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Building Basic Accounting Equations Based on Pancasila

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ABSTRACT

This research is a real form and a concrete step in guarding the existence of Pancasila accounting which has been researched by previous researchers. In this research, an accounting equation based on Pancasila will be produced. Through the construction process, an understanding is based on the Pancasila philosophy of entity ownership theory. So it is hoped that it will grow into a comprehensive accounting science based on Pancasila. This research is critical research using Pancasila analysis tools, so basically there are two steps, namely technically and the researcher's objective relationship which is based on the Pancasila view. In the accounting concept based on Pancasila, accounting products must reflect Pancasila values. For example, there are Pancasila assets that reflect corporate social responsibility both on a large and small scale. This asset is also a form of Pancasila capital. Conventional accounting theory construction often fails to integrate ethical and moral values. However, by incorporating the Pancasila philosophy in accounting, we can reflect ethical and moral values through Pancasila assets and equity.

Keywords: Accounting, Basic Equations, Pancasila.

1. INTRODUCTION

Accounting is part of the social science discipline. So that accounting can be interpreted as an intellectual discipline that relates to humans as social creatures in a scientific way, humans can be understood as individuals, or as members of society and a group (Suseno, 1988: 19), therefore accounting will always develop in an environment open, dynamic and humanist social.

Open means that a social group will always receive updates, both good and bad. Meanwhile, the humanism side is full of social institutional values that encapsulate it and has forced accounting so that it can be positioned in a state that can be used as a tool with the aim of being able to accommodate these values. In this case it is not impossible that accounting cannot be accepted in certain social group conditions. So that in its development accounting will always intersect and interact with each other's interests and humans, both individually and in groups, in daily life in micro and macro settings.

When accounting is assessed as an art, it is more about how to apply it, not its nature as a set of knowledge (Suwardjono, 2006: 12). Thus, accounting is more than just art because basically the definition of art will be relevant to the human ability to create something unique, and more to the specific ability to produce something that has more artistic value. And when accounting becomes an art, it cannot be used generally by everyone because the standard of taste for artistic products is different for each individual. If accounting is viewed as a science, accounting must first meet the criteria of the definition of science, "science is a branch of knowledge (a set of knowledge) which aims to obtain the truth or validity of an explanation of a phenomenon by applying the scientific method" (Suwardjono, 2006: 14).

Accounting as a technology, of course, cannot be separated from the human values that construct it. If the humans who construct it understand the philosophy of capitalism, then the nature of capitalism will emerge from the character of the technology. Max Weber (Belkaoui, 2000: 12) for example stated that modern rational capitalist corporate organization would not be possible in its development without the existence of an important factor, namely the separation of business and household, in line with the opinion of Sombart (1919) in Belkauoi (2000: 12) who states that: “one cannot imagine what capitalism would be like without a system of double-entry bookkeeping: the two phenomena are as intimately interrelated as form and content. One cannot say whether capitalism created double-entry bookkeeping as a means of its expansion; or perhaps, conversely, double-entry bookkeeping created capitalism"

Often accounting is used as a tool for power holders to control the direction of a country's economic policy, Lowe (1981) argues that accounting policy tends to serve the interests of the financial sector as opposed to the industrial sector in the UK. The capitalist virus has truly diffused in the development of accounting, and in fact in capitalism it is nothing more than a form of greed disguised in the name of the modern school of economics.

Therefore, this can be better understood from the following description, in the beginning humans only carried out trade transactions with the aim of meeting their basic life needs, but then in the capitalist market there has been a fundamental change, namely that it is not just about fulfilling their basic needs, there is a The specific goal sought within the framework of capitalist trading activities is a return of capital in the form of a difference in excess of the initial capital that was sacrificed.

In the epistemological aspect, accounting science uses various methods according to its needs. For example, the inductive method used by researchers on research reports, the researcher will collect a number of facts and process them into a conclusion that can be generalized so that it can be concluded what steps will be taken. Initially, accounting theory was limited to observing accounting practices carried out by accountants and then continued by providing explanations. This kind of approach gives birth to descriptive theory or syntactic theory. After that, normative theory emerged, normative and syntactic accounting theories derived from the results of logical analysis. However, normative theories usually focus on providing recommendations on what accountants should do.

