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## Ethical Attitudes of Accounting and Business Students: Malaysian Evidence

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### **Abstract**

Ethical crises in business have gained more attention from public and have led many to question the effectiveness of ethics education in university. Therefore, this study was designed to investigate the ethical attitudes of accounting and business students, their willingness to become whistleblowers, and the impact of ethics education on students' ethical attitude. A total of 275 usable questionnaires that consists of four ethical scenarios were analysed. The findings of the study show that a small percentage of accounting and business students are willing to involve in unethical behaviour. About 10.9% of students were categorized as unethical as they would cheat in an examination and that only 1% of the students would accept bribes to defraud the tax office. Once an element of risk of being caught was introduced, the percentage of students willing to cheat in an examination and those willing to defraud the tax office decrease to 4.8% and 0.7% respectively. The finding also shows that once the penalty was introduced, the number of students who would act unethically decrease and the number of those who would act as whistle blowers increase. In general, the students are willing to become whistleblowers. The majority of accounting and business students who discovered fraud and decided not to participate are willing to report the case to relevant authorities. However, the findings indicate no significant relationship between ethics courses and ethical attitudes of students.

### **Keywords:**

cheating, ethics, ethical attitudes, moral development, whistleblower

## **INTRODUCTION**

Accountants and auditors have duties towards their employer and the responsibilities to ensure that such duties are performed with objectivity, integrity, and ethics of a professional person. As accountants and auditors provide independent services such as in auditing, they are relied upon because of their professional status and ethical standards. However, the corporate failures in the early 2000s involving Enron, World Com, and Tyco in the United States have ruined the credibility and reputation of accountants and auditors. In Malaysia context, the charges against Transmile Group Berhad (TGB) was considered the country's biggest accounting fraud case as TGB had overstated its revenue from 2004 to 2006 by RM622 billion (Shah, 2007). The issue has drawn a great deal of attention from shareholders, investors, and analysts. The scandal of TGB has shattered public confidence in Malaysia's financial reporting system and the accounting profession (Shah, 2007). In reacting to TGB scandal, a former Malaysian Institute of Accountants President claims that accountants in Malaysia need to recognize the importance of moral and professional behaviour in their professional conducts (Zaimee, 2007). Apart from TGB scandal, there are many other accounting scandals in big corporations in Malaysia which include Megan Media Holdings, Southern Bank and Technology Resources Industries Berhad.

In response to the ethics dilemma in accounting profession, many business schools have recently made a rigorous effort to increase the attention paid to ethics education in the classroom (Bloodgood, Turnley, & Mudrack, 2008; Alleyne & Persaud, 2012; Sheehan & Schmidt, 2015). Higher education in Malaysia is also witnessing heightened emphasis on ethics among students especially in accounting education. The Ministry of Higher Education (MOHE) has taken several measures to strengthen accounting education in Malaysia through the implementation of Hala Tuju 1 Report in year 2001 and Hala Tuju 2 Report in year 2006

(MOHE, 2007). MOHE has issued the Guidelines on standard of Specific Disciplines at a Bachelor Degree Level which state that the general goal of accounting education is “to educate, build expertise and shape good character in line with the needs of the nation and the accountancy profession” (MOHE, 2005). In addition, MOHE recommended that a dedicated ethics course be included in the accounting course curricular. Thus, institutions of higher education have placed more emphasis on ethical intervention through individual ethics courses and integrated ethics approaches. In year 2015, Hala Tuju 3, the Reassessment Report on Accounting Programmes was published with the objectives to increase the quality of graduates so as to prepare accountants with high level of competency and multi-skill in the field appropriate to the current need (MOHE, 2015). The reassessment of the accounting program is done for the purpose of enhancing human capital and upgrading resources.

Over the past decade, researchers have studied accounting students to measure levels of moral reasoning, ethical attitudes and attitudes toward whistle-blowing. Numerous empirical studies have been performed in relation to ethical intervention/education and moral development of individuals (Burks & Sellani, 2008; Conroy & Emerson, 2004; Sheehan & Schmidt, 2015). Researchers have conducted studies to determine the factors that contribute to the higher ethical behaviour of students. Some studies investigated the impact of a stand-alone course in ethics while other studies investigated the impact of an integrated approach of ethics across the curriculum (Burks & Sellani, 2008). However, previous studies on the impact of ethics education on the moral development of students have provided mixed results (Burks & Sellani, 2008; Conroy & Emerson, 2004). There is evidence that, overall, ethical education can influence the development of moral perspective of the students (Maisarah, Porter, & Woodbine, 2010; Desplaces et al., 2007; Cagle & Baucus, 2006; Dellaportas, 2006; Bigel, 2002). Some studies, however, suggested that having taken ethics classes does not improve an individual ethical values and principles (Burks & Sellani, 2008; Conroy & Emerson, 2004; Jewe, 2008; Tang, 2016). The mixed results on the effect of ethical education on moral development suggest that the effectiveness of an ethics course remains debatable.

The motivation for this study is to enhance our understanding of the willingness of accounting and business students to engage in unethical behaviour. It is significant to conduct this study as university students constitute the next generation of business and political leaders. From a practical perspective, the accounting and business students will be the future accounting and business professionals and are prone to be involved in the corporate scandals, thus it is important to know their ethical perspectives. Given the major and widespread ethical and legal lapses that have occurred in the past few years in Malaysia, it is significant to attempt to understand whether teaching ethics have any influence on these future leaders. Thus, it is hoped that this study will assist both the profession and educators in providing accounting and business ethics education to students. This study investigates the ethical attitudes of accounting and business students in Malaysia in an attempt to measure their ethical attitudes to two ethical scenarios. The scenarios are (a) student’ attitudes to cheating in examinations, and (b) involvement in tax evasion. In addition, this study also gathered information on the students’ attitudes to whistle-blowing that involves students’ willingness to report unethical behaviour to relevant authorities or parties.

