

Accounting Students Perceptions of Accountants Unethical Behavior

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ABSTRACT

This study aims to find out and obtain empirical evidence about the influence of ethical orientation, and the level of knowledge regarding accounting scandals on students' perceptions of the accountant's unethical behavior. The sampling in this study used the Purposive Sampling method which produced a sample of 77 S1 students of the Accounting Study Program at PGRI Madiun University who had completed the Auditing and Behavioral Accounting course. The data analysis method of this study uses Structural Equation modeling (SEM) analysis with Partial Least Squares (PLS). The results showed that there are factors that influence students' perceptions of the accountant's unethical behavior. These results are all hypotheses accepted, namely the level of student knowledge about accounting scandals, student relativism and student idealism affecting students' perceptions of unethical behavior.

Keywords: Knowledge, Idealism, Relativism, Perception



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INTRODUCTION

The development of the accounting profession in Indonesia, which is one of the key processes in the era of globalization, is an important thing in relation to the acceleration of an increasingly global business. The role of accounting is increasing in an effort to realize good corporate governance. For this reason, it is necessary to prepare related to professionalism and ethical behavior in becoming an accountant profession. The ethical behavior of accountants is very important in carrying out their professional duties for the smoothness and quality of the information reports that have been submitted. The ethical behavior of accountants is not easy because of the internal and external factors that affect the behavior. Internal factors are behaviors that arise from an accountant to fulfill his wishes so as to carry out actions that are not in accordance with the accountant's code of ethics. External factors are factors that arise from the accountant's work environment in the form of pressure from superiors and co-workers so that an accountant is forced to take unethical actions to meet these pressures. There are many cases that occur in Indonesia regarding the unethical behavior of accountants, one example in early July 2006 that occurred at PT KAI (Kereta Api Indonesia) which was revealed by the commissary of PT KAI that there was manipulation of financial statements in PT KAI which should have suffered losses but reportedly made a profit. The indication known by the commissioner is that there are a number of posts that should have been reported as a burden to the company but were instead declared as assets of the company, So here are accounting tricks. The

commissioner knows this because he understands accounting knowledge even though it has been examined by a public accountant (Putra, 2016).

The cases that arise at PT KAI are not good examples for the community, especially for accounting students who are preparing themselves to enter the professional field. The scandal caused a variety of reactions from many parties. Especially for accounting students who are preparing to enter the profession. This indirectly affects the opinion of accounting students towards the profession in the field of accounting, which will later be taken into consideration by students in choosing a career in the future. Against a wide variety of underlying factors the individual commits unethical acts. There are two reasons why people behave unethically, namely that a person's ethical standards are different from the general public and someone chooses to act selfishly. If someone thinks that the behavior is ethical and acceptable when not for others, there will be a conflict over ethical values that is impossible to resolve. According to research conducted by Comunale (2006) the results of the study stated that accounting students reacted negatively to scandals that occurred in the field of accounting profession, but not all students reacted the same. This shows that in the event of a scandal in the field of accounting profession it causes a negative reaction in the eyes of accounting students.

The Accounting Study Program has the task of producing professionals in their fields. Such as public accountants, management accountants, tax accountants, financial accountants, auditors, educator accountants and others. The role of an educator accountant is often overlooked even though this job largely determines the development of other accountant professions. Based on this, accounting requires a figure who can provide examples of ethics and behavior towards accounting education that is in accordance with the main values of Indonesian society that contain ethics. The figure who is considered the closest in conveying the meaning of ethics and providing examples of behavior is a teacher or in this case hereinafter referred to as an educator accountant.

Looking at the above, it is necessary to know how students perceive the ethics of educator accountants. For this reason, in this study, observations will be made on student perceptions. Observation of perception is carried out, in addition to the reason of ease in the process of collecting data, also based on the reason that perception is a person's response to something phenomenon.

The purpose of this study is to determine the perception of accounting students towards the unethical behavior of accountants. The research is a replication of previous research conducted by Dewi (2010), in a previous study using variable actions of accountants and corporate managers, the level of student knowledge about the profession and financial scandals, the ethical orientation of students, ethical orientation of students (idealism), ethical orientation of students (Relativism), and gender. In this study using all the variables of the previous study except the gender variable.

