

UNIVERSITI TEKNOLOGI MARA

**FACTORS THAT INFLUENCE ETHICAL
JUDGEMENT
OF ACCOUNTING STUDENTS
AT UITM MACHANG**

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ABSTRACT

Unethical practices have caused numerous accounting scandals. The ability to make ethical judgments is a significant challenge that accounting professionals and scholars today must address. Many wonder why accountants continue to make unethical judgments in the wake of repeated accounting crises. 57.4% of Malaysian students in public universities have admitted to having participated in academic dishonesty. Additionally, the study indicated that those who committed academic dishonesty are not sensitive to their behaviour. The objective of this study is to investigate the influence of organizational ethical culture, deontological evaluation, teleological evaluation and ethical sensitivity on the ethical judgments of accounting students at UiTM Machang. Data were collected to examine hypotheses and address the study's research questions. The survey method was employed for data collection in this study. The researcher distributed the questionnaire to the appropriate respondents. The respondents are given the questionnaire personally by WhatsApp, email or Google Forms. The IBM SPSS statistics version 27 database was used to translate the participant responses for analysis. Among the four developed hypotheses, only H1, H2 and H4 are supported by hypothesis testing while H3 is not supported. Although one hypothesis result is not supported, the relationship between organisational ethical culture, deontological evaluation, teleological evaluation, and ethical sensitivity, according to Hunt and Vitell's Theory, has a significant relationship with ethical judgment among accounting students. The findings indicate that the ethical judgment of accounting students at UiTM Machang can be influenced by organizational ethical culture, deontological evaluation and ethical sensitivity and cannot be influenced by teleological evaluation. These give knowledgeable insights to researchers, authorities and related parties about the significance of developing a strong ethical awareness by educating students and academic institutions on the rules-based system and the effects of an ethical judgment of numerous stakeholders.

Keywords: Hunt and Vitell's Theory, Organisational Ethical Culture, Deontological Evaluation, Teleological Evaluation, Ethical Sensitivity, Accounting Students

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CHAPTER ONE

INTRODUCTION

1.1 Research Background

Ethics involves studying moral issues related to human behaviour, activities, and decision-making, as Uysal and Okumus (2019) highlighted. It comprises a set of moral rules and values that influence an individual's behaviour and opinions regarding what is morally right or wrong (Abbate, 2022). These values and principles are crucial in shaping how individuals lead their lives, influencing their perspectives on the world and guiding their decision-making processes. Consequently, instilling and cultivating ethics in everyday life can contribute to the establishment of a peaceful and harmonious society. Understanding and applying ethical concepts are beneficial in effectively managing life challenges and making informed decisions.

Ethical decision-making often involves weighing the potential costs and considering the benefits for various parties or stakeholders in the long term, as noted by Marcus and Hargrave (2021). In contrast, unethical decisions may yield high profits for the decision-maker but can cause harm to stakeholders and society as a whole. Instances of businesses facing bankruptcy due to unethical accounting practices underscore the far-reaching consequences of such actions (Namazi & Rajabdorri, 2020). Stakeholders widely agree that ethical judgments are morally and legally acceptable. Individuals who adhere to high moral and ethical standards tend to be more attuned to ethical challenges, making them more inclined to develop moral judgments and engage in actions that promote ethical behaviour (Nkyabonaki, 2019). Zakaria (2021) asserted that those with strong moral and ethical principles are less prone to misconduct, aligning with the idea that ethical judgment correlates with ethical behaviour (Nkyabonaki, 2019). Consequently, individuals with ethical judgment are less likely to partake in unethical practices, such as bribery and corruption.

Ethical judgment, also known as ethical decision-making or moral judgment, is the process of evaluating and making choices based on ethical principles, values, and norms. This process entails assessing an action, behaviour, or situation on moral

implications and considering its impact on individuals, society, and the broader moral framework (Thayer, 2015). Marcus and Hargrave (2021) emphasised the importance of identifying the "most ethical" options in ethical decision-making, aligning with Hunt and Vitell's (1986) theory that individuals perceive the ethical alternative as the superior choice. Furthermore, they identified two moral philosophies, and four key personal, organisational, professional, and cultural elements influence ethical judgments (Hunt & Vitell, 1986; Namazi & Rajabdorri, 2020). Across all professions, including accounting, individuals are expected to uphold ethical conduct in their interactions with organisations and stakeholders. This expectation is particularly crucial for accounting students due to their financial and fiduciary responsibilities, which play a vital role in preserving the integrity of financial information.

By integrating practical experience programs with these core competencies, The International Federation of Accountants (IFAC) aims to establish a robust foundation for developing future accountants. This approach equips them with the necessary technical expertise and ensures their adherence to the highest standards of professional conduct. The holistic nature of International Education Practice Statements (IEPS) underscores the commitment to nurturing well-rounded professionals proficient in their technical roles, upholding ethical values, and contributing positively to the accounting profession. The responsibilities of accountants extend beyond serving clients to safeguarding the interests of the general public and all stakeholders. Consequently, ethicality, fairness, impartiality, and independence are critical for professional auditors and accountants.

Given the significant role accountants play, accounting students must cultivate robust ethical values, including integrity, honesty, fairness, transparency, accountability, and responsibility (Kholmi, 2020). Individuals with strong ethical values are likelier to avoid unethical practices. The prevalence of unethical behaviour, such as cheating and plagiarism, among accounting students, underscores the need to address these issues at the foundational level. Tackling ethical concerns during the student phase is crucial to ensure the nation remains free from unethical scandals as individuals transition into the professional workforce.