Although the contribution of descriptive theory, syntactic theory and normative theory is quite significant in the development of accounting, it seems that many people are dissatisfied with the approach used in deriving these theories. The criticism of syntactic theories is that these theories were developed from a perception rather than the substance of accounting itself. Normative theories have weaknesses because they are not developed using scientific methods and the suggestions given are not based on empirical observations. So it is said that the suggestions put forward in normative theory cannot be rejected because they cannot be proven right or wrong. Meanwhile, descriptive theory was criticized because observations of accountants' behavior were not the same as observations of accounting.

In capitalism, the logical symbol of power becomes very dominant, power holders can legally refuse to allow their property to be used by others (property rights), the concept of ownership developed regarding the nature and interests in an entity theory certainly greatly influences the objectives of financial reporting. the. An English philosopher Locke opposed absolute property rights (Heilbroner, 1991: 75-76). According to him, unlimited acquisition has two consequences, namely waste and impoverishment of other people. So this is very inconsistent with the views and ideals of the Indonesian nation which has the Pancasila philosophy. In connection with ownership/equity in accounting, the Financial Accounting Standards indicate that financial reports must meet certain qualitative characteristics to be useful (Kieso and Weygandt, 1994: 35), PSAK has provided very clear boundaries regarding this, namely the nature and materiality of information, neutrality, objectivity and substance prevails over form.

This gives rise to problems of a normative-ethical nature because what is actually emphasized in PSAK is the dimension of objective-philosophical propositions which of course both have different meanings and views, therefore when accounting is expected to stand independent and neutral towards objective reality it will be very difficult because accounting is driven by a social environment that is value-laden and subjective, especially with equity accounting as a symbol of ownership claims, friction and differences will easily occur. One accounting expert believes that accounting is actually a metaphor for describing reality in numerical languages and like other metaphors, accounting can only capture it partially and can be used as a carrier of value unilaterally (Morgan, 1988: 480-485).

Apart from that, the problem of materiality arises where the measure is only if something is considered material when its inclusion and deletion will influence decision makers (Kieso and Weygandt 1993: 48-49) but in reality often a decision is based on the principles of efficiency and effectiveness which are very at odds with normative values (Chua, 1986: 610-611). Next in the axiological aspect. Accounting knowledge is used according to the needs of a particular profession. or how accounting knowledge is used. In this way, the efforts that have been carried out by Salampessy (2012) should be continued to progress to the next step, namely by drawing a logical explanation from an idea or idea at the conclusion of previous research. So it is appropriate to produce a theory of equity/ownership that philosophizes with Pancasila in the epistemological aspect to be used as a systematic result and theoretical concept in the ownership aspect that is based on Pancasila.

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2. LITERATURE REVIEW

2.1. Definition of Equity, Assets and Debt

Discussion of the accounting equation requires an understanding of the literal meaning of the equation itself, as well as the meaning contained in the accounting equation. In a mathematical sense, it can be said that equality is a relationship that states the same position between one side and the other side. Meanwhile, in the accounting context, this equation is nothing more than an explanation of the use of ownership of resources, so in this case the equity element is the most important part in the accounting process because the accounting equation will be constructed based on the ownership theory used. FASB No.6 (1985) defines equity as the remaining interest in the assets of an entity after deducting debt.

2.2. Proprietary Theory

In this theory the central point is the owner. Proprietary theory adheres to the wealth concept. Initially this theory emerged as an embodiment of the double-entry bookkeeping system. This theory focuses its attention on the owner. Company objectives, accounting equations, and account definitions are viewed from the owner's perspective. This is in accordance with what was conveyed by (Belkoui, 2000: 175). The company's goal is to increase the owner's prosperity. Accounting equation used:

Assets - Debt = Equity

The definition of assets is the owner's wealth, debt is the owner's obligations, income is an increase in the owner's equity, costs are a decrease in the owner's equity, and profit is an increase in the owner's wealth/wealth during a period to which the owner is entitled. Ownership is considered the net value of the company to the owner. When a new business is started, this value is equal to the owner's investment. During the operation of the business, the value of the company is equal to the initial investment value plus the accumulated net profit after deducting the owner's interest. In conclusion, net profit or net income is added each period to the owner's equity account.

2.3. Entity Theory (Business Unit)

Business development and companies getting bigger cause a separation between the owner and the company. Entity theory emerged to overcome the weaknesses inherent in proprietary theory. (Kam, 1990: 312; Belkoui, 2000: 175–176), the accounting equation, and the definition of accounts. The aim of entity theory is the separation between the owner and the company, or in other words, there is a separation of the owner's personal interests from the company's interests. The entity theory accounting equation is as follows:

Assets = Debt + Equity

2.4. Understand Pancasila Economics

It is understandable that there is still a lot of confusion between Pancasila Economics and People's Economics, so we can pay attention to the following opinions. Professor Mubyarto said that the Pancasila Economy is characterized by: First, the wheels of the economy are driven by economic, social and moral stimuli. Second, the strong will of all society towards a state of social equality (egalitarianism), in accordance with humanitarian principles. Third, the priority of economic policy is the creation of a strong national economy, which means that nationalism animates every economic policy. Fourth, cooperatives are the cornerstone of the economy and are the most concrete form of joint venture. Fifth, there is a clear and firm balance between planning at the national level and decentralization in the implementation of economic activities to ensure economic and social justice (Sri-Edi Swasono, 2010)

Meanwhile, Sri-Edi Swasono (1981) is of the opinion that: First, belief in the Almighty God (the existence or implementation of religious ethics and morals, not materialism; religious humans implement sharia thanks to faith as God's guidance). Second, Humanity (humanistic, just and civilized economic life), does not recognize extortion, exploitation or usury; Third, Unity (based on Indonesian socio-nationalism, togetherness and the principles of kinship, mutual cooperation, cooperation, not killing each other); Fourth, Democracy (based on economic democracy, economic sovereignty, prioritizing the lives of many people, people's economy as the basis of the national economy); Fifth, social justice as a whole (the prosperity of the people is the main thing, not the prosperity of individuals, justice, prosperity). Meanwhile, one of the proclaimers of Indonesian independence, Mohammad Hatta, stated that the Pancasila Economic System was essentially an economic system based on "religious-socialism", or Indonesian socialism which emerged from the following 3 factors: First, Indonesian socialism emerged because of religious

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orders. Because of the existence of religious ethics that require a sense of brotherhood and mutual help between fellow humans in social life, people are pushed towards socialism. Carrying out the shadow of God's Kingdom upon the world is the goal. Second, Indonesian socialism is an expression of the rebellious spirit of the Indonesian people who received very unfair treatment from the colonialists. Indonesian socialism was born in the movement towards freedom from humiliation and colonialism, which itself was also attracted by the social demands and humanism spread by the socialist movement in the West. Third, Indonesian leaders who cannot accept Marxism as a way of life are looking for sources of socialism in their own society. For them, socialism is a demand of the soul, a desire to establish a just and prosperous society, free from all oppression. Socialism is understood as an institutional demand, which originates from the bottom of the pure heart, based on humanity and social justice. Religion adds to the light..... (Sri-Edi Swasono, 2010).

3. RESEARCH METHODS

3.1. Research Approach

This research uses a qualitative approach. with the aim of understanding the phenomena experienced by research subjects, for example behavior, perceptions, motivations, actions holistically and by means of descriptions in the form of words and language, in a natural context and utilizing various natural methods (Moleong, 2008). The reason researchers use a qualitative approach is as follows: First, what is studied is the meaning of an action or what is behind a person's actions. Second, in dealing with the environment, individuals have the right action strategy for themselves, so a more in-depth study is needed. Third, research on beliefs, awareness and actions of individuals in society is very possible to use for qualitative research because what is studied is a phenomenon that is not external and resides within each individual. Fourth, qualitative research provides the opportunity to examine phenomena holistically. The phenomenon studied is an inseparable unit because the actions that occur are not only caused by one or two factors, but involve many interrelated factors. Fifth, qualitative research provides an opportunity to understand phenomena from the actor's perspective. Sixth, action processes which are related to subjective meaning should be understood within the framework of their own "expression", so they need to be understood from a qualitative research framework.

3.2. Research Design

This research was conducted to understand and reveal the reality of critical thinking regarding the meaning of Pancasila accounting ownership to build an accounting equation. So in this research, Pancasila is a concept and ideology that is relevant to be used as an analytical tool so that in achieving the final goal of the research, Pancasila will become a reference critical framework. The principle of Belief in One and Only God means that the value of constructing a new accounting thought does not conflict with divine values. Apart from that, responsibility is not limited to one dimension, there are at least three components that need to be considered, namely God, Humans and the environment. The principle of fair and civilized humanity indicates that the concept of accounting thinking must have elements that are civilized and fair to all components that form it and use it. The Principles of Indonesian Unity clearly indicate that national interests are a unifying foundation for the Indonesian nation. People's principles are led by wisdom in deliberation and representation, so the accounting concept must place a spirit of togetherness and kinship. The principle of social justice for all Indonesian people can be interpreted that the concept of accounting can bring about social justice for the realization of happiness and prosperity together.

3.3. Data Analysis Technique

This research is critical research using Pancasila analysis tools, so basically there are two steps, namely technically and the researcher's objective relationship which is based on the Pancasila view. Technically, Berg (2004) in analyzing data includes four steps. First, the researcher must adhere to a psychological point of view, enter into a scientific data reduction attitude, and pay close attention to the phenomenon being studied. Second, organize or create descriptive parts. Because what is sought in the analysis are meanings, the researcher uses meaning transition benchmarks to organize the parts. There are no objective meaning units in the texts, but all meaning units correlate with the researcher's attitudes.

So what is important is how the units of meaning are transformed, and not the size or comparison with other researchers. Third, transformation of meaning units. One of the goals is to transform what is implied into what is

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written. The second goal is to make generalizations so that the analyzes are not too specific for certain situations. The third objective, whenever possible, researchers must reveal what happens in understanding accounting in sensitive ways. Fourth, discussion of the structure of experience. Structure is obtained by carrying out final transformations of meaning units and by trying to determine which elements have special value in the narrative of these experiences. The term "has special value" means that the structure obtained is not universal but only general in relation to its context. In the end, conceptually the Pancasila view will be attached to the researcher's thinking and direction. So that research is produced that has the Pancasila philosophy.

4. DISCUSSION

4.1. Accounting Equations in the Understanding of Indonesian Society

This research attempts to develop the concept of the accounting equation with the Pancasila philosophy. There are three steps carried out by researchers, namely:

a. Reduce interview data and explore the meaning of Understanding the Accounting equation
b. Confirm the results of the research data with the concept of accounting equality with the Pancasila philosophy
c. Reconstructing the Accounting Equation with the Pancasila Philosophy

So in this effort, the researcher has divided the three sources of data collected according to the professional categories behind them, apart from that the researcher eliminated data that had the same constructive meaning, this was done so that the accuracy of the reconstruction of meaning was appropriate in accordance with the aims and objectives. study. The next stage is to get a big picture of the description of each interview data analysis result. so that conclusions can be drawn in accordance with the conception of the accounting equation that has been carried out by previous research.

1) Data Results With Entrepreneurs

Table 1. Table of Interviews with Entrepreneurs

No	Interview data	Coding
1	"For me, accounting is important, that means I can see my profits or losses"	The Importance of Accounting, Accounting as information
2	"I know how much debt I have, how much profit I have, and whether my capital has changed so I can monitor performance."	**Accounting as a tool of owner control**
3	"The current accounting practices are good because as far as I know they are in accordance with the rules set by the Indonesian government anyway."	**The government is the maker of accounting regulations**
4	"Sometimes I also feel a little guilty when my accountant makes manipulations in his reports, but according to him, that's normal and normal as long as it doesn't harm the company."	**Moral Hazard, company interests**
5	“How come accounting and Pancasila seem different? The only ideology is the state, the other is commercial"	**Ideology**

From the data table, there are five keywords that have been encoded based on the meaning implied in them. According to the American Accounting Association (1966: 1), accounting is the process of identifying, measuring and communicating information to help users make decisions. So this is in line with the data from the first informant from business circles. namely the importance of a financial report as a medium that can be used to convey information to its users. Apart from that, in the interview excerpt, the informant also shows the position of accounting in its importance as a control tool for company owners. This can be understood because the owner has entrusted a certain amount of financial capital to a business entity with the hope of a return of capital and profits. In such conditions, the company owner can ensure that everything is running according to expectations and objectives through a control mechanism, namely accounting. According to Harianto and Sudono (1998) the users and utilization of financial reports are shareholders, investors, managers, employees, suppliers and creditors, customers, government and other users. Users of financial reports have different interests, so that the target of financial reports is information about the company's achievements which is presented through measuring profits and its components, so the information disclosed in a

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financial report includes at least 3 things, namely: sufficient disclosure, fair and complete. Therefore, it can be clearly seen that accounting is a tool in the interests of company owners as control over the working capital provided by the owner to the company management. The following is the theoretical entity accounting equation:

Assets = Debt + Equity or

Assets = Equity (Debt + Owner's Equity)

In this equationassetis a form of use of company capital and debt aimed at returning profits (dividends) and will appear in the company's profit and loss statement. To earn a profit, a company must carry out operational activities. Namely the use of existing resources. Until now, the concept of profit in accounting cannot be clearly defined, basically profit is only seen as the difference between realized income and costs. Therefore, profit is only meaningful as a result of operational processes alone. This has become a debate among accounting experts, Belkaoui (2000) argues that this concept of profit cannot explain the theoretical basis in the long term.

In this case, one of them is a change in the price level which can change the meaning of profit in the value of money historically. There is a fundamental difference between the return on capital and profit itself, because capital is a stock of wealth that can provide services in the future while profit is a flow of enjoyment or wealth. or services that exceed constant capital requirements (Hendriksen, 1993: 134 -135). matter The informant also said that with financial reports, the company owner can find out that the working capital used by the company to obtain a profit or profit has met his expectations, namely achieving a number of profits or experiencing losses, so that the owner can evaluate the performance of the company management. So the size of profit returns becomes important in the construction of conventional accounting equations. Company performance is realized in various activities to achieve company goals, because each of these activities requires resources, company performance will be reflected in the achievement of company goals and the use of its resources.

The meaning of supervising management itself can be interpreted as the company owner's distrust of management. Jensen and Meckling (1976) define the agency relationship as a contractual relationship between the principal and the agency in this case the agency has the authority to use company assets according to the objectives for which the company was founded, but in reality the agency has personal goals which are often not in line with the principal's goals in maximize shareholder prosperity. Therefore, it can be said that the separation of ownership and control (agency theory) is closely related to entity theory which views a company as a separate and independent business unit. In this case there is an information asymmetry between management and owners which can trigger a moral hazard. According to him, this conflict can be resolved in one way, namely; The owner places a monitoring function, namely by preparing periodic reports and carrying out an independent auditing function.

Government regulations can be understood as an inseparable part of the corporate environment. The first informant in the interview said that so far the accounting practices carried out by his company have been in accordance with government regulations, in this case the accounting standards used in Indonesia, namely SAK (Financial Accounting Standards) prepared by the IAI (Indonesian Accountants Association). However, in Indonesian society in general, IAI itself is often considered a representative of the country.

In the interview the first informant also said thatcreative accountingor engineering is also often carried out by the accountant, but it seems to be a normal thing when it does not cause losses for the company.If we look at the construction of ownership theory, entity theory, it can be understood that the purpose of this equation is no different from being intended or used by adherents of capitalism to achieve their goal, namely to enjoy a certain amount of money in various ways. This is in line with what Magnis (2005; 163) stated that capitalism is only oriented towards money, not productivity. Ownership is the right to own something, in this case the company's assets to obtain maximum profits. Apart from being seen as a right, ownership can also be seen as an obligation, this is related to its social function. However, in entity theory this social function is not recognized. Both implicitly and explicitly.

The first informant mentioned that there is a fundamental difference between ideology and accounting processes.The ideology of the Indonesian nation is Pancasila, so in this case the guidelines for thinking, behaving and acting for Indonesian society are Pancasila. This is in line with what was stated by Mubyarto (1987: 102) that ideology is a number of doctrines, beliefs and symbols of a society or nation which become guidelines and work guidelines so that the goals of that society or nation are achieved. In the interview, there appears to be an understanding that accounting is something different from an ideology. However, as a social science, of course accounting is not value-

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free. Attached to it are social values, at the macro level, namely national life and these values are when accounting is in line with the nation's ideology.

2) Results Data With Academics

Table 2. Table of Interviews With Academics

No	Interview data	Coding
1	"Yes, if I'm honest, we mostly copy paste from US GAAP, now IFRS"	Convergence of International Standards
2	"Intangible assets cannot be measured properly, for example human resources, productivity, even if they exist only in the prospectus"	**Human Resource Asset Measurement**
3	"This equation actually shows two directions, but in accounting it means that assets are another form of debt and capital."	Accounting equation concept
4	"Even if there is something lacking, perhaps the social aspect needs to be included in the equation."	Social Responsibility

The second informant highlighted how Indonesia has used accounting standards adopted from abroad. Baskerville (2010) in Utami, et al (2012) explains that convergence is not only limited to imitation but has another meaning, namely as a step towards harmonization or standardization. In the accounting context, harmonization is a process of increasing the suitability of accounting practices. So in relation to IFRS convergence, it is a process of adapting SAK to IFRS. The second informant emphasized that the accounting standards we use have long adopted standards from abroad. This can be understood because the real purpose of financial reports is to provide information to its users, and Indonesia, which is part of the international community, is trying to make investment information acceptable. globaly. Apart from that, Indonesia, which has joined the G20 countries, agreed at a meeting in Washington DC, November 15 2008. to support several programs as follows:

a. Strengthening transparency and accountability
b. Enhancing sound regulation
c. Promoting integrity in financial markets
d. Reinforcing international cooperation
e. Reforming international financial institutions

To achieve these five programs, it was decided to carry out IFRS convergence.

One of the most important elements of a company is assets. Basically, assets have potential benefits in the future, in other words, assets whether used individually or collectively can provide cash inflows directly or indirectly. According to IAI (1994: 1), these benefits can be in the form of:

a. Can be used either alone or together with other assets in the production of goods and services sold by the business unit
b. Can be exchanged with other assets
c. Can be used to pay off debt
d. Can be shared with company owners

The second informant is of the opinion that accounting practices cannot clearly measure and record assets in the form of human resources. In the previous description it was clearly stated that the most important criterion in assets is the potential to provide benefits in the future, so of course logically human resources are a component. the most important thing in a business entity because it is human resources that move the asset components to obtain this potential. However, in reality, the human resources aspect is often in second place, right?

Social responsibility is an expansion of corporate responsibility beyond the boundaries of traditional accounting. To maintain the continuity of the activities of a business entity, the company should pay attention to the interests ofstakeholders.Donaldson and Preston (1995) stated that there are 3 types of stakeholder theory, namely:

a. Descriptive
b. instrumental

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c. Normative

The essence of these three theoretical approaches is that stakeholders are a collection of people or groups who have a legitimate interest in the procedural and/or substantive aspects of the company. The implication is that the company is seen as a collection of parties who have a competitive interest in achieving a goal.WithThus, the stakeholder concept can be said to be not only a descriptive element of what a company looks like, but also implicitly and explicitly contains moral claims. Government regulations are one effective way to bridge social responsibility issues. Henriques and Sardorsky (1999) also recommend that government regulations have an influence on social responsibility, therefore corporate social responsibility is the obligation of a business entity to take part in activities that aims to protect and improve community welfare (Davis and Frederick, 1992; 393). Apart from that, current societal pressure plays an important role in the survival of companies. According to Blair (1991), both individuals and groups of people can influence company direction and policies. Corporate social responsibility is seen from various points of view which are part/components of the company. Theoretically, it can be explained that the use of company managers' perceptions regarding the behavior of individuals in the company organization is always based on the interests of stakeholders. so that the company's direction and policies in this context always take into account the goals and problems of each stakeholder. The issue of corporate social responsibility is a major factor in the application of social accounting, the basic idea that underlies the development of social accounting in general. Social accounting requires companies to look at their social environment.

In this research, it has been explained that the basic concept of the accounting equation is a representation of the form of ownership. Equity is the most important part of the accounting process because the accounting equation is constructed based on the ownership theory used. FASB No.6 (1985) defines equity as the remaining interest in the assets of an entity after deducting debt. So there are two characteristics inherent in Equity, namely:

a. Equity = net assets (is the difference between company assets and company debt)
b. Equity can increase or decrease due to changes in net assets. Thus, Equity can be subclassified in the balance sheet. then equity can also be called own wealth or own capital.

There are two views of entity theory, namely traditional and new. Traditional theory assumes that companies must report the status of investments and the consequences of investments made by owners. Meanwhile, the new theory states that the company operates in its own name and has an interest in its own survival. The similarities between these two views focus on business health. While the difference is, the traditional view sees business holders as partners.

3) Results Data With Practitioners

Table 3.Table of Interviews With Practitioners

No	Interview data	Coding
1	"In a cooperative, employees also feel like they belong"	**Employee sense of ownership**

The results of the interview above show that in Indonesia there are no provisions governing the distribution of shares to employees, as a sense of ownership of a conventional company, whereas human resources or employees are an important asset in a company. In the previous description, human resources are the most important part in a business entity. . Fama and Jensen (1983) stated that the separation of functions between owner and control can give rise to agency costs, therefore an optimal arrangement is needed, one of these arrangements is through a certain ownership structure. Muller and Waneryd (2000) reveal that the ownership structure has a concentration of insider ownership (Insider Ownership) will have better performance. But far more than that, when employees have a feeling of belonging to the company, this also means a wider responsibility towards stakeholders because indirectly there is a greater conflict over the direction and goals of the company.

4) Encryption of the meaning of accounting equations in Indonesia

From the results of the data analysis, an understanding of the accounting equation can be obtained according to several key words as follows: Importance of Accounting, Government as regulator Accounting Accounting as information, Accounting as a tool of owner control, Moral Hazard, company interests, ideology. IFRS Convergence,

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Human Resource Asset Measurement, Accounting Equation Concept, social responsibility, employee ownership. So the researcher reconstructed the meaning of the accounting equation in Indonesia as follows:

a. The accounting equation is the most basic foundation of all accounting practices and must be in accordance with a standard determined in a country.
b. This equation is a form of representation of ownership of a business entity.
c. The accounting equation will produce information for its users both locally and internationally, so the equation should be able to show all stakeholder elements clearly and correctly, including corporate social responsibility and employee share ownership.

4.2. The Concept of Accounting Equality with the Pancasila Philosophy

Previous research has determined a conception of the accounting equation with the Pancasila philosophy. So in this research, this conception becomes the basis of reference for developing the theoretical framework of the accounting equation, by elaborating and confirming the understanding of the meaning of the accounting equation with this conception. However, it is very important that in this research the critical paradigm becomes a way for researchers to establish the position of previous conceptions as material for exploring analytical tools in the form of Pancasila. In the previous process, the researcher has coded the data and criticized it according to the applicable theory and in the next stage a construction will be carried out using the Pancasila analysis tool.

Table 4. Confirmation of Understanding

No.	Meaning of accounting equation	Conception
1	The accounting equation is the most basic foundation of all accounting practices and must be in accordance with a standard determined in a country	The concept of divine ownership is God's sole and absolute right to everything that exists in this universe
2	This equation is a form of representation of ownership of a business entity	The concept of humane ownership is human ownership rights to an object, according to divine principles
3	The accounting equation will produce information for its users both locally and internationally, so the equation should be able to show all stakeholder elements clearly and correctly, including corporate social responsibility and employee share ownership.	The concept of unified ownership is human ownership of an object that functions in an integrated manner
4		The concept of societal ownership is human ownership rights to an object that is functioned in a family spirit
5		The concept of equitable ownership is human property rights that guarantee the realization of prosperity and happiness for oneself and others together

In this table, both implicitly and explicitly, there are fundamental differences between the meaning of the accounting equation from research results and conception. Namely, there is no divine value in the conventional accounting equation, in addition to the absence of a form of social togetherness in order to realize the nation's ideals, so that the enthusiasm for conventional accounting is only aimed at the goals of the company owner, so from the first to the fifth conception point the researcher wants to convey and compare that the accounting equation those who adhere to the Pancasila philosophy should be able to implement the value of God in their application, which means that in their operations the value of God has been instilled from the start, this has the rationality that the accounting product is the result of a process that instills the value of God, for example concerns about the occurrence of creative Accounting doesn't happen anymore. Apart from that, accounting with the Pancasila philosophy must be able to realize mutual prosperity and personal happiness which can be interpreted as profits that will be enjoyed by the owner without forgetting other people.

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4.3. Reconstruction of the Accounting Equation with the Pancasila Philosophy

The meaning of reconstruction in this stage is to build an equation by criticizing what is lacking in the entity theory equation and adding what is needed according to the results of data analysis in the previous stage. Next, the conventional accounting equation will be reconstructed using entity theory

Table 5. Pancasila Accounting Equation

Entity theory	Critics	Addition	Pancasila Accounting
Assets = Debt + Equity	In theory, this entity cannot show aspects of divinity and family spirit, as well as realizing mutual prosperity	The addition is made by entering the Pancasila Asset variable in assets and Pancasila Equity in liabilities	**Assets + Pancasila Assets = Debt + Equity + Pancasila Equity**

In the equation:

Assets + Pancasila Assets = Debt + Equity + Pancasila Equity

AssetPancasila can be interpreted as meaning that the company will recognize social responsibility, human resource components and the company environment both at the micro and macro level (Nationality) as part of the company in realizing its goals. so that financial report users can see in the financial report

Pancasila Equity has the consequence that the company has equity capital worth Pancasila with the following explanation:

a. Pancasila Equity is a portion of company capital that is recorded as a form of corporate responsibility at both micro and macro levels.
b. Pancasila Equity is formed in accordance with the capital owner's capabilities without hampering the company owner's goal of making a profit but can realize the essence of the five Pancasila principles
c. Profit returns from Pancasila Equity will be reused as additional benefits to Pancasila Assets

In the Pancasila accounting equation, assets are a company's tool for making a profit, but on the other hand there are Pancasila assets which are a form of manifestation of Pancasila capital that takes into account the five Pancasila. So it is hoped that the company's goals with the realization of Pancasila can be realized together. Apart from that, in the Pancasila Accounting equation, company management will try to avoid moral hazard which is the result of information asymmetry, because all information that was not previously disclosed can be seen in this equation and is the company's obligation.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusion

Accounting is an information tool for its users, in this case it can be said that the product of accounting is the basis for decisions of stakeholders, in this context there is nothing wrong or wrong with accounting, it's just that there are many shortcomings that are deliberately created for the benefit of others in the basic construction of the accounting equation. These interests are none other than the capitalist octopus, in this research it has been discussed that accounting was born under the influence of capitalism. If it is likened to a building, the initial foundation of the building is not in accordance with its environment. The building will only look magnificent but have a weak foundation. In the Pancasila accounting equation, the product of the accounting must value Pancasila, for example the existence of Pancasila assets. This asset is a form of corporate social responsibility both at macro and micro levels. Pancasila assets are the embodiment of Pancasila capital formation. The conventional accounting construction of entity theory is only a systematic relationship that often fails to transform ethical and moral values. Meanwhile, the accounting equation with the Pancasila philosophy can reflect ethical and moral values with Pancasila assets and equity.

5.2. Research Limitations

Researchers are aware of the many limitations in conducting this research, including:

1) Research should explore more comprehensive case studies and examples of conventional accounting failures
2) Simulations of basic accounting equations with the Pancasila philosophy cannot provide a more detailed picture of more complex accounting processes.

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5.3. Suggestion

The researcher hopes that in future research, more comprehensive literature and case studies will be discussed and studied, and there needs to be an example of the application of accounting with the Pancasila philosophy in its entirety and depth in real cases.

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