Perception according to Lubis (2011) is how people see or interpret an event of objects as well as humans. Perception is the process by which a person chooses, strives and interprets stimuli into a unified and meaningful picture. In a broader scope, Perception is a process that involves previous knowledge in acquiring and interpreting the stimulus shown by the five senses. Perception is a combination of the main factors of the outside world (visual stimulus) and the human self itself (previous knowledge).

According to Riggio (1990) defines perception as a cognitive process either through sensing, views, smell and feelings which are then interpreted. Aryanti (1995) posits that perception is influenced by factors of experience, learning process, horizons, and knowledge of psychological objects. Sankaran (2003) defines Perception as a process of recognizing or identifying something using the five senses.

Behavioral orientation is an impulse to behave ethically towards every action in order to comply with the rules that apply in the surrounding environment so as not to commit unethical behavioral

actions. According to Steiner (1972), behaving ethically in an organization is defined as acting fairly and under constitutional law and applicable government regulations.

According to Bertens (2013) explains ethics by distinguishing three meanings, namely the science of what is good and bad, the collection of principles or values, and the value of right and wrong. Ethics is the science of decency (morals). Decency regulates human behavior and the society in it. Thus, ethics is a value or norm that is used as a handle by an individual or society in regulating his behavior. Ethics is divided into two large groups, namely:

1. Descriptive Ethics

Descriptive Ethics describes moral behavior in a broad sense, for example customs, assumptions about good and bad, permissible actions. Descriptive Ethics studies the morality found in certain individuals, in certain cultures or subcultures, in a historical period and so on.

2. Normative Ethics

Normative Ethics is not descriptive but rather prescriptive (commanding), does not describe but rather determines whether or not behavior or moral presumptions are correct. Normative Ethics is aimed at formulating ethical principles that can be accounted for in a rational way and can be used in practice.

Idealism is an attitude that chooses the right or right on the basis of knowing which is right and wrong to achieve the desired goal. Idealism is an attitude that considers that appropriate or correct actions will have consequences or desired results (Forsyth, 1992). Relativism is a model of a pragmatic way of thinking, the reason being that ethical rules are not universal because ethics is backgrounded by culture, where each culture has different rules. An individual who has the nature of relativism supports a moral philosophy based on skepticism, which assumes that it is impossible to develop or follow universal principles when making decisions. Individuals who have a high level of relativism, consider that moral actions depend on the situation and the nature of the individual involved, so they will consider the situation and conditions of the individual over the ethical principles that have been violated. Individuals with a high level of relativism tend to reject the idea of a moral code, and individuals with low relativism will only support moral actions based on universal principles, norms, or laws (Yuliani, 2019). Relativism is a view of various theories that give rise to dissent in an attitude or ethics motivated by culture, religion, ethnicity and others. According to Forsyth (1992) proposing ethical relativism itself is a theory that, an action can be said to be ethical or not, right or wrong, depending on the views of that society.

Knowledge is information obtained from experience, training and education to be able to distinguish between wrong and right in an action he faces to facilitate the process of the activity he is engaged in. The knowledge in this study is the knowledge of students in assessing the behavior of accountants. Whether an accountant has behaved correctly or not in accordance with the code of ethics or applicable regulations. The knowledge and information possessed by the students will affect the student's perception of the scandal depending on the level of information they get. The more information they know, the more it will help them to be able to provide perceptions and responses to the ethical crisis involving the accountant profession. However, with the large amount of information obtained from the media, it can cause negative perceptions from students towards the accounting profession. Meanwhile, students who are not well informed about scandals will have a normal perception. Because they don't really know the problem, they will still give a positive opinion on the field of accounting profession. In the end, the level of knowledge and information possessed by students will influence their decision to make a career in accounting. The negative perception that students have regarding unethical behavior by accountants or auditors causes a decrease in their interest in continuing their careers in accounting. On the contrary, for students who remain positively opinionated towards the accounting profession, the scandal that occurs does not reduce their interest in continuing a career in accounting (Novayanti, 2017).

In terms of thinking, it can be seen that the ethical orientation of individuals, namely idealism and relativism, is assumed to have an effect on students' perceptions of ethical scandals and is also assumed to affect students' interest in a career in accounting. In addition to ethical orientation, the level of knowledge is also assumed to affect students' perceptions of ethical scandals. In the context of a scandal, an alternative hypothesis can be formulated as follows:

H1: The level of idealism positively affects students' perceptions of the accountant's unethical behavior.

H2: The level of relativism positively affects students' perceptions of the accountant's unethical behavior.

H3: The level of knowledge negatively affects students' perceptions of the accountant's unethical behavior.

METHOD

This type of research is quantitative research with primary data using questionnaires (Paramita et al., 2021) distributed to students of the Accounting Study Program at Universitas PGRI Madiun. The population in this study were Accounting students of PGRI Madiun University. The data collection technique of this study is to use Purposive Sampling, which is a sample determination technique for students who have taken behavioral accounting and auditing courses used as a sample. This research is a quantitative study with primary data. The primary data collection method used in this study is the questionnaire method. The questionnaire is given to the respondents and then the respondents will fill it out according to the opinions and perceptions of the respondents. Questionnaires to measure the variables of actions of accountants and corporate managers, the level of student knowledge about financial professions and scandals, ethical orientation of students, ethical orientation of students (idealism), ethical orientation of students (Relativism) adopted from the research questionnaire (Dewi, 2010). In this study, data analysis used the Partial Least Square (PLS) approach. PLS is a model of Structural Equation Modeling (SEM) equations based on components or variants. According to Ghazali (2006), the purpose of PLS is to help researchers for prediction purposes and it is in accordance with the purpose of this study to predict the relationship of several variables that affect students' perceptions of the accountant's unethical attitudes.

RESULTS AND DISCUSSION

The number of accounting education students was 90 with 96 questionnaires distributed. Each class is added 2 questionnaires in anticipation of loss and deterioration of the questionnaire. The number of returning questionnaires was 80, the incomplete questionnaires were 3 and the complete questionnaires were 77.

Data Analysis

Evaluation of the Measurement Model (Outer Model)

This outer model is a stage to determine the validity and reliability that connects with latent variables. This indicator is reflective because the indicator is caused by a latent variable. To find out validity is measured by discriminant validity using AVE. The requirement to meet the validity must be above 0.50. The following table 1 shows all variables above 0.50, then this is declared valid.

Table 1. AVE

No	Variable	AVE
1	EID	0,572
2	ERE	0,613
3	PSU	0,632
4	TKC	0,677

Source: Data Processed, 2021

Reliability test in SmartPLS using two evaluations, namely composite reliability and Cronbach alpha with the condition that the loading factor must be above 0.70. Table 2 shows that all the variables of this study are above 0.70, so they are declared reliable.

Table 2. Cronbachs Alpha and Composite Reliability

	Cronbachs Alpha	Composite Reliability
EID	0,907	0,923
ERE	0,910	0,927
PSU	0,904	0,923
TKC	0,762	0,862

Source: Data Processed, 2021

Model Structure (*Inner Model*)

Structural models were evaluated using R-square (R^2) for dependent constructs, and t-tests and significant of the coefficients of structural path parameters. R^2 can be used to assess the influence of independent latent variables on dependent latent variables whether they have a substantive influence. The smartpls output results show that this R-Square of 0.894 belongs to the strong category.

Hypothesis Testing

In Table 3 it can be seen that Idealism (EID) towards Perception (TKC) has a T-statistical value of 6.482 with a path coefficient of 0.868. This shows that the results are significantly positive because they are more than 1.96. Relativism (ERE) has a positive influence on Perception (TKC) with a T-statistic of 5.295 with a pathway coefficient of 1.313. Knowledge negatively affects Perception (TKC) with a T-statistical value of 6.257 and a path coefficient value of -1.282.

Table 3. Path coefficient and T-Statistics

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STERR)
EID -> TKC	0,868	0,880	0,134	6,482
ERE -> TKC	1,313	1,259	0,248	5,295
PSU -> TKC	-1,282	-1,236	0,205	6,257

Source: Data Processed, 2021

The influence of idealism positively affects students' perceptions of the accountant's unethical behavior

The first hypothesis (H1) states that idealism has a positive effect on students' perceptions of the accountant's unethical behavior. The smartPLS results show that idealism has a T-statistical value of 6.482 with a path coefficient of 0.868. Idealism is an attitude that assumes that appropriate or correct actions will have consequences according to the desired result. An idealistic individual will cling to moral rules of a universal nature and will take decisive action against situations that may harm others. An individual's perspective on ethical concepts will influence his decision to commit unethical acts. Idealism is an attitude that assumes that the right actions will have consequences according to the desired result. Individuals who have an idealistic nature will cling to moral rules of a universal nature. Idealistic individuals have the principle that harming other individuals is always avoidable and they will not commit negative actions. An idealistic individual will take decisive action against a situation that can harm others and have a firmer attitude and view towards individuals who violate their ethical behavior and profession.

The above results are consistent with the research of Comunale et al (2006) which shows that the level of idealism affects student opinions on auditors' actions, so that students who have a higher level of idealism will assess auditors' actions more firmly. Diwi (2015) stated that idealism has a positive effect on students' perceptions of the accountant's unethical behavior. Students who are idealistic tend to give responses or perceptions of disagreement to the unethical behavior of accountants, where there is a positive influence between accountant ethics and student idealism.

Research conducted by Sutriasih (2014) the higher the idealism of students, the more ethical it will be in responding to cases regarding the unethical behavior of accountants.

The Effect of Relativism on Student Perceptions of Accountants' Unethical Behavior

The second hypothesis (H2) states that relativism has a positive effect on students' perceptions of the accountant's unethical behavior. The smartPLS results show that the relativism variable has a T-statistic of 5.295 with a path coefficient of 1.313. So that the hypothesis (H2) is accepted

Relativism is a pragmatic model of way of thinking, the reason being that ethical rules are not universal in nature because ethics is backgrounded by cultures where each culture has different rules. Accounting students with a high level of relativism will judge the accountant's unethical behavior more tolerantly. Relativism has a positive effect on students' perceptions of the unethical behavior of accountants in this study because although accounting students as respondents have high relativism, it will not necessarily tolerate the unethical behavior of accountants. Although each culture has different rules, students will be more assertive in responding to a case, which in this study is in the form of a case of violation of the professional ethics of the accountant.

The above results are consistent with the research of Herwinda Nurmala Dewi (2010). Students with a high level of relativism will judge the accountant's unethical behavior more tolerantly. This happens because students or individuals who have a relativist nature will be more flexible in reaching a case, in this case, a case of violation of accounting ethics.

The Effect of Knowledge Level on Student Perceptions of Accountants' Unethical Behavior

The fourth hypothesis states that the level of knowledge negatively affects students' perceptions of the accountant's unethical behavior. The smartPLS results show that the knowledge level variable has a T-statistical value of 6.257 and a path coefficient value of -1.282. The level of knowledge is the level of information known about accounting cases that occur that will affect students regarding the unethical behavior of accountants. The level of knowledge possessed by students influences student opinions on the actions of accountants. The more knowledge the student has, the student will judge the accountant's unethical behavior more firmly. With the knowledge possessed, it will affect the reasoning given by individuals in each stage of moral development so that there are changes in development and behavior at each stage of individual moral development.

The research is consistent with the research of Dewi (2010). Found that knowledge influenced students' opinions of auditors' actions. This research proves that the more knowledge possessed by students, the more decisively the student will assess the unethical behavior of accountants more firmly.

CONCLUSION

The results of the above research it can be stated that the level of idealism positively affects students' perceptions of the accountant's unethical behavior. The level of relativism positively affects students' perceptions of the accountant's unethical behavior. The level of knowledge negatively affects students' perceptions of the accountant's unethical behavior.

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