

The Role of Spirituality Workplace for Reducing Motivation of Accounting Fraud

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Abstract: The motivation of earnings management is more due to the general assumption that accounting figures, especially profit are one of the important sources of information used by investors in valuing stock prices. Existing business ethics cannot effectively prevent earnings management by corporate managers. The development of spirituality in the workplace can transfer ethics and social justice into values, from within individuals. This study aims to discuss the influence of spirituality workplace on earnings management motivation. The subject of this research is a management accountant who works in a business company in Jakarta. This study uses data derived from questionnaires that have been filled by 270 accountants. The sampling method used is purposive sampling. Sample criteria are accountants who work more than one year in a business company. The design of this study is explanatory causal. While the analysis tool used is multiple regression analysis. The results of this study explain that workplace spirituality affects the motivation of earnings management. While partially, the results of the study indicate that meaningful work that represents individuals spiritually has a positive influence on motivation to commit fraud in the financial reporting process. Organizational spirituality represented by harmony with organizational values influences the decline in earnings management motivation, but the sense of community that represents group spirituality does not have an impact on earnings management motivation.

1 INTRODUCTION

Economic activities reflect the will, experience, and emotions of people, and thus reveal the human nature and moral content (Chen, 2012). Spirituality can be explained as that every individual and organization has the responsibility to build the economic, social and environmental events in his organization, which are related to the 'holy spirit'. Therefore in the field of management studies, discussion of spirituality has emerged, and it is expected that spiritual management can be effective in the era of knowledge economy (Sheep, 2006; Moore and Casper, 2006)[2].

This is mainly due to the assumption that accounting is only an activity related to the counting-transaction of companies that are far from the context of spirituality. The paradigm shift in the information age has prompted many institutions to begin the problem of exploring the spirituality and spiritual feelings that exist from the workplace. (Enough, 2002) states that spirituality in the

workplace helps individuals to avoid attitudes and actions that can jeopardize their career development. Increased spirituality within the organization is believed to increase the company's value and return on investment. Earnings management is highly relevant to human greed [Scott, 2006]. The goal of earnings management is to give false beliefs to operational performances that mislead interested parties [Healy and Wahlen, 1999]. Therefore, earnings management violates company ethics and harms social justice. Forster [2008] explains that modern enterprise management must come from higher spiritual elements than simply manipulating financial statements in order to explain maximum benefits.

This study divides spirituality in the workplace into three levels for analysis including the spiritual awakening of the individual, group spirituality and organizational spirituality. Spiritual awakening refers to the value of life and meaning through work experience or workplace, the process of introspection in which individuals deeply connect with others. Organizational spirituality is the

formation of a shared identity and a sense of concern in an organization. Accountants feel the meaning of life in working through spiritual conversation, listening, and overcoming pressure and challenges through spiritual learning and growth (Chen, 2013). The results of Bunia and Mukhuti (2011) and Chen (2012) explain that there is a negative influence between spirituality in the workplace and earnings management. Spirituality in the workplace can reduce the size of earnings management motivation. Previous research indicates the existence of motivation and profit management strategies used in providing information. Generally accepted earnings management information in the company is not specific information (casuistic). Komarudin et al. (2007) explain that there is an increase in debt covenant and political cost motivation will improve earnings management practices. This study aims to analyze the influence of spiritually workplace which includes the spiritual level of the individual, spiritual level of the group and spiritual level of organization toward earnings management motivation.

2 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Earnings Management

Earnings management is the choice by a manager of accounting policies to achieve some specific objective (Scott, 2000). Healy (1985) explains that two approaches can be used to detect manager behavior in managing earnings, by controlling the accrual transactions on income and loss statements that are not represented by cash flows and secondly, changes in accounting policies.

