

Homo Economicus vis a vis Homo Pancasila: A Fight against Positive Accounting Theory

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ABSTRACT

This study offers *homo pancasilaus* as antithesis to *homo economicus*. *Homo economicus* has become the ontology of Positive Accounting Theory (PAT) that dominates capitalistic accounting. By employing Pancasila as research paradigm, it is revealed that *homo pancasilaus* has a number of indicators which characterises human personality: divinity, humanity, unity, society, and justice. These characteristics can be used as the basis to transform accounting that is based on Pancasila, and to offer alternative *Positive Accounting Theory*.

Keywords: Critical accounting, *homo economicus*, *homo pancasilaus*, positive accounting theory, pancasila paradigm

INTRODUCTION

The human aspects (and accounting) cannot be separated from the ideology of a country (Sitorus, 2016). If the concept of *homo*

economicus (assumption of human in Positive Accounting Theory (PAT) is applied to non-capitalist nations, there will be a change of ideology in accordance with that philosophy (Samuel & Manassian, 2011; Tinker, Merino, & Neimark, 1982). In Indonesia's the country ideology, namely Pancasila, is not aligned to the capitalist ideology (Cahyanto & Parikesit 2011). By implication, the concept of humans underpinned by Pancasila (*homo pancasilaus*) is diametrically opposite to the concept of *homo economicus*, the root of capitalism.

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This study examines *homo pancasilaus* in various aspects of life, particularly in the economy and accounting ontology. The concept of *homo economicus* prevents human from realising his/her full nature because it prioritises material reality (Waldron, 2010). Thus, a new personality of human called *homo pancasilaus* (humans who uphold Pancasila) is offered. This new personality is used as an underlying assumption for economics and accounting.

In formulating *homo pancasilaus*, we use five main values of Pancasila, namely divinity, humanity, unity, democracy, and justice whose relationships are intertwined. Humans' assumption cannot be separated from philosophy and accounting concepts as they influence each other. Therefore, the study associates human aspects of accounting and their influence on accounting activity, and *vice versa*.

METHODS

This study constructs human identity from the perspective of Pancasila. Assumptions of *homo economicus* which is the foundation of PAT accountancy should be changed. Moreover, this prioritises profit as the main purpose of economic activity, contradicting the Pancasila (Sitorus & Triyuwono, 2015). In this study, *homo pancasilaus*, comprising the principles of Pancasila, is used to study accounting and to realise the value of human (Soekarno, 1945, 2001).

The Constuction of Human Identity Based on Pancasila

Divinity and Humanity: The “Nothingness” of Human

Who am I? Who are we? Who is the real human? The answers to these questions form the basis of human assumptions (Kamayanti, 2009). These assumptions basically determine the nature of self and human being, which will then lead to the axiology of life, including accounting (Triyuwono, 2012). As discussed earlier, PAT cannot be separated from *homo economicus* where humans pursue opportunities to maximise their materials (Waldron, 2010). Every human being pursues opportunities in economic activity for personal gains. Accounting can be seen as a tool to increase opportunities for people through regulatory standards, measuring instruments, and scientific development (Hines, 1988).

The basis for Pancasila lies in the realisation that man is nothing in his life (Sitorus, 2016). Humans should be aware that their existence is a gift from God and they are part of nature. As a founding father of Pancasila, Soekarno (1945) emphasised that true God is the culmination of human civilisation. Thus, pursuing economic wealth alone is not justified. Material wealth is a representation of human ego and negates the reality of God (Chiapello, 2007; Hines, 1988; Sitorus, 2016).

We know humans have a free will and are sovereign in making decisions. Humans do have the right to separate himself from the presence of God, others, and the universe. Nonetheless, the free will concept should not be directed to things that are oriented to lust, especially in the concept of matter. People should use the freedom to be oriented to God, others, and the universe. In other words, free will is based on human wisdom and discretion (Latif, 2012; Lehman, 2014; Waldron, 2010). Therefore, the fourth principle of Pancasila is aimed at taming the ego (Cahyanto & Parikesit, 2011).

Humans, from the Pancasila perspective, should not see freedom espoused by capitalism (Latif, 2014). Instead, they sacrifice for common interests and welfare (Cahyanto & Parikesit, 2011). His or her existence is not self-centred but God, others, and the universe are far more important (Sitorus, 2016). The nature of sacrifice such as this that does not exist in *homo economicus*. An overhaul of *homo economicus* must be done to achieve *homo pancasilaus*.

Self-interest is actually divisive to the nation (Hines, 1988; Mulawarman, 2013). In addition, social inequality exists due to private wealth accumulation (Latif, 2012).

Humans must be humble and the humility brings people together. Humans need to move from ME to OUR in the paradigm of life to realise the true *homo pancasilaus*. "I" am nothing without "WE" as an entity unified and mutually influenced each other (Kusdewanti, Triyuwono, & Djamhuri, 2016). "WE" leads to an

awareness that enjoyment is only for the private individual but for mutual benefit (Sitorus, 2016).

This "nothingness" attitude should be apparent in the development of accounting, both in theory and practice. We must realise the development of accounting concepts cannot be separated from human characteristics, *vice versa*. Accounting and human beings have a strong bond, even from the level of definition (Sitorus, 2015). Both are aspects of reality that are not separated from one another, both on the physical level and vice versa (Kamayanti, 2009). Awareness of this "nothingness" will encourage accounting that is conscious, and humble, and from ontology, to axiology (Molisa, 2011; Triyuwono, 2012).

Value of Divinity and Humanity: Human as Trustworthy

Trustworthy is ignored in *homo economicus* and the development of PAT (Sitorus, 2015). Human based on PAT is ambitious, competitive and forgets that everything is a surrogate (Triyuwono, 2012, 2015). A man is always focused on the acquisition of material wealth and forgets he should be accountable to the universe (Sitorus, Habibaty, & Triyuwono, 2016). Eventually, every human being will compete against one another for material gain (Tinker, Merino, & Neimark, 1982). Therefore, human competition in economic activity becomes commonplace.

Abandoning the virtue of being trustworthy will result in vanity and false

happiness. Humans are happy if they are materially well off in an economic context, leads to wealth accumulation (Chiapello, 2007; Schneider, 2012; Tinker, 2014). This leads to pride and disregard for God and the universe in economic activity. This is the arrogance of man embodied in PAT (Sitorus, 2015; Sitorus et al., 2016). The question is, are people aware that there is a true reality that must be pursued in life?

We must realise that when a human claims to be nothing, then everything he has is a mandate from God. God actually plays a major role in economic activity despite God being negated in PAT (Sitorus, 2015). When human beings are nothing, he/she should be aware of the existence of God as the highest force in life (Kusdewanti, Triyuwono, & Djamhuri, 2016). Consequently, there is a realisation that he/she does not mean anything without the existence of God. Therefore, the pride and joy of material gains are not aligned with the realisation of human beings as nothing.

God has also mandated human beings to carry out economic activities that are centred in God (Triyuwono, 2012). Humans work together to create economic activity. A person should not think of his/her own interests because actually he/she is a social being and is civilised (Latif, 2012). When personal interests (self-interest) are factored in economic activity, then only certain circles exclusively enjoy the results of such activities (Sitorus et al., 2016)

We also should not forget that the universe, a venue for economic activity, is a mandate from God. Man cannot perform

economic activity in the absence of the role of the universe as a production source. The implication, therefore is, we have to show gratitude to God for entrusting the universe to us. The question is, whether the PAT system is based this. Certainly not! The universe, for the PAT, is only used as a material in improving humans' lives (Petrenko, Aime, Ridge, & Hill, 2015).

The gap between God, human and the universe can also be said as a result of forgetting 'trust' in the development of accounting. Human become oblivious to his/her true identity when God's mandate is erased from their mind (Sitorus, 2015). Hence, economic and accounting systems only focus on self-interest (Hines, 1988). Therefore, Pancasila's mandate is centred on God, humans, and universe for 'trustworthy and holistic' reality (Latif, 2014; Sitorus, 2016).

How is trustworthy embodied in the perspective of Pancasila? Soekarno (1964) as the founding father of Pancasila laid the foundation of trust by formulating *Trisakti* (Three powerful elements). First, is sovereignty in the political field? Indonesian society must have a political identity. This sovereignty also applies to accounting in the context economics (Sitorus, 2015). Thus, economics and politics are connected (Amir, 2012; Arnold, 2012) to the sovereignty of a country. Second, economic self-sufficiency in the spirit of togetherness. Third, socio-cultural where accounting is based on local wisdom. Nature is already part of the accounting thinking "frame" of the people of Indonesia (Sitorus, 2016; Triyuwono, 2011).

The third element is basically intended to realise the paradigm of human ‘wholeness’ in life. A whole human being no longer thinks of material elements and self-interest in building a paradigm of life. All the elements that exist within humans are immersed in the spirit of togetherness with God as the centre (Soekarno, 1964). Thus, the spirit of Trisakti changes from “I” to “WE” to realise the wholeness.

This context should also be embodied in the development of knowledge and paradigms of accounting practices. Modern accounting that is reflected in PAT regards mandate as a burden or costs (Suwardjono, 2013). This may mean the contribution of these entities to carry out the mandate may not exceed total revenue (Parikesit, 2012). Therefore, accounting needs to determine the usefulness of non-material to realise the full mandate.

Value: Human in Unity

Unity appears when man realises his role in carrying out his mandate (Triyuwono, 2012). As mentioned earlier, God gives a mandate to man to live together, not as individuals (Sitorus, Habibaty, & Triyuwono, 2016). By implication, the new mandate can be executed when all the elements of life have God as their centre. Therefore, humans must blend the realities of life to carry out their mandate (Triyuwono, 2016).

In the end, we need to realise that selfishness in *homo economicus* has caused the distance between human beings and other elements in life. PAT, through the assumption of human as *homo economicus*, expressly

results in binding humans (and accounting) to the material world. This creates a pattern of material accumulation via economic activities (Friedman, 1995; Malsch & Guénin-Paracini, 2013). Therefore, we need not be surprised if people justify their pursuit of material wealth regardless of the existence of God or neighbours (Sitorus et al., 2016). Thus, replenishment of *homo economicus* assumption is also intended for the sake of uniting human beings with all elements of life.

Humans, when acting as *homo pancasilaus*, must shed their ego to be united with all the other realities in life. Pancasila as paradigm demanded the abandonment of self-interest in order to build a civilisation together. This would lead humans to get together as the ultimate goal of life (Latif, 2015; Mulawarman, 2013; Sitorus & Triyuwono, 2015). The spirit of togetherness then forms an economic system that is based on the values of the noble man, unlike the ego (Cahyanto, 2012). Soekarno (1960) prescribed Pancasila as a recipe to bring all human civilisations together.

There are three aspects of the relationship that must come together to realise the oneness of man. First, people must unite themselves with God (Kaelan, 2010). Man must realise that he is a creation of God, and hence, he must not abandon his relationship with God. Second, the people must unite to build a paradigm of life. Man can blend with each other if he/she is able to shed the ego and stay in tune with each other. Third, people should unite themselves with the universe to build a paradigm of life.

The oneness not only occurs in the human aspect alone, but also reflected in accounting. Accounting leads humans to the mortal world (Sitorus, 2015). Accounting affects humans and vice versa, so both must have compatible properties (Harahap, 2013; Sitorus, 2016; Triyuwono, 2016). Thus, accounting can be a means for people to take responsibility for human lives based on the spirit of oneness.

Unity and Democracy: Humans who Love the Country

The most important thing advocated by *homo pancasilaus* is love for the country as an important part of life. This is called nationalism. Love for their country is a credo for the Indonesian people (Latif, 2015). Pancasila is based on a common vision and love for the country is necessary in order to embed Pancasila (embedded) as a way of life in Indonesian society. Instead, Pancasila will just be a slogan or rhetoric when it is not matched by a sense of love for the country.

Nationalism is essentially based on the *homo pancasilaus* spirit and to realise the sovereignty of a country (Sitorus, 2015). Nevertheless, the trust cannot be realised when Indonesians do not love their own country. Therefore, people need to inculcate the spirit of nationalism within him/her to realise the mandate.

On the other hand, humans can also be said to be united when they have a sense of devotion to their country. Additionally, the universe is a part of a sovereign state

because this element is also involved in human life. Not only that, Indonesia recognises that God is the most important part of the country through the first principle of Pancasila (Nadjib, 2013). Thus, we can conclude that the third element of the oneness of life is materialised in the form of the state. Therefore, a sense of nationalism is in essence a conscious attitude to merge with all the elements of life.

Accounting upholds local wisdom that is basically a manifestation of nationalism. Local wisdom is basically the identity of a country in building a civilisation. A country will have a clear benchmark in developing a paradigm of life (especially accounting aspects) when it has local wisdom to measure it against with (Efferin, 2015).

Homo Pancasilaus: Justice

Every human has his/her own concept of justice. The only difference is its foundation and goals. One example is the perspective of distributive justice which incidentally is the embodiment of *homo economicus*. From this perspective, fairness is based on rationality and morality (Boot, 2012; Rawls, 1999). Some rationalists even negate the existence of God. Therefore, it is not a surprise to perceive that capitalist is legitimized in accounting based on this perspective of justice (Bayou, Reinstein, & Williams, 2011).

Human justice from the Pancasila perspective is based on upholding balance in life (Sitorus, 2015). Balance is not always associated with the acquisition of material

wealth (Cahyanto & Parikesit, 2011), but there are other elements which are far more important for human life.

In Pancasila, balance can be achieved by first being just to God, human and the universe (Sitorus, 2015). Second, practising justice in all aspects of human's life (Parikesit, 2012). Humans must use wisdom and discretion in life to ensure an equitable life (Latif, 2014). Third, to realise justice for civil society (Latif, 2015).

These are the different definitions of human justice. Justice from Pancasila perspective, no longer emphasises material wealth as the goal of economic activity (and accounting). Is it possible that human justice that is based on Pancasila can be realised in modernity? Of course, it can! Human justice can happen if we become less selfish (Kusdewanti, Triyuwono, & Djamhuri, 2016). However, the nation must be directed to realising human (and accounting) justice (Sitorus, Habibaty, & Triyuwono, 2016).

CONCLUSION

This study has discussed *homo pancasilaus* characters as being antithetical to *homo economicus*. *Homo pancasilaus* is made up of five main values of Pancasila, namely divinity, humanity, unity, democracy, and justice. *Homo pancasilaus* eliminates human ego and believes in the unity between God, others, and the universe. The oneness is then given a mandate called *Trisakti* to form a sovereign nation. Finally, *homo pancasilaus* has a personal form of justice that balances human life in all aspects.

Aspects of *homo pancasilaus* emphasize that human beings cannot pursue material enjoyment only. Instead, they must surrender to the existence of God as the Creator. This is the true identity of Indonesians who are aware of the divinity of life. This certainly can not to be found in the assumption of man as *homo economicus*.

Homo pancasilaus aspects can be implemented in accounting when the latter is infused with the spirit of Pancasila. Therefore, humans and accounting must have the spirit of Pancasila to realise human civilisation.

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