on ethical perceptions. The results of research conducted by Yetti et al. (2022) also showed that the love of money has a negative effect on ethical perceptions. This is also by the fraud triangle theory proposed by Donald R. Cressey in 1950, which consists of pressure, opportunity, and rationalization where the auditor participates in fraud because of pressure, in this case, pressure from the auditee.

However, the results of research conducted by Muna (2021) showed that the love of money positively affects the ethical perception of accounting students. Budiasih's (2018) results also showed that the love of money has a positive effect on ethical perception. Due to this, there is a difference in the results, so the researcher uses *manacika parisudha* as a moderating variable. *Manacika Parisudha* is one part of the *tri kaya Parisudha*. *Tri kaya Parisudha* means three types of actions that are the basis of the Hindu religious ethics of living life in order to achieve perfection and purity. These actions consist of *manacika Parisudha* (purification of thoughts/thinking well), *wacika Parisudha* (purification of words/saying well), and *kayika Parisudha* (purification of actions/doing good).

In the concept of *tri kaya Parisudha*, everything that ends with action must begin with good thoughts (Gunapatha, 2022). Murda (2010) explains that from pure thoughts, holy words will be born; with the existence of holy thoughts and words, holy actions will be realized. *Sarasamuscaya* sloka 80 states that "*Mano hi mulam sarvesam indriyanam prawartate subhasubhasvavasthasu karyam tat suvavasthitam*", which means that the mind is the source of the senses, which drives good and bad actions, therefore the mind should be controlled as soon as possible (Suhardana, 2007).

## **LITERATURE REVIEW**

The theory of Reasoned Action (TRA) is used to study human behavior. Research in social psychology shows that a person's behavioral intention towards a specific behavior determines whether or not an individual will perform the behavior (Ajzen & Fishbein, 1975). TRA explains that beliefs can influence attitudes and social norms, which will change the form of behavioral desires, whether guided or simply occurring in an individual's behavior. This theory emphasizes the role of a person's "intention" in determining whether a behavior will occur. TRA has two primary constructs of intention: (1) attitude toward behavior and (2) Subjective norm associated with the behavior.

The first theory is the Fraud Triangle Theory introduced by Donald Cressey in 1950, which explains the three causes of fraud consisting of perceived pressure/incentive/motive, which is the pressure that is the beginning of someone committing fraud, a perceived opportunity where someone sees an opportunity to commit fraud. Rationalization is the stage where someone considers fraud normal.

Abraham Maslow's theory in Fomenky (2015) states that there are five needs that motivate someone: physiological needs, security needs, social needs, appreciation needs, and self-actualization needs. These needs drive someone to do something.

Love of money is a psychological concept that measures a person's subjective feelings



parisudha concept, which means good thinking. Money is indeed an important component in community life, but when obtaining money, one must pay attention to ethical or unethical actions. Moreover, an accountant is a profession that relies heavily on public trust. In the Theory of Reasoned Action (TRA), intention is the best predictor of behavior, meaning that if you want to know what someone will do, the best way is to know the person's intentions. This is very relevant to the results of this study, where manacika parisudha (good thinking) weakens the nature of the love of money towards the ethical perception of accounting students. Good thinking is very important in achieving goals, which in this case is getting money. The high nature of love of money can be reduced by the presence of manacika parish so that the ethical perception that is owned is higher. Love of money is closely related to the fulfillment of needs. However, he must still be balanced with good thinking so as not to ignore ethical behavior by applicable standards, especially in accounting. This result is consistent with previous research conducted by Manuari, Mimba & Dwirandra (2018) and Gunapartha (2022) that manacika parisduha weakens the influence of love of money on the ethical attitudes of accounting students. High manacika parisduha (good and positive thinking) will be able to control the nature of the love of money that it has, so that if you think well, the output that is expressed in behavior will be sound, such as an external auditor conducting an audit based on applicable audit standards.

## **CONCLUSION**

The results of this study are expected to be useful for readers, and the author also realizes that this study still has limitations, so that the author provides the following suggestions, the students of Professional Accounting Education, Tarumanagara University, are expected to always adhere to ethical behavior because they are prospective accountants who provide services to the community that are very closely related to public trust in the profession. Further research is expected to increase the number of variables that can influence ethical perceptions, such as idealism, relativism, and others. For further researchers who want to develop this research, it is expected to expand the population's and research samples' reach so that the results can be more generalized

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