2.2 Earning Management Motivation

Earning management aims to achieve certain objectives by manipulating accounting practices, based on generally accepted accounting principles, so that the income displayed on the financial statements reaches predetermined targets. Relevant literature can be divided into two categories: (1) risk assessment, which aims to develop analytical or predictive indicators to evaluate the level of earnings management and assist in differentiating the quality of profit information [Hansen et al.: 1996], [Summers and Sweeney: 1998] and (2) fraud assessments, aimed at analyzing the intelligence

ability of auditors of immoral behavior [Bernardi: 1994; Reckers and Schultz: 1993]. Chen [2012] explains that earnings management motivation can be divided into the following categories:

2.2.1 Attitude and Belief

This category refers to the perceptions and trends of individual behavior toward earnings management practices that can be classified into altruism, i.e. corporate interests for personal gain such as bonuses, and behavioral beliefs, that is, the potential pro and contra expectations resulting from earnings management behavior. [Fischer and Rosenzweig: 1995] explain that accountants are more sensitive to accounting manipulation, whereas managers are more tolerant of manipulation of operations.

2.2.2 Pressure from Affiliated Parties

This category refers to the tendency of management to become involved in earnings management due to pressure from financially affiliated parties, such as supervisors, associates, accountants, shareholders, creditors, or analysts. (Ayres: 1994) argues that the motivation for profit manipulation is likely to meet shareholder expectations regarding dividend payouts. (DeZoort and God, 1994), Becker et al. (1998), and Dezoort (2001) suggests that accountants can engage in earnings management under pressure from peers, clients, or superiors.

2.3 Workplace Spirituality

Workplace spirituality is a new concept in the management model and institutional behavior, especially organizational culture. This concept has actually been described in the concepts of organizational behavior such as values and ethics. This is explained by (Robbins, 2005) The concept of workplace spirituality draws on our previous discussion of topics such as values, ethics, motivation, leadership, and work/life balance. As a new concept, many parties think workplace spirituality is the management of religion [Amalia: 2012]. Spirituality is the innate capacity based on the structures of the brain that give us the basic ability to form meaning, values, and beliefs. There are three main dimensions of workplace spirituality (Milliman et al., 2003) quoted from (Amalia: 2012), i.e. purpose in one's work or "meaningful work", having a "sense of community", and being "aligned with the organization's values" and mission. Each of these dimensions represents

the three levels of workplace spirituality, i.e. individual level, group level, and organizational level.

2.3.1 Meaningful Work Represents the Individual Level

Meaningful work is a fundamental aspect of workplace spirituality that consists of having the ability to feel the deepest meaning and purpose of one's work. This dimension represents how workers interact with their work day by day on an individual level.

2.3.2 Sense of Community Represents the Group Level

This dimension refers to the group level of human behavior and focuses on the interaction between workers and their co-workers. At this level, spirituality consists of the mental, emotional, and spiritual relationship of the worker in a team or group in an organization. The core of this community is the deep connection between people, including support, freedom of expression, and shelter.

2.3.3 Alignment with Organizational Values that Represent the Level of the Organization

This third aspect shows the experiences of individuals who have strong alignments between their personal values and the mission and goals of the organization. This relates to the premise that the organization's purpose is greater than itself and one must contribute to the community or other parties.

We asked respondents about workplace spirituality based on the dimensions presented [Milliman et al., 2003] quoted from Amalia [2012], i.e. purpose in one's work or meaningful work, having a sense of community, and being in alignment with the organization's values and mission. Each of these dimensions represents the three levels of workplace spirituality, i.e. individual level, group level, and organizational level. Studies on earning management motivation are focused on behavioral perspectives. As quoted in (Chen,2012) explains that earnings management motivation can be divided into 1) Attitude and belief 2) Pressure from affiliated parties. Earnings management is the choice of accounting policies by managers for specific purposes.

The research model used as the basis for preparing the hypothesis is as follows:

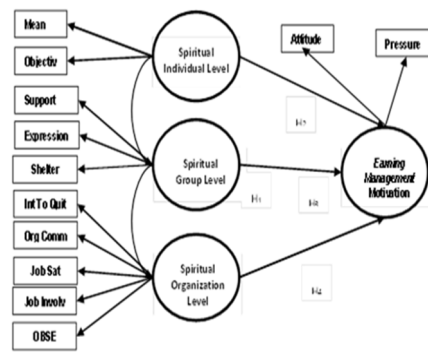


Figure 1: Research Model

The motivation for earnings management can also derive speculative motivation that refers to a personal motive aimed at managing income arising from the need to increase personal bonuses and remuneration, to gain promotional opportunities, and to meet annual profit targets. The tendency to manage income may also be due to the requirements of others such as supervisors, colleagues, accountants, shareholders, creditors, and analysts.

Spirituality in the workplace is an important sense of self, energized and happy with work. Accountants who feel the spiritual situation in the workplace are intrinsically motivated as they experience, be trusted, and have competence related to their work. If they consider the task to be fun, interesting or meaningful, then this condition will affect speculative motivation which refers to personal motives by making accountants motivated to work for pleasing parties such as supervisors, colleagues, accountants, shareholders, creditors, or analyst (Chen,2012).

Hypothesis 1: Spiritual level of the individual, Spiritual level of the group, and Spiritual level of organization simultaneously influence toward Earnings Management Motivation.

Individual spirituality can be defined as having the ability to feel the deepest meaning and purpose of one's work. This dimension represents how workers interact with their work day by day on an individual level. It is based on the assumption that humans have their own deepest motivation, truth and desire to carry out activities that bring meaning to their lives and the lives of others. After all, spirituality sees work not only as a fun and challenging thing, but also about things like searching for deepest meaning and purpose, animating one's dreams, fulfilling one's life's needs by finding meaningful work, and contributing to others (Chen:2012).

Hypothesis 2: Spiritual Individuals significant effect on Earning Management Motivation.

The sense of community represents the group level. This dimension refers to the group level of human behavior and focuses on the interaction between workers and their co-workers. Spirituality at this level consists of the mental, emotional, and spiritual relationships of workers in a team or group in an organization the core of this community is the deep connection between people, including support, freedom of expression, and shelter. At this level the accountant feels that everyone has a common goal, with a good common goal, of course, will not make the accountant be motivated to take actions that are not mutual interests. Therefore, it can be said that with strong group-level spirituality it will give full awareness to accountants not to be motivated to practice earnings management (Chen:2012).

Hypothesis 3: Group spirituality has significant effect on Profit Management Motivation

The third fundamental aspect is alignment with organizational Values representing the organizational level. This third aspect shows the experiences of individuals who have strong alignments between their personal values and the mission and goals of the organization. This relates to the premise that the organization's purpose is greater than itself and one must contribute to the community or another. Therefore, with a strong level of organizational level of spirituality, the accountant will be aware of the ugliness of earnings management actions for the survival of the company, so with a high level of spirituality level of the organization will decrease earning management motivation (Chen,2012)..

Hypothesis 4: Organization Spirituality has a significant effect on earnings Management Motivation

3 RESEARCH METHOD AND INSTRUMENTS

The population in this study is an accountant at business firms in West Jakarta. The number of business enterprises in West Jakarta is 795 companies (source: West Jakarta Business Directory, 2015). The number of accountants is not counted. The number of samples determined in this study 5 x number of indicators = 5 x 54 that is equal to 270 respondents [Hair:2007]. Sampling technique conducted in this research is simple random sampling technique, that is a sampling technique

where the sample in research is homogeneous. A simple random sampling technique is used in sampling where the sample in the study is homogeneous. Data collection was carried out by distributing questionnaires to accountants at the companies where they worked.

Hypothesis testing of this research used multiple linear regression analysis with Path Analysis modification using 2S OLS (Two Stage Ordinary Least Square). This analysis is used to determine the direct and indirect effect of a set of independent variables to the dependent variable with the pattern of causality. Multiple linear regression analysis is used to measure the influence between the independent variable and the dependent variable. Basic decision making:

- if P-Value (sig) < α (5%), then H_a is accepted
- if P-Value (sig) > α (5%), then H_a is rejected

4 RESULTS AND DISCUSSION

Data collection randomly by distributing questionnaires to management accountants who work manufacturing companies in West Jakarta and collected data totaling 270 complete data.

Table 1: Respondent Demographic

Gender		Education				Length of work		
Male	Female	High School	Diplome	Bachelor	Master	1-5 years	6-10 years	>11 years
28%	72%	31%	11%	56%	2%	57%	10%	33%

From the table above can be explained that the majority of research respondents are women, with an undergraduate degree and have worked for one to five years.

The following table shows the descriptive statistics of research variables from the sample of 270 data derived from questionnaires as much as 270 respondents. The following is an explanation of descriptive data.

Table 2: Statistic Descriptive

Variable	Mean
<u>Spirit Indiv</u>	3.9437
<u>Spirit Kelomp</u>	4.0024
<u>Spirit Org</u>	4.3187
<u>Motiv MnjLaba</u>	3.4367

Table 2 above shows that Individual Spirituality shows an average score of 3.94. This number shows that accountants have high meaningful work, Sense of community and Alignment with organizational values. While the motivation of earnings management measured by the average score presented in the table is 3.43. This figure shows that the motivation for respondents to do earnings management is categorized as moderate.

4.1 Test of Validity and Reliability of Research Instruments

Test this validity using Pearson Product Moment. Test results validity of each item in the questionnaire declared valid with a value above 0.3. While the reliability test used Cronbach alpha, and reliable with the value of Cronbach alpha above 0.7.

Table 3: Test of Validity

item	Indicator	r count	Result
Meaningfull Work	Mean1	0.542	valid
	Mean2	0.571	valid
	Mean3	0.594	valid
	Objective1	0.55	valid
	Objective2	0.68	valid
	Objective3	0.558	valid
Sense Of Community	Support1	0.695	valid
	Support2	0.771	valid
	freedom1	0.553	valid
	freedom2	0.624	valid
	freedom3	0.534	valid
	Guard1	0.634	valid
	Guard2	0.484	valid
	Guard3	0.452	valid
	Guard3	0.311	valid
Alignment With Organization	quit1	0.753	valid
	quit2	0.704	valid
	comit1	0.351	valid
	comit2	0.591	valid
	comit3	0.633	valid
	jobsat1	0.585	valid
	jobsat2	0.594	valid
	jobsat3	0.483	valid
	jobin1	0.657	valid
	jobin2	0.642	valid
	selfest1	0.65	valid
	selfest2	0.742	valid
Motivasi Manajemen Laba	attitude1	0.581	valid
	attitude2	0.636	valid
	attitude3	0.555	valid
	pressure1	0.622	valid
	pressure2	0.733	valid

4.2 Hypothesis Testing

4.2.1 Spiritual Level of Individual, Spiritual Level of Group and Spiritual Level of Organization Influence to Earnings Management Motivation

Before performing hypothesis testing, normality test of data and classical assumption test as a requirement of multiple regression analysis and all stated have passed the test.

Table 3 Multiple Linear Regression Test of Spiritually workplace toward earning management motivation.

Table 4: Multiple Linear Regression Test of Spiritually

	Partial Effect	
	coefficient	sig
(Constant)	2.489	0.00
Spirit_Indiv	0.315	0.001
Spirit_Group	0.099	0.116
Spirit_Org	-0.159	0.01
F Test		0.003

Then Ha1 is accepted. From table 3 above the test results of influence Simultaneously Spiritual level Individual, Spiritual level of Group and Spiritual level Organization to Management Motivation Profit obtained evidence that significance value 0.003 < α (0.05) means simultaneously Spiritual Individual, Spiritual Level Group and Spiritual level Organization influence to Earnings Management Motivation. The results of the analysis means that increasing spirituality in the workplace will increase motivation. Collins & Porras in Kompas (2008) expresses the benefits the organization gains when it underlies the values of spirituality in the workplace, that is, a value-based organization is judged more successful by modern writers. The benefit that needs to be emphasized as a conclusion is that the work spirituality perspective provides the deepest values for the individual to support the work. Also, spirituality in the workplace also provides hope for a deep and balanced fulfillment, so that workers will experience joy and meaning in their work, to see themselves as part of a community that can be trusted, to experience personal development as part of the community in which they feel appreciated and supported. When organizations provide opportunities for workplace spirituality by building shared values, it makes people feel equal and enables them to live in a fear-free environment, sharper in intuition and creativity,

and a sense of belonging to the organization. Ashmos (2000) defines spirituality in the workplace as an introduction that employees have an "inner life" that nurtures and is nurtured by meaningful work that takes place in the context of the community. If an accountant feels that his or her work is related to what matters in life, the accountant will tend to be motivated to contribute to improving the company's financial performance through financial reporting.

Spiritual level individual positively influences earnings management motivation. This means that the Ha2 hypothesis is accepted. Spiritual level individual can be defined as having the ability to feel the deepest meaning and purpose of one's work. This state represents how workers interact with their work day by day. It is based on the assumption that humans have their own deepest motivation, truth and desire to carry out activities that bring meaning to their lives and others. After all, spirituality sees work not only as something fun and challenging, but also about things such as finding the deepest meaning and purpose, animating one's dreams, fulfilling one's life's needs by finding meaningful work, and contributing to others. If the work is considered something that is meaningful in life, then the accountant will tend to be motivated to contribute in the process of financial reporting by organizational goals, or it can be said that the accountant will be motivated to manage earnings.

Spiritual group level does not affect earnings management motivation. This means that the Ha3 hypothesis is rejected. The sense of community represents the group level. This dimension refers to the interaction between workers and their co-workers. Spirituality at this level consists of the mental, emotional, and spiritual relationships of workers in a team or group in an organization. The core of this community is the deep connection between people, including support, freedom of expression, and shelter. At this level, the accountant feels that everyone has a common goal, with a good common goal, of course, will make the accountant be motivated to perform actions that are of mutual interest. Therefore, it can be said that with strong group-level spirituality it will give full awareness for accountants to be motivated to improve organizational performance, or motivated to manage a profit.

The spiritual level organization has a negative effect on earnings management motivation. This means that the Ha4 hypothesis is accepted. The third fundamental aspect is alignment with organizational.

This third aspect shows the experiences of individuals who have strong alignments between their personal values and the mission and goals of the organization. This value relates to the premise that the organization's purpose is greater than itself and one must contribute to the community or another. Earnings management is an action to affect reported profits and provide false economic benefits to the company and misleads stakeholders so that in the long run it will be very disturbing and even harmful to the company. Therefore, with a strong level of organizational level spirituality, the accountant will be aware of the ugliness of earnings management actions for the survival of the company, so with a high level of spirituality level organization will reduce the earning management motivation.

5 CONCLUSIONS AND IMPLICATIONS

The results of research on accountants in business firms show that Workplace spirituality has a strong influence and relationship with employee work attitudes. Workplace spirituality must be understood clearly, comprehensively, and practiced at the individual, group and organizational level in order to achieve positive results in the future. It is important to translate the workplace spirituality concept into organizational change and development programs (Amalia and Yunizar, 2012).

Accountant behavior based on a good spiritual situation in the company will not cause the accountant to reduce the earnings management motivation. Because the accountant realizes that the earnings management action is the thing to do to improve the company's financial performance, even if the accountant realizes that the action will actually harm the institution itself.

Some limitations in this study are primarily not yet look more deeply about what motivates the accountant in doing earnings management practices. Also, this study also has not measured whether the accountant has known and perform profession ethics more deeply. With the weakness in this research, it is expected in the next research can add the variable type of motivation expected by an accountant and ethical orientation factor as moderator of accountant performance.

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