## **LITERATURE REVIEW**

The theory underpinning this study is the theory of cognitive moral development proposed by Kohlberg (1969). Kohlberg extended the study of Piaget (1932) that examined the moral development of children. Piaget’s theory is based on the idea that the developing

child builds cognitive structures or patterns of physical or mental actions, schemes, or networked concepts for understanding and responding to physical experiences within the environment (Piaget, 1965). Kohlberg theorized that individuals advanced through three levels of cognitive moral development which are defined by the type of reasoning used to rationalize moral preferences. Kohlberg performed a longitudinal study of boys and suggested three levels of moral development: pre-conventional, conventional, and post-conventional. Each level contains two stages of which individuals advance to the next level. Kohlberg proposed a model of ethical training which suggested that ethical and moral growth could be developed over time through education.

Kohlberg (1976) contributed significantly to the field of ethical judgment processes. Kohlberg began his moral development study when he attempted to answer the questions “what is virtue?” and “what is justice?” Kohlberg proposed six stages moral development model. Kohlberg (1972) recognized that each of the six stages of moral development is qualitatively different. Kohlberg’s model of moral development suggests that individuals go through a cognitive process in moral decision making. The stages were formulated by studying the system of thinking people used in addressing moral questions or dilemmas. In assessing his stages of moral development, Kohlberg proposed the dilemmas that involved complex problems with no right or wrong answers. The six distinct stages of moral reasoning, in which moral development proceeds through as developed by Kohlberg (1976) is shown as follows:

**Table 1: Kohlberg’s Stages of Moral Development**

Level	Stage	Description
Pre-conventional	1	Individual obeys the rules to avoid punishment
	2	Individuals behave morally to gain personal rewards from others or makes choices amongst alternatives that will benefit the individual
Conventional	3	Individual is concerned with maintaining good interpersonal relationships
	4	From this relationship, comes a sense of fairness where there is mutual loyalty and dedication where the individual develops an ability to adhere to legal and moral codes of conduct
Post-conventional	5	The right behaviour is a combination of the individual’s right and principles agreed upon by society
	6	The right behaviour means acting according to an individual’s own ethical principles; in other words, unwritten global deontological ethical principles of justice, duties, and equal human rights are followed at this stage

Source: Kohlberg (1984)

Kohlberg’s theory rests upon two primary assumptions: moral development has a cognitive core, and the origins of morality are interactional (Kohlberg, 1984). Previous studies have attempted to find whether students move out of the first stage to the second. For example, O’Leary and Radich (2001) examined ethical attitudes of final year accounting students in Australia in a survey employing ethical scenarios. The study found that a high proportion of students (28%) appeared willing to cheat in the examination and about 25% of them were willing to accept bribes. The percentage of students willing to involve in these unethical behaviour drastically reduced after the risk of being caught was introduced. Nur Barizah et al (2008) also investigated the ethical attitudes of Malaysian students. Their study found that the majority of students would act ethically. Only 2.5% of the respondents chose to accept bribes to defraud shareholders, and about 38% were willing to become whistle

blowers. The findings also revealed that none of the students would accept bribes once there was the risk of getting caught. A similar result was reported by O'Leary and Cotter (2000) in a study of accounting students from Irish and Australia. They found that the percentage of students who chose to act unethically decrease slightly when there was a risk of being caught.

Implicit in Kohlberg's stage theory is a potential role for education to influence moral development (Conroy & Emerson, 2004). Researchers have examined the impact of education on ethical behaviour over the last several years and the results have been mixed. For example, some studies of a stand-alone ethics course, suggested that the ethics classes have no significant effects on moral development of students (Burks & Sellani, 2008; Jewe, 2008; Conroy & Emerson, 2004). Business ethics intervention does not change students' perception regarding making money and making ethical decisions (Tang, 2016). However, in a similar study of a stand-alone ethics course, Bigel (2002) noted that ethics education influenced moral development of students. He found that the discussions of case studies in ethics classes increased the ethical awareness of the students and hence gave a positive impact on students' moral development.

Burks and Sellani (2008) compared the completion of an ethics course to the cognitive moral reasoning scores of students from three universities. They separated the ethics courses into two categories: religious-based ethics courses and secular-based ethics courses based on university affiliation. The result demonstrated that no correlation exists between ethics intervention and level of ethics in students. In similar analyses, Conroy and Emerson (2004) found that the impacts of taking a religion or ethics course were likely to be minimal and hence did not have a significant effect on students' ethical attitudes. Jewe (2008) utilized business scenarios in his study suggested that there was no significance difference in ethical attitudes between those who had taken a business ethics course and those who had not taken a business ethics course. He further noted that business ethics course have limited value in affecting ethical attitudes and therefore limited value in affecting ethical behaviour. Similarly, Wang and Calvano (2015) suggested that business ethics instruction has no impact on students' moral judgment. Their findings revealed that regardless of whether or not students have had business ethics education, female exhibited a greater likelihood of making an ethical decision than their male counