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ANALYSIS OF CORPORATE CULTURE ESTABLISHMENT AT PUBLIC ACCOUNTING FIRM CDE

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ABSTRACT

Culture plays a very important role in public accounting firms. Standard on Quality Control (SQC) 1 regarding Quality Control for public accounting firms Conducting Assurance (Audit, Review, and Other Assurance Engagements) and Non-Assurance Engagements, states that the leadership of public accounting firms is responsible for quality. Within this context, the internal culture of public accounting firms depends on their leadership. The role of the public accounting firm leader is thus to reinforce the Code of Ethics for the Professional Public Accountant through the internal culture that is established. This study aims to evaluate the role of partners at public accounting firms CDE, especially in the ABC Team in terms of establishing a corporate culture based on SQC 1 and the Code of Ethics for Professional Public Accountants. Robbins (2002) highlighted that the role of the partner is part of the process of establishing the organizational culture. This study uses primary and secondary data gathered through interviews and documentation. The results of the analysis show that the ABC Team partner at public accounting firm CDE has performed his role as both a leader responsible for quality in accordance with SQC 1 and in promoting the code of ethics through the internal culture. According to Robbins, the culture establishment process begins with the philosophy of the ABC Team founder. However, problems persist related to instilling the culture in employees. The author proposes a strategy within the framework of a management control system consisting of social and technical controls.

Keywords: Corporate Culture, SQC 1, Code of Ethics for Professional Public Accountants, Public Accounting Firm.

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1. INTRODUCTION

Culture is crucial within a company and is reflected in the personality of its employees (Thompson et al., 2020). A survey by Deloitte (2012) revealed that 94% of executives and 88% of employees believed that cultural differences in the workplace were critical to business success. The importance of culture encourages companies to strengthen their internal culture, including accounting service companies. Accounting and culture were themes discussed at the national convention of the American Accounting Association in 1986 (Hofstede, as cited in Pratt & Beaulieu, 1992).

The public accounting firm is one type of service company that operates in the accounting field. The culture at a public accounting firm is one of the main factors affecting audit quality (Financial Reporting Council, 2008). As an indicator, the cultural factor includes the creation of an environment that is characterized by the achievement of high quality, sufficient resources, and systems for client acceptance and sustainability (Knechel et al., 2013). Corporate culture has also been shown to influence employee performance (Mwambwa et al., 2020). Further, excellent performance is associated with a strong culture (Kotter & Heskett, 1992).

According to paragraph 16 of Standard on Quality Control (SQC) 1 regarding Quality Control for Public Accounting Firms Conducting Assurance and Non-Assurance Engagements, a crucial element of the public accounting firm's quality control system is the responsibility of its leadership for quality (IAPI, 2013). The internal culture therefore depends on the public accounting firm's leadership and the example it provides. This aligns with the Center of Audit Quality (2019), which included leadership and culture in the Audit Quality Disclosure Framework. The reputation of the public accounting firm and its auditors depends on how the leadership values audit quality; leadership therefore has a great influence on the public accounting firm culture (Bol et al., 2018; Jenkins et al., 2008; Public Oversight Board, 2000).

Furthermore, SQC 1 Paragraphs A2–A3 explain that the public accounting firm leadership, as the party responsible for quality, must establish policies and procedures related to public accounting firm culture – for example, performance evaluation, compensation, and employee promotion (IAPI, 2013). It can then delegate these aspects to parties with experience and ability. Leadership within the public accounting firm is also emphasized in the public accounting profession's code of ethics. Public accounting firm leaders must therefore ensure that all members comply with its provisions. An internal public

accounting firm culture is needed to ensure that all members comply with the code.

Previous research has examined the nature of organizational culture in public accountant firms in the United States through a quantitative approach and has identified differences in aspects of culture in public accountant circles (Beaulieu & Pratt, 1992). Meanwhile, Chow et al. (2022) found that while culture was relatively homogeneous across functions, differences were identified across ranks in United States-affiliated international accounting firms in Taiwan and local Taiwanese firms. Furthermore, Pierce and Sweeney (2005) conducted research on public accounting firm control systems from the partners' perspective in the Big Four public accounting firms and found that partners placed high trust in various informal procedures. This indicated that the culture controlled and incorporated the partners' experience and intuition in every company activity. Svanberg and Öhman (2016) found that a strong ethical culture in audit firms enables auditors to be more objective in their work. Certain decisions such as an auditor's consideration of materiality are also influenced by the culture within the company (Carpenter, Dirsmith, & Gupta, 1994).

This study analyzed the process of culture establishment in public accounting firm CDE, focusing on one of its teams, namely the ABC Team, which is led by a partner. ABC Team's partner joined public accounting firm CDE and became part of an organization of CDE affiliated with a foreign public accounting firm called XYZ International. This type of arrangement is common among local public accounting firms in Indonesia, where a group of partners merge to form one public accounting firm organization. ABC Team creates its own culture for implementation by its employees. This practice is found in various companies that have a dominant or centralized culture and consists of many subcultures that can form within work groups, such as the departments in an organization (Morgan, 2006; Robbins, 2002).

ABC Team seeks to establish its own internal culture. This comes even though the regulation and responsibility lie at CDE in terms of its leadership's responsibility for quality, as included in the SQC 1 element and that is also part of strengthening the code of ethics of the public accounting profession. This study focuses on the ABC Team partner as the leader and aims to gain a partner's perspective on his team's internal culture. Once principles and ethical standards have been publicly approved, they must be institutionalized in a firm's policies and operations, as well as incorporated into the behavior of its workers (Thompson et al., 2020). Companies that focus on business sustainability will instill their internal culture through a management control system (MCS) that is

divided into two categories, namely social control and technical control (Willekes et al., 2022).

Using a qualitative case study approach, this research seeks to evaluate the leadership role of the engagement partner in establishing the public accounting firm's internal culture based on SQC 1 and the Code of Ethics for the Professional Public Accountant. The study also seeks to evaluate the process of establishing a corporate culture based on the process outlined by Robbins (2002), as well as provide strategies to instill a corporate culture in the ABC Team and ensure that all employees can consistently maintain it.

The unit of analysis in this study is the ABC Team. The main focus is the partner who is the founder and leader of the ABC Team, thus reflecting how the public accounting firm leadership bears the most responsibility for quality in the context of an internal culture (IAPI, 2013) and can also strengthen the code of ethics of the public accounting profession within the public accounting firm (IAPI, 2018). The founder or leader is a key element in establishing the culture (Robbins, 2002; Schein, 2004; Thompson et al., 2020). The role of this partner is therefore linked to the process of organizational culture establishment (Robbins, 2002); the philosophy of its founder determines how the culture is both established and embedded within the organization.

This study provides a set of evidence-based guidelines for the ABC Team to enhance its corporate culture. It is also useful for proposing strategies to embed a corporate culture in ABC Team employees and ensuring that all employees can consistently maintain the corporate culture that has been established. In addition, this research is expected to provide a perspective on the internal culture in a non-Big Four public accounting firm and provide knowledge related to the business of public accounting firms in Indonesia.

2. LITERATURE REVIEW
2.1. CORPORATE CULTURE

Corporate culture comprises the values, attitudes, and beliefs that determine behavioral norms to achieve company goals (Kaiser & Ringlstetter, 2011; Thompson et al., 2020). A strong culture can support the coordination of various employee goals and interests with company goals (Bol et al., 2018; Kaiser & Ringlstetter, 2011). In contrast, a weak culture has relatively little influence on the company's operations. According to Willekes et al. (2022), a sustainable corporate culture is cultivated through an MCS, which directs various resources within the organization, including the culture. This type of system exerts both social and technical control. Social control involves influencing employee behavior indirectly through mindset formation so that they will internalize

values through, for example, the use of vision, mission, strategy statements, socialization, and employee selection processes. While technical control means influencing employee behavior directly; for example, working with plans, arrangements, and systems that focus on behavior or measurable outputs, such as the use of budgets and employee incentive systems.

2.2. STANDARD ON QUALITY CONTROL (SQC) 1

SQC 1 contains rules regarding the use of a quality control system in conducting assurance and non-assurance engagements. Based on Law Number 5 of 2011 concerning Public Accountants Article 27 paragraph 1c, a public accounting firm is required to both have and run a quality control system comprising six elements, namely the responsibility of the public accounting firm's leadership for quality; applicable professional ethics provisions; acceptance and sustainability of relationships with clients and certain engagements; human resources; engagements implementation; and monitoring. Each public accounting firm is obliged to determine these six elements.

This research focuses on the first element, namely the responsibility of the public accounting firm's leadership for quality. It is the responsibility of the public accounting firm leadership to establish policies and procedures as a form of support for the firm's internal culture. This support depends on how the public accounting firm leadership communicates it to all elements of the firm and ensures that quality-based internal culture complies with professional standards, legal provisions, and applicable regulations. Table 1 summarizes the points contained in the elements of public accounting firm leadership responsibility for quality in terms of support for internal culture.

Table 1: Summary of Public Accounting Firm Leadership Responsibilities for Quality

No	Points of Public Accounting Firm Leadership Responsibility for the Quality
1	Partner establishes policies and procedures to support the public accounting firm's internal culture (Par. 18)
2	Partner communicates internal culture to staff (Par. A2)
3	Partner establishes policies and procedures governing the evaluation of performance, compensation, and promotion of all staff (Par. A3 point a)
4	Partner determines management responsibilities that prioritize quality in every job (Par. A3 point b)
5	Partner provides adequate resources for development, documentation, and support of quality control policies and procedures (Par. A3 point c)
6	Partner assigns responsibility for the quality control system implementation to parties who have sufficient and appropriate authority, ability, and experience (Par. 19)

Source: IAI (2013), reprocessed by the author

2.3. PUBLIC ACCOUNTANT PROFESSIONAL CODE OF ETHICS

Based on Law No. 5 of 2011 concerning Public Accountants Article 25 par. 2b, public accountants are required to comply with and implement a

professional code of ethics consisting of five basic principles: integrity, objectivity, competence as well as due professional care, confidentiality, and professional behavior. These five principles are reinforced by various elements, namely leadership in the public accounting firm, education and training, supervision, and processes in dealing with non-compliance.

The public accounting profession's code of ethics includes a conceptual framework to assist firms in complying with its basic principles and fulfilling their responsibilities as public accountants. The framework also defines approaches to identify, evaluate, and address threats to compliance with the basic principles of the professional code of ethics. Other considerations when applying the conceptual framework include the organizational culture, which is a tool for promoting the code of ethics. The effectiveness of this promotion depends on the role of leaders and managers as those responsible for putting forward the ethical values of the organization and ensuring that all parties can implement them.

2.4. CORPORATE CULTURE ESTABLISHMENT

Corporate culture is established through a process. According to Robbins (2002), the main source of corporate culture is the organization's founders, since they have the vision of how the organization is to be run. Furthermore, the philosophy of the founder determines how various criteria will be applied by employees. The organization's selection process establishes criteria to identify and hire individuals with the knowledge, skills, and abilities needed to undertake work that is consistent with the organization's values. Through the criteria set in the selection process, the top management has a great impact on the organizational culture, notably in terms of how they behave, how they delegate work to their subordinates, and how they determine the actions to take regarding salary increases, promotions, and so on. Socialization is a process carried out by the organization to help employees adapt to its culture. The organizational culture establishment process according to Robbins is illustrated in Figure 1.
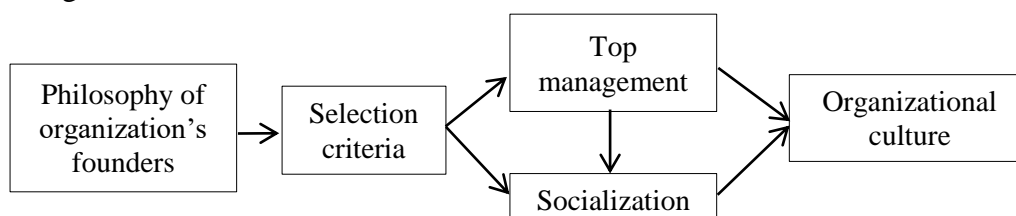

Figure 1: The Process of Organizational Culture Establishment

Source: Robbins (2002, p. 239)

3. RESEARCH METHODS

This research comprises a case study, specifically an empirical study based on phenomena that exist in a real-world context (Yin, as cited in Woodside, 2010).

3.1. DATA COLLECTION AND RESEARCH INSTRUMENTS

This study used data collected from primary and secondary sources. The primary data were gathered directly from the informants through semi-structured interviews, which were documented in the form of recording files and manuscripts. The secondary data were obtained from related documents such as the company profile, draft corporate culture design, and the results of a survey conducted before the research started. These documents support the data collected through the interviews.

This research required informants with a good understanding of the object under study and the ability to provide information about their understanding related to the research object. The names of individuals were kept confidential to maintain their privacy and protect the informants; to this end, the authors established the following code: Partner (A1), Manager (A2), Senior 1 (A3), Senior 2 (A4), Senior 3 (A5), Junior (A6), and Human Resource Department (HRD) (A7). Before gathering the data, the author contacted the manager of the audit division at ABC Team to request permission to conduct the research. Permission was also sought from the informants to be involved in the gathering of research data. During each interview, the author also explained its purpose and requested permission for it to be recorded. The author then compiled a list of questions that would serve as guidelines.

The interview questions were compiled based on a summary of SQC 1, the code of ethics of the public accountant profession, and the cultural establishment process according to Robbins (2002) as the conceptual framework for use in analyzing the research objectives. The author used the data triangulation technique by combining the data from the interviews with that from other informants to produce a multi-perspective result, in addition to various supporting documents to validate the interview results and ensure a more comprehensive discussion.

The data were collected during the Covid-19 pandemic; as such, the author was unable to conduct face-to-face interviews due to restrictions on accessing

the research site and the ABC Team's work-from-home policy. The interviews were therefore conducted online using information technology. According to Salmons (2012), online interviews follow the same fundamental steps as in-person qualitative research interviews with the addition of technology to mediate the interaction between the author and the informant. The interviews were conducted via the Zoom application and recorded using the recording feature.

3.2. DATA ANALYSIS

The data were analyzed using an interactive model from Miles and Huberman (1994) that consists of the data collection, data reduction, data presentation, and conclusion phases. The data were collected before, during, and at the end of the study. Data reduction is a process that combines and homogenizes data by selecting, simplifying, focusing, and changing the data that has been collected in written manuscripts. It can be reduced by selecting, summarizing or paraphrasing, and eliminating irrelevant data. Data presentation enables conclusions to be drawn and presented in the form of narrative text developed by combining the information derived from the results of the data reduction. This assists in determining whether the conclusions are correct or need to be re-analyzed. The conclusion phase of the data analysis process summarizes the result of the data presentation.

4. ORGANIZATION PROFILE

Public Accounting Firm CDE and Partners is a public accounting firm that was established approximately 25 years ago and is led by a managing partner. Public accounting firm CDE is engaged in insurance, accounting, taxation, and financial and management services. The firm currently has four branch offices while its human resources comprise partners, managers, seniors, juniors, and supporters. It presently has around 40 partners, divided into teams. Each partner has a team that works in accordance with the services provided. This includes the ABC Team, which is led by a partner referred to in this study as Informant A1. ABC is an abbreviation of the name of the partner and founder of the ABC Team, which is not implicitly entwined with public accounting firm CDE, as explained by informant A1:

> *"Indeed, if we see that the reference is a big firm accounting company, for example, the big four, it might be confusing. Because if it's EY, then PWC, one EY is one EY, PWC as PWC. Now it's just us because we are not big four, public accounting firm CDE is just an organization. So what is the term, it's more towards the network in the context of they*

have their own team. So there are 40 partners. Each partner, they have their own system, you know, including our team. Like that. Well, I don't know what it's like at CDE itself or what other partners are like and that's not my area or scope."

ABC Team was founded in 2018 and focuses on auditing and financial consulting services. It currently comprises around 100 employees, including partners, managers, seniors, juniors, and supporters. ABC Team has around 50 clients ranging from state-owned enterprises, private sector, banking, and public sector organizations, and others. Its clients also operate in a diverse range of business fields, namely manufacturing, retail, heavy equipment rental services, crew training services, airport management, air traffic control services, rail transportation services, aluminum smelting, precious metal processing and refining services, and others. ABC Team provides both audit and non-audit services.

5. RESULT AND DISCUSSION
5.1. I-CULTURE PROFILE AT ABC TEAM

The culture established and implemented by the ABC Team is called I-CULTURE. It refers to this as its corporate culture, as confirmed by Informant A1 as the founder and partner of the ABC Team: *"Yes, the mention of culture in the ABC Team is corporate culture."* I-CULTURE was formally inaugurated in July 2021 during a town hall meeting attended by ABC Team employees. As an acronym, I-CULTURE stands for Integrity, Coaching and development, Ultimately risk awareness, Learning continuity, Teamwork, Understanding client, Respect for others, and Enthusiast.

The eight values incorporated in I-CULTURE derive from the classification formed by the partner comprising people, company, and client. The first category is people, namely ABC Team's human resources who must have high integrity in their work, risk awareness, a willingness to continue learning, and enthusiasm. Company relates to how employees have good teamwork, are willing to develop as part of a team, and respect each other. At the client level, the team's employees must understand their clients, the nature of their business, and how to communicate with them, thus reflecting the importance of maintaining good relations with clients.

5.2. THE ROLE OF THE ABC TEAM PARTNER IN ESTABLISHING CORPORATE CULTURE BASED ON SQC 1
Based on the author's interview, the following analysis is divided into six discussion points.

1. Policies and Procedures to Support Internal Culture

SQC 1 Paragraph 18 states that public accounting firms must establish policies and procedures to support an internal culture that recognizes the importance of quality. This policy is formed by the head of the public accounting firm, who in this case is the partner. Informant A1, as the leader of the ABC Team, has established a policy to support the I-CULTURE:

> *"In terms of integrity, coaching, assessing risk, learning and development, and so on, respect is something they instill in their day-to-day. In that context then every week, we have the term weekly planning. In weekly planning, we always talk about people, clients, and company. So, let's discuss people first, what's the issue with people, what's the issue in resources, like that. Then we will discuss it from the client-side, then we will go to the company, where the people, client, and the company are the long translation, yes, I-CULTURE itself."*

The explanation above shows that the partner supports the public accounting firm's internal culture through a policy of weekly planning, namely meetings attended by the person in charge of the project. The partner realizes that not all employees have a complete and formal understanding of I-CULTURE. However, through the weekly planning sessions, he always emphasizes the application of I-CULTURE in their daily work life. He also states that the points discussed in the weekly meetings cover people, clients, and company, which are the roots of the elaboration of the I-CULTURE.

The persons-in-charge, who take part in weekly planning, relay the topics discussed to their staff. The policy mechanism and procedures implemented by the ABC Team are based on the *"tone at the top,"* which as an ethical atmosphere is a benchmark for good governance at a public accounting firm (IAPI, 2018). It reflects how the partner conveys messages to staff and makes important decisions regarding the public accounting firm. With good governance, employees will also have good work behavior and practices (Thompson et al., 2020).

2. Internal Culture Communication to Staff

A public accounting firm's internal culture is influenced by clear communication at every level of management. Within the ABC Team, I-CULTURE is communicated to all employees, as conveyed by Informant A1:

> *"We have a town hall meeting every 3 months or every 6 months, there is a town hall meeting, then there is the outing itself, there is a gathering, there is a breaking fast together, whatever it is, we always hear that from culture, we are the people are our assets, so they.. by default or without them knowing they are also acting as we want."*

From the explanation above, the partners use several forms of communication to support the I-CULTURE, namely town hall meetings,

outings, gatherings, and other events such as breaking fast together. A clear message is that all public accounting firm employees can support the I-CULTURE as a quality-oriented culture. Although I-CULTURE has been developed and introduced to all employees, the partner realizes that not all employees formally understand every value that it contains: *"Maybe you don't know what I-CULTURE is, one by one, right? But in substance, in spirit, they apply it in practice, you know."* Furthermore, the manager, Informant A2, emphasized:

> *"So if you were talking about culture, did you understand it, actually, indirectly, that's already been done. That's why we take the culture first, then we form what is the term I-CULTURE. So indirectly, it's been done that way, it's just not documented, that's how it is."*

SQC 1 Paragraph A2 states that the internal culture within a public accounting firm is influenced by the public accounting firm's leadership. Informant A1's leadership as a partner in setting an example based on the values in I-CULTURE is seen by the staff, which is supported by their statements. The interviews with several informants from the junior to the senior and manager levels demonstrated that the partner sets an example through his behavior to communicate I-CULTURE, especially in terms of respect for others. The employees agree that the leader places a high value on respect for others. The partner also emphasizes to employees the value of coaching and development and understanding clients.

3. Policies and Procedures Governing the Performance Evaluation, Compensation, and Promotion of All Staff

SQC 1 Paragraph A3 point a states that the public accounting firm's leadership establishes policies related to performance evaluation, compensation, and promotions, including incentives for all staff. This is carried out to demonstrate the firm's high commitment to quality. The partner defined the policy as follows:

> *"For KPI or performance appraisals, we actually started doing it every month this year. So every month we call it a performance bonus, you know, bonuses for all teams, from staff to senior managers where the criteria or KPI are different at each level."*

Based on this explanation, performance evaluation is carried out to determine the level of employee compensation, including incentives or bonuses, as well as promotions for all staff. Such evaluations were previously carried out two to three times per year, in January, May, and October. However, starting in 2022, they are carried out monthly. The partner sets Key Performance Indicators (KPIs) as the basis for the assessment.

Assessments are made of staff performance based on their position. Technical performance is the basis of assessment for those in junior to senior positions, while associate managers to junior partners are assessed against not only technical elements but also commercial aspects, budget, managing clients, and so on. The partner determines the KPI by considering the I-CULTURE as the values applied in the ABC Team. Informant A1 stated that the KPI set by the partner is divided into four aspects, namely attitude, which includes respect for others; communication such as teamwork; technical; and appearance, which examines the employee's relationships with clients. Based on these aspects, it can be concluded that partners have included the I-CULTURE values in determining KPIs.

4. Management Responsibilities that Put Quality in Every Job

SQC 1 Paragraph A3 point b states that the public accounting firm leadership, in its efforts to support the internal culture, can determine the appropriate management responsibilities to prioritize the quality of work. Quality is a very important aspect of a public accounting firm. According to Informant A1, from the partner's point of view, quality comprises two important elements:

> *"Quality control in my context, especially it concerns the client's trust, then the second one is more towards going concern as professionals. So for us, quality is nonnegotiable, so uncompromised is absolutely a quality problem."*

Informant A1's presentation above demonstrates that quality is very important for the ABC Team. In terms of the first element, quality is rooted in client trust. As a professional services firm, ABC Team sells services to clients. In contrast to comparable products, services depend more on the convenience of the service users. When clients feel comfortable, they will place their trust in the service provider. As such, trust is built on the service quality that the provider builds and, crucially, maintains. The partner said, *"Without clients, people are indeed number one, but without clients, people can't grow."* Clients and people are two important elements in professional services firms (Kaiser & Ringlstetter, 2011), including public accounting firms. This demonstrates that people and clients must be balanced as they support each other in the success of the public accounting firm.

The second element is going concern, namely maintaining quality in every aspect of work. As Informant A1 explains, to prioritize the quality and going concern elements of a public accounting firm, employees must "engage clients." This aligns with the value of understanding clients as part of ABC Team's I-CULTURE. Employees prioritize the quality of their work when they are

connected with clients, understand their business, and exercise care in completing every job.

5. Adequate Resources for the Development, Documentation, and Support of Quality Control Policies and Procedures

SQC 1 Paragraph A3 point c explains that public accounting firm leadership should provide adequate resources for the development, documentation, and support of quality control policies and procedures. ABC Team has three resources, namely an independent team (independent reviewer), a technical team (technical reviewer), and a party responsible for reporting compliance. The independent reviewer is responsible for checking all aspects of the report, such as writing errors. The technical reviewer tests or reconfirms that what is stated is appropriate and reasonable. The party responsible for reporting compliance ensures that the working paper has been properly archived and stored, including the conclusions, and that it has been previously reviewed, as explained by the partner:

> *"We have an independent team. There is a technical team. So every report, every working paper, must be submitted by someone else by an independent person. To make sure it was there. But we also have technical advisors, including Mrs. F, for example. For what we do, is a re-context in a professional or standard-based."*

The above explanation thus indicates that the partner provides adequate resources for the development, documentation, and support of quality control policies and procedures.

6. Partner Gives Responsibility for Quality Control System Implementation to Parties who have Sufficient and Appropriate Authority, Capability, and Experience

Based on SQC 1 Paragraph 19, the public accounting firm leadership assigns responsibility for the quality control system to certain parties. The previous point explained that there are independent reviewers and technical reviewers. These two parties are appointed by the partner through selection according to the characteristics of the reviewer:

> *"... So we have selected the independent reviewer, where is this person, who is strong? Some people are good at doing reviews in context. In what context is the term typo? Because if you make a small mistake, people will be lacking. Then some people like clerical, not numeric, if he catches it, sometimes there are strange things, there are things that he doesn't know."*

Based on the explanation above, the assignment of responsibility for implementing the quality control system is based on the capabilities of the reviewer through the selection made by the partner. From the six points explained above, Table 2 summarizes the appropriateness of implementing the

elements of ABC Team's leadership responsibility to support its internal culture.

Table 2: Summary of the Appropriateness of Implementing the Elements of Public Accounting Firm Leadership Responsibility for Quality in ABC Team

No	Comparison		Appropriateness		Explanation
	Based on SQC 1	**Based on ABC *Team***	**Appropriate**	**Not appropriate**	
1.	Partner establishes policies and procedures to support the public accounting firm's internal culture (Par. 18)	Partner has a policy of weekly planning that discusses I-CULTURE.	✔		Partner has established policies and procedures to support the public accounting firm's internal culture based on SQC 1 Par. 18.
2.	Partner communicates internal culture to staff (Par. A2)	Partner communicates I-CULTURE to the staff through town hall meetings, outings, and gatherings.	✔		Partner has communicated internal culture to all staff based on SQC 1 Par. A2.
3.	Partner establishes policies and procedures governing the evaluation of performance, compensation, and promotion of all staff (Par. A3 point a)	Partner has established policies, namely performance appraisal, based on KPIs consisting of attitude, communication, technical, and appearance aspects.	✔		Partner has established policies related to performance evaluation, compensation, and staff promotion based on SQC 1 Par. A3 point a.
4.	Partner determines management responsibilities that prioritize quality in every job (Par. A3 point b)	Partner emphasizes to all staff that quality is related to client trust and going concern as a professional.	✔		Partner has determined management responsibilities that prioritize quality in every job based on SQC 1 Par. A3 point b.
5.	Partner provides adequate resources for the development, documentation, and support of quality control policies and procedures (Par. A3 point c)	Partner has formed an independent and technical review team to examine all aspects.	✔		Partner has provided adequate resources for the development, documentation, and support of quality control policies and procedures based on SQC 1 Par. A3 point c.
6.	Partner assigns responsibility for the quality control system implementation to parties who have sufficient and appropriate authority, ability, and experience (Par. 19)	Partner assigns responsibility to independent reviewers, technical reviewers, and parties charged with reporting compliance.	✔		Partner has assigned responsibility for implementation of the quality control system to parties who have sufficient and appropriate authority, ability, and experience based on SQC 1 Par. 19.

Source: Author (2022)

5.3. PARTNER'S ROLE IN ABC TEAM IN ESTABLISHING CORPORATE CULTURE BASED ON THE CODE OF ETHICS OF THE PROFESSIONAL PUBLIC ACCOUNTANT

Based on paragraph 120.12-A1 of the public accounting profession's code of ethics, an organizational culture is a tool used to promote the code of ethics. Such promotion of the code of ethics through the public accounting firm's internal culture can render the application of the conceptual framework more effective. In this case, ABC Team has incorporated the code of ethics into one of its I-CULTURE values, as explained by the partner: *"In I-CULTURE, integrity is number one. There is a part that is very strong regarding the Code of Conduct."* Within the I-CULTURE, integrity refers to the ability to think, say, behave, and act properly and correctly and uphold the code of ethics and moral principles, both in interactions with internal companies and as a reflection of the company's quality to outsiders. The behaviors applied in daily work serve as proof that I-CULTURE is employed as a tool for promoting the code of ethics. Svanberg and Öhman (2016) found that a strong ethical culture in audit firms enables auditors to be more objective in their work.

Furthermore, paragraph 120.13-A2 point a of the code of ethics for the public accounting profession explains that the effectiveness of cultural promotion depends on the role of leaders and managers who prioritize the ethical values of the organization and ensure that all parties can apply them. The role of the ABC Team partner is to establish policies related to the code of ethics in the form of an agreement or consensus that all employees must sign every year. The consensus contains points that uphold the code of ethics. Further, the partner explained:

> *"... that's formally from the Code of Conduct assessment. Then secondly, maybe I'll ask the client too, I asked the client because somehow the client is my friend. What I'm asking is a quality problem, then ownership issues and so on, communication issues, are you happy with us, we also survey clients. So we conducted surveys, both audit and non-audit."*

The consensus signed by all employees also enables the partner to influence the effectiveness of cultural promotion through communication with clients. In the above explanation, the partner describes how he informally asks clients about the employees' performance when dealing with them; for example, regarding ownership, in this case, the value of understanding clients, then communication, and so on. Table 3 summarizes the appropriateness of implementing the code of ethics which is supported by ABC Team culture.

Table 3: Appropriateness of the Code of Ethics for the Professional Public Accountant in ABC Team Culture

No	Comparison		Appropriateness		Explanation
	Based on the Code of Ethics for the Professional Public Accountant	**Based on ABC Team**	**Appropriate**	**Not appropriate**	

1.	An organizational culture is a tool used in promoting a code of ethics (Par. 120.13-A1)	ABC Team has included the code of ethics in one of its I-CULTURE values, namely Integrity.	✔	Partner has used organizational culture as a tool to promote a code of ethics based on the Code of Ethics for the Professional Public Accountant Par.120.13-A1.
2.	The effectiveness of cultural promotion depends on the role of leaders and managers who put forward the ethical values of the organization and ensure that all parties can apply them (Par. 120.13-A2 point a)	Every year all staff sign a consensus code of conduct. Partners also undertake direct confirmations with clients as well as client surveys.	✔	The ABC Team partner as the leader has performed his role through policies made to promote culture effectively based on the Code of Ethics for the Professional Public Accountant Par. 120.13-A2 point a.

Source: Author (2022)

5.4. THE PROCESS OF CORPORATE CULTURE ESTABLISHMENT IN ABC TEAM BASED ON ROBBINS' (2002) ORGANIZATIONAL CULTURE ESTABLISHMENT PROCESS

The following four points analyze each process within the establishment of the corporate culture at ABC Team based on interviews conducted by the author.

1. Philosophy of Organization's Founders

According to Robbins (2002), the founders are the main source of corporate culture since they have the vision of how the organization is run. Informant A1 is a partner and founder of the ABC Team. He therefore formulated the vision and mission of the ABC Team. The vision prioritizes a balance between clients and the employees who work with them, as the partner explained: *"Without clients, people are number one, but without clients, people cannot grow."* Clients and people are two important elements in professional services firms (Kaiser & Ringlstetter, 2011), including public accounting firms.

Furthermore, the mission is *"Creating value, quality, and confidence."* These are the key to running ABC Team, namely by creating value through I-CULTURE. Quality is also created through client trust and as a going concern, while confidence is developed through the performance of all employees. The partner pursues the mission to achieve the vision as a trusted professional services firm.

Regarding the establishment of I-CULTURE, it begins with the partner realizing the existence of values that are felt but not structured. The vision and mission are then outlined and serve as the starting point for the establishment of the culture. In a departure from a vision that seeks to contribute to clients and employees, the partner has classified the vision into three parts, namely people, company, and client: *"So then we have the terms people, client, company. Now, we form people, clients, and companies into a culture that we call I-CULTURE."*

2. Selection Criteria

The process of establishing a corporate culture entails a criteria selection process. Regarding the criteria used as guidelines in the selection process, ABC Team already has standards or requirements for each position required; for example, it needs a senior auditor with several years' work experience. These criteria are set by the ABC Team management, as stated by Informant A7:

> *"Mr. A (Informant A1) must also discuss with the team, the professional team is definitely like that, what is it like, what is the name, the professional needed or the manpower needed. Well, that's how it is. So we are, from there we set the standard."*

The explanation above indicates that the standards set as criteria derive from management discussions in which the partner is involved in the determination process along with a professional team. While the standards set can be adjusted according to needs, changes cannot be made arbitrarily due to the need to meet the requirements of the market (Kaiser & Ringlstetter, 2011). The final decision concerning the overall selection process rests with the partner in terms of whether or not to follow the standards that have been set. Furthermore, Informant A1 explained the determination of these criteria:

> *"Then from the mapping point of view, we have staff resources projection, that's how it is with the target market. So we know in the future what we want to recruit. Is it a fresh graduate or a pro hire, something like that."*

The partner's explanation above reveals the need to group employees, from the junior level to the manager. The grouping will subsequently inform the criteria; for example, for a pro hire to be under a partner, networking is essential. Meanwhile, for fresh graduates, HRD is managed by both accepting job applications and collaborating with campuses to recruit directly.

3. Top Management

Informant A2 is one of the audit managers in the ABC Team involved in establishing the culture within the team. As a leader, he recognizes the key role of superiors in forming culture, as stated:

> *"At the very least, it's transmitting, so what's used is, from the start, it's a matter of development, about coaching, maintaining communication, then what respect is that too."*

Based on Informant A2's explanation, managers play an important role in transmitting (communicating) I-CULTURE to the employees who are under them. This was also supported by various staff-category informants who explained the importance of their superiors' role in establishing the corporate culture, how they behave, and setting an example for their subordinates. Furthermore, related to the work delegation, Informant A2 acknowledged:

> *"For example, there is teamwork with three assignments. Well, in determining the initial three, actually I assessed it first, for example, the*

> *work is A, so the specifics of the job, for example, PSAK 71 assessment, or implementation, but we'll see again later, oh this is the type of client, let's continue with the level of complexity in this company. Now that's the initial assessment, I've already determined the person, oh it's better if this person, what kind of synergy is that? Even though it won't be one hundred percent but we try, not try, hmm, targeting that these people can synergize in this work. So there is a need for that, so it's been arranged."*

The explanation above illustrates how the manager delegates tasks to their subordinates, namely through an assessment that involves adjusting the work needs according to the character of the employee; likewise with the determination of team members in a project assignment. Their role also determines the actions that should be taken concerning salary increases and employee promotions. In this case, ABC Team managers play a role in qualitative assessments through performance evaluations known as development discussions; for example, a junior who is capable must be promoted or paid, regardless of their length of tenure.

4. Socialization

The next step in establishing corporate culture is socialization, which is the process that an organization carries out to help employees adapt to its culture. There is potential for new employees to be unfamiliar with a culture in which they are working for the first time, even if have been informed about it during the selection and hiring process. I-CULTURE was introduced through town hall meetings and is socialized through development discussions. The latter are held at least twice annually as a forum for discussions between teams or persons-in-charge, who provide input on each team's scope for development, as explained by Informant A7:

> *"Yes, we have a schedule for development discussion. From there, we will know that we will be able to review how this teamwork results match expectations or not, because the results will be used as the staff grading. Well, but not only at those moments for coaching and development. Every day there has to be something like that, right, because the team needs to be coached like the juniors, the seniors need to be coached like that. Seniors need to be coached by their managers. Well, actually, it's in daily life."*

Informant A7 explained that the results of these development discussions are used for staff grading, namely to determine the level of employees based on their performance. This demonstrates that I-CULTURE is the basis for employee development. Informant A7 also emphasized that I-CULTURE is applied in the employees' daily work, including the value of development. I-CULTURE is introduced for new employees at the point of offer or declared as they become ABC Team employees, as explained by Informant A7:

> *"We will inform you a little bit, yes, it's only the skin. It's not in detail, if we have a corporate culture but that means no, for example, we don't describe I-CULTURE one by one, no. The important thing is that it is necessary to know that the most important thing is attitude, which is what we emphasize. And from there, maybe they will think too. That's usually when we start the offering. So, at the same time, we gave it to the company culture in the ABC Team like that."*

Informant A7's statement above demonstrates that the socialization process carried out by the ABC Team aligns with Robbins' opinion (2002), namely that the first stage in the process is the pre-arrival stage. This occurs before new members join the organization. ABC Team then conducts socialization with applicants at the point of offering, that is before they sign a contract or formally join the ABC Team.

5.5. PROPOSED STRATEGY TO EMBED CORPORATE CULTURE IN ABC TEAM EMPLOYEES AND ENSURE ALL EMPLOYEES CAN CONSISTENTLY MAINTAIN THE ESTABLISHED CORPORATE CULTURE

To improve each employee's understanding of I-CULTURE, the author proposes a series of strategies based on the problems arising, employee expectations, and cultivation of the culture according to Willekes et al. (2022) and Thompson (2020). The strategic points used as the basis for implementation are taken from the MCS developed by Willekes et al. (2022) and are shown in Table 4.

Table 4. I-CULTURE Embedding Strategy Based on MCS

Strategy	Application
Social Control	
Tone at the top	- Leaders always demonstrate by example the value of being an employee (self-awareness) by maintaining attitude and being responsible for themselves, their work, and the team
Employee socialization	- Discussion on corporate culture in the orientation program for new employees - Periodic reminders regarding I-CULTURE via email blasts - Incorporating I-CULTURE into routine office events - Conducting soft skills and hard skills training by inviting instructors from outside the company through mini university events organized by the company - Regular knowledge sharing between employees and more experienced seniors - Regular team-building activities (e.g., once a month)
Selection of personnel	- Incorporating culture into selection assessment criteria - Compiling a list of interview selection questions that reflect the I-CULTURE values - Recruiting the best of the fresh graduates from the selected campus
Interactive controls	- Regular employee surveys on their understanding of I-CULTURE and problems that occur in the field - Regular clients survey on work and employees who relate to clients - Forum Group Discussions to hone critical thinking
Clan controls	- A reciprocal relationship between employees and the office to foster a sense of belonging in employees
Technical Control	
Diagnostic controls	- Setting KPIs based on culture - Undertaking self-performance evaluation - Allocation of measurable targets or goals
Policies & procedures	- Re-explaining Standard Operating Procedures based on culture

Incentive systems	- Direction and appreciation for dedication and motivation if something is lacking - Appropriate benefits following contribution - I-CULTURE awards as an event to reward employees who have implemented I-CULTURE through peer review between assignment teams.

Source: Author (2022)

The strategies proposed by the author and outlined in Table 6 are interrelated, meaning that strong support is needed between strategies to create sustainability. Sustainability or consistency is very important in terms of embedding I-CULTURE; thus, the culture that is continuously instilled in the company will strengthen and affect the going concern or sustainability of the company (Willekes et al., 2022).

6. CONCLUSION AND RECOMMENDATION

Based on the research conducted at ABC Team in public accounting firm CDE, it can be concluded that the ABC Team partner as the founder and leader has played his role in establishing an internal culture based on SQC 1, which relates to the public accounting firm leadership's responsibility for quality. ABC Team's culture is called I-CULTURE (Integrity, Coaching and development, Ultimately risk awareness, Learning continuity, Teamwork, Understanding client, Respect for others, and Enthusiast). The partner has also performed his leadership role of strengthening the code of ethics of the public accounting profession through the firm's I-CULTURE values, namely that of Integrity. The process of establishing I-CULTURE within the ABC Team mirrored that proposed by Robbins (2002) in the sense that it originated from the philosophy of the ABC Team's founder.

However, while the partner has effectively played his role as the ABC Team leader with respect to establishing a corporate culture, ABC Team must still contend with various problems or challenges. Based on these and the urgency to instill a corporate culture in the employees of the ABC Team, the author has provided recommendations for strategic proposals within the framework of an MCS comprising both social and technical controls.

This research has limitations, namely the limited number of non-partner informants (i.e., six); as a result, a considerable amount of information was not obtained. Further research on the same topic may therefore seek to increase the number of informants from the employee category to facilitate the inclusion of more rich and comprehensive answers.

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