

# THE INFLUENCE OF IMPELEMENTING THE ACCOUNTANT'S CODE OF ETHICS AND EMOTIONAL INTELLIGENCE FOR THE ACCOUNTANT PROFESSION IN DECISION MAKING

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## ABSTRACT

*The purpose of this paper is to determine the influence of accountant code of ethics and emotional intelligence on decision making in the accounting profession at Bank Central Asia. This study uses an associative approach that aims to determine the relationship of a variable with other variables so that it can control or anticipate a problem that may occur. The population selected in this study is the accountant profession at Bank Cenntral Asia in Jakarta City. The collection technique applied is by distributing questionnaires to research respondents. This study applied multiple linear regression research method. The results of this study partially state that the accountant's code of ethics has an influence on decision making. On the other hand, emotional intelligence has no influence on decision making. Simultaneously, professional ethics and emotional intelligence have an influence on decision making.*

**Keywords:** Accountant's code of ethics, emotional intelligence, decision making

## 1. INTRODUCTION

The professional code of ethics has become one of the things that is quite prevalent in the world of work in recent years. The importance of acting ethically in work environment requires professional emphasis and training. The accounting profession does not escape the awareness of every worker in unprofessional. In connection with the PT Sunprima Nusantara Pembinaan (SNP Finance) scandal case. SNP Finance has a good credit record with smooth collectability. Apart from that, SNP Finance has been a Bank Mandiri debtor since 2004 with a good record. SNP Finance makes credit loans to several banks with the type of joint financing, where the bank provides financing directly to the company and then the company will distribute it to users directly.

This case occurred due to several factors. One of the factors that caused this case was credit analysts' carelessness in making credit decisions. Several banks provide financing to SNP Finance because they have a good and smooth record and have been debtors of other banks for a long time. No in-depth credit analysis was carried out on financial reports as well as professional ethics and decisions chosen by the company. Bad faith by the management can be seen from the company declaring voluntary bankruptcy when the company is unable to pay all its obligations.

The scandal relates to the accounting profession being morally guilty and of course they are legally responsible for the actions they have committed inappropriately or illegally. The actions of these accounting professionals in manipulating financial statements that continue to be highlighted have a negative impact on the image of accounting which is always viewed by the public and users of financial statements [20]. There is a comprehensive picture of the adverse effects of the accountant's professional actions that are careless and negligent in doing their work. The accounting profession needs to review and adjust the best way it can to encourage ethical behavior between colleagues and team members.

The application of the work of an accountant requires a regulation that regulates its performance. An accountant profession has an accountant code of ethics in implementing his work. The principles of professional ethics that are often violated by accountants are objectivity, integrity, professional behavior and competence. An accountant who applies the accountant's code of ethics well will be more obedient and obey the accountant's code of ethics during work and especially in making better decisions. The professionalism of an accountant is responsible for an action outside of what must fulfill responsibility [11]. In addition to professionalism, competence is needed in oneself such as broad knowledge and in accordance with the field. Professional attitude and high competence and integrity will result in more guaranteed independence.

The work environment of the accounting profession shows the interaction between one person to another person while doing their work. By reviewing this, an accountant professional not only requires intellectual intelligence and the application of the accountant's code of ethics, but also requires good and stable emotional intelligence. (Nadilla et al, 2021) [14] states that emotional intelligence is a person's ability to manage their emotions, actions to be taken, solve a problem and the process of decision making. Based on the results of the presentation that has been presented above, emotional intelligence and accountant code of ethics are very important for an accountant profession to carry out its independent duties so that it can be trusted by readers of financial statements. This is can be the best motivation and encouragement of the author while discuss all the problem that they had.

Sari (2019) [16] stated that the implementation of accountant's code of ethics and emotional intelligence simultaneous has a positive and significant impact on decision making. She has a 89,9% determination coefficient's. The other 10,1% is influenced by another variables, out of the research, such as intellectual intelligence, professionalism, spiritual intelligence, and etc.

Sastronodiharjo & Suraji (2021) [16] stated that the application of the accounting professional code of ethics has a significant effect on decision making, while emotional intelligence has a positive and significant effect on decision making. The higher the emotional intelligence of an accounting professional will affect the decisions taken for the better. The findings of this study are in line with research (Dinah M Payne, 2019) [6] which states that the simultaneous application of accountant codes of ethics and emotional intelligence has a positive and significant effect on decision making. This research was conducted with the aim of following up previous research that has been done by experts on the same and similar topics.

This research was carried out with the aim of following up or conducting research in accordance with previous research that has been carried out by experts on the same and similar topics. Most of the research conducted is related to the accounting profession. The case that occurred at SNP Finance was also caused by the credit analyst's negligence in providing financing. Bank Central Asia is one of the best bank in Indonesia, this is the reason why researcher want to do this research. This is the basis for research, whether professional ethics and emotional intelligence also influence credit analysts so that researchers make credit analysts the subject of their research.

The aim of this research is to know and test professional ethics and emotional intelligence which have a simultaneous influence on decision making for professional accountants working at Bank Central Asia.

It is hoped that this research will provide additional benefits for readers regarding the application of professional ethics and emotional intelligence which influence decision making as the dependent variable

The Theory of Reasoned Action was first discussed and studied by Ajzen (1975) [5] but continues to be developed today. This theory is widely applied by researchers to study and analyze people's intentions in adjusting to the development and innovation of technology and the ability of people to control themselves to limit consumption. The theory of reasoned action discusses behavior that changes based on the results of behavioral intentions and this behavior is influenced by social norms and individual attitudes in behavior (Maslow, A.H, 2019) [13]. This theory aims to explain the relationship between human behavior and attitudes in performing an action. In acting an individual takes decisions based on the expected results as an impact or as a result of the expected results. The strong intentions of that will increase efforts in doing and acting even more. But if someone feels it has a negative impact, then someone's intention or motivation in doing this becomes reduced.

The accountant code of ethics is a limitation or guide and rule for an accountant profession in carrying out its professional responsibilities. An accountant must uphold and prioritize the code of professional ethics set by the Indonesian Accountant Code of Ethics (C. S. Oboh, 2017) [4]. The accountant's code of ethics has sufficient power to emphasize the existence of positive activities so as to produce a fairly good and satisfactory quality of performance. Based on the results of research conducted by Sukmawati, N, L & Sinnarwati (2014) [19], stated that the accountant code of ethics has a positive and significant effect on the decision making of an accountant profession. The decision-making process is related to professional ethics applied in the company where you work.

H1: The application of the accountant's code of ethics has a positive and significant influence on decision making.

Personality is a habit, trait, and attitude that a person has and develops when a person relates to others (Khairat, H., 2017) [10]. Everyone has a different personality because everyone has different emotional intelligence control. According to Daniel Goleman (2016: 43) [7] emotional intelligence is a person's ability to push themselves to face problems that occur, control thoughts and moods and how someone acts and understands others.

H2: Emotional intelligence has a positive and significant effect on decision making.

The theoretical framework of this research can be described in the following figure :

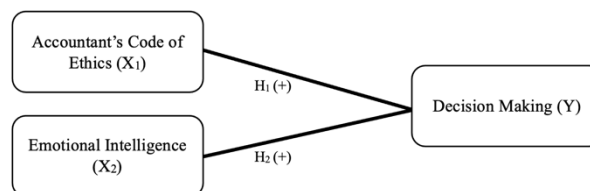


Figure 1. Theoretical Framework

Some previous studies include A. Rogosic (2023) [1]. The results of his research show that the accountant's code of ethics and emotional intelligence have a positive and significant effect on decision making. This result is based on the application of a high code of ethics and high emotional intelligence, an accounting profession can make a decision with more trust. According to research by Putri Rahayu (2018), it shows that this decision making can be explained by 89.9% by the

application of the accountant's code of ethics and emotional intelligence while the remaining 10.1% is influenced by other variables that are not included in the research variables.

Ralph C. Davis (2009) [15] states that a decision can be clarified as a result of a problem solving and must be based on logic and strong consideration by providing the best alternative and providing a decision that is close to its goal. Every company has a code of ethics and regulations that govern its employees in making decisions that can and should be accounted for so that these decisions become ethical and reliable. According to S. Cote (2016) [18], the decision is a conclusion because it has gone through a consideration with the results of one possibility being chosen and other possibilities ruled out first.

## 2. RESEARCH METHOD

This study uses causal research that aims to analyze the influence between one variable ( $X_n$  or Independent) on other variables (Y or dependent). This research was collected through a questionnaire distributed to the accountant profession working at Bank Central Asia, Tbk. This questionnaire asks respondents for approval of several statements submitted using a scale of 1 which means strongly disagree to a scale of 5 which means strongly agree.

The variables and indicators of this study are displayed in Table 1:

Table 1. Constructs and Indicators

No	Variable	Items
1.	Accountant's Code of Ethics	An accountant profession must maintain its independence
		If an accountant profession is not independent, he must refuse or resign from the assignment that has been determined
		An opinion issued by an accountant is not based on the rewards received
		Peer review by other accountants is needed in improving the objectivity and integrity of reports that have been made.
		An accountant is required to be guided by a code of ethics in order to work professionally
		An accountant is required to have continuous professional education and training activities in order to improve his career.
		An accountant will prioritize the public interest rather than personal interests and interests.
2.	Emotional Intelligence	I like myself
		I doubt my own abilities
		I am interested in jobs that give me new ideas in improving my achievements
		I have a sense of satisfaction with the results of my work
		I was interested in a job that for me, I was able to do it
		I have more fear of failure than the feeling and expectation of achieving goals
3.	Decision Making	Every problem arises, immediately informed to the manajer to be discussed in finding a solution
		Decision making taken has an accurate and precise information base
		Decisions concluded by accountants can improve company performance
		The use of accounting information analysis can influence decision making
		Accountants make decisions based on problems that have been identified in advance

Table 2. One – Sample K-S Test

		Decision Making
Normal Paramters	Mean	27,14
	Std. Deviation	2,816
Most extreme Differences	Absolute	0,086
	Positive	0,086
	Negative	-0,83
Test Statistics		0,086
Asymp. Sig. (2-tailed)		0,053

Based on the results of the research data processed, it can be seen that the results of the Kolmogrov-Smirnov test on dependent and independent variables have a significance value of 0.053. This states that the test result is greater than 0.05 which means that it can be concluded that the variable data is normally distributed.

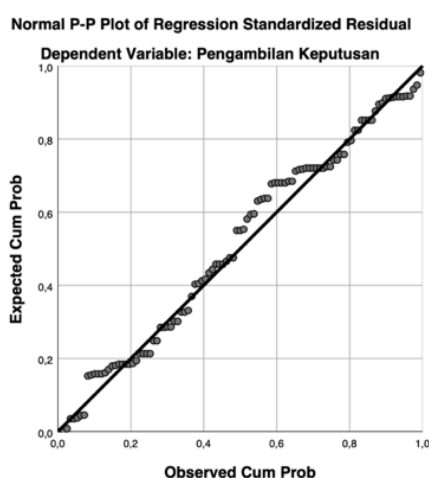


Figure 2. P-P Plot Normality Test

Based on the figure above, it is clear that the plotting points follow and approach the diagonal line so that it can be concluded that the residual value of the regression model is normally distributed.

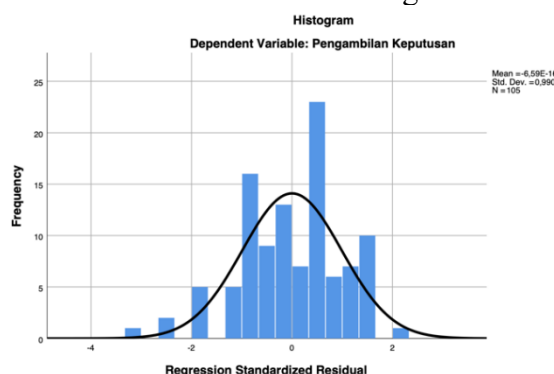


Figure 3. Histogram Normality Test

Based on the histogram above, it can be concluded that the processed data forms polygons or bells, does not bend or deviate to the right or left. Therefore, the data used is normally distributed.

Table 3. Test of Coefficient of Determination ( $R^2$ )

Variable	Value R2	Percentage of R2
Accountant's Code of Ethics, Emotional Intelligence	0,804	80,4%

Based on the demographics of the respondents, most of whom are women with an age range of 25-30 years, the results of the data showed an R square of 0.804 or 80.4%. This means that each independent variable simultaneously affects the dependent variable by 80.4%. While the remaining 19.6% was influenced by other variables outside this study.

Table 4. Test of Partial T-Test

Variable	T-Statistic	T-Table	Significant Value	Result
Accountant's Code of Ethics	2,678	2,042	0,009	H <sub>1</sub> was accepted
Emotional Intelligence	2,296	2,042	0,024	H <sub>2</sub> was accepted

- a. The results of this study show that the t value of the code of ethics 2.678 is greater than t table 2.042 with a positive and significant direction the probability value of the variable 0.009 is smaller than 0.05, so that the hypothesis that states the code of ethics of accountants affects the decision making of an accountant profession can be accepted.
- b. The results of this study show that the t value of emotional intelligence 2.296 is greater than t table 2.042 with a positive and significant direction the probability value of the variable 0.024 is smaller than 0.05, so that the hypothesis that states emotional intelligence has an effect on the decision making of an accountant profession can be accepted.

Table 5. Test of Simultaneous F Test

Variable	F statistic	F table	Significant Value
Accountant's Code of Ethics, Emotional Intelligence	20,873	2,922	0,000

Based on the demographics of the respondents, most of level education of respondents is S<sub>1</sub> with a marital status not married yet and most of their work experience is more than 3 years. The results of the data show an F statistic value of 20.873 greater than F table 2.922 and a significant value of 0.000 less than 0.05, it can be concluded that the hypothesis that states the accountant's code of ethics and emotional intelligence influence the decision-making process of an accountant profession is acceptable.

### 3. RESULTS AND DISCUSSIONS

This study took samples from various accounting professions with a variety of geographies depicted statistically in the table below.

Table 6 Characteristics of Respondents

	N	Gender	Status	Educa-tion	Age	Experi-ence
Mean	105	1,55	1,47	2,43	1,76	2,30
Std. Error of Mean	105	0,049	0,049	0,082	0,071	0,075
Median	105	2,00	1,00	3,00	2,00	2,00
Std. Devia-tion	105	0,500	0,501	0,842	0,728	0,771
Skew-ness	105	-0,214	0,136	-0,559	0,401	-0,566
Maxim	105	2	2	4	3	3
Minim	105	1	1	1	1	1
Sum	105	163	154	255	185	241

Based on the research above, it can be seen that the object of research (N) studied amounted to 105 data with each variable listed. Based on the results of research that has been conducted, this study was dominated by female responses with 58 respondent data. Repsonden status is dominated by unmarried status with the number of unmarried respondents as many as 56 respondents. The respondent's last education was dominated by the last S1 education with 57 respondents' data. The

age of respondents was dominated by the age of 25-30 years with 44 respondents' data then respondents with the age of less than 25 years totaled 43 respondents. The respondents' work experience was dominated by more than 3 years of work experience with 51 respondents' data.

Table 7 Descriptive Statistical Test Results

Variable	Min Value	Max Value	Average	Std. Deviation
Accountant's Code of Ethics	13	24	19,923	2,204
Emotional Intelligence	21	34	27,666	3.002
Decision Making	19	31	27,142	2,816

Based on the table above, it can be seen that 105 respondents who answered had an average answer according to the results of the data above. Descriptive analysis for the accountant's code of ethics has an average value is 19,923. The result of emotional intelligence has an average value is 27,666. The descriptive statistical result for the dependent variable is 27,142.

Through all the test, it can be verified that each variable, namely the accountant's code of ethics and emotional intelligence individually, has a significant influence on the decision-making process. With an increase in the ability of an accountant profession and a higher level of emotional control will result in lower levels of emotions. The results of this study make a significant conclusion and useful contribution to the company in assessing the performance of an accountant profession at work and producing reliable decisions.

H<sub>1</sub> was accepted, whereas the implementing of accountant's code of ethics has a significant influence in decision making. Professional ethics is the main and important requirement for an accountant profession. The need of professional ethics must be recognized by auditors as a form of responsibility to their work and impact on their attitude in society. If the result of their work cannot provide confidence then their professional ability of accountants in making decisions or services provided to society are effectively reduced. Based on the case that raises in this research, there were accountant profession who did not provide the actual conditions of the financial statements and causes many losses to company and even to the whole country's economic. Thus, it can be concluded that implementing the accountant's code of ethic can improve accountant quality while making a decision. This is in line with research conducted by C. Highfiel (2020) [3] that said professional ethics on decision making has a positive relationship.

H<sub>2</sub> was accepted, whereas emotional intelligence control has a significant influence in decision making. An accountant profession who possesses high emotional intelligence is expected to control their emotion skillfully, expose empathy when handling with the emotion turmoil of others and themselves. As a result, the decisions that are undertaken stay objective. However, other studies state the opposite result. Research conducted by Harahap (2016) states that emotional intelligence does not influence decision making. A sense of empathy and self-knowledge gives a subjective results and is not in accordance with the provisions because empathy have a nother perspective, so that decision will not be accordance with the reality or facts that exist in the field.

The more a accountant applies code of ethics, the more critical and crucial will be in making decisions and this is need a good and stable emotional intelligence. The failure of accountants who not implement an accountant's code of ethics as well as their low emotional intelligence which threatens social credibility. This is in accordance with research conducted by J. V. M. Q. Valerio (2013) [9], the results of the research concluded that together accountant's code of ethics and emotional intelligence have a significant influence on decision makin for accountant.

#### 4. CONCLUSIONS AND SUGGESTIONS

Overall, this study discusses several important factors involved in influencing an accountant profession in decision making such as the application of the accountant code of ethics that has been set by the accountant and the emotional intelligence possessed by an accountant profession. Based on the analysis that has been done, it simultaneously states that these three factors have a significant effect on the decision-making process. These findings suggest that there is a positive sense of moral integrity and emotional maturity of an accountant in doing his job and a more accurate and trustworthy decision-making process.

This study also has geographical limitations of the questionnaire distribution area. This is spread in the Jakarta area with different occupancy levels and life pressures from other cities so that it can produce different mindsets and ways of working from one region to another. Further research is expected to look at other factors in the decision-making process. Expand the space of research conducted and add more samples for more reliable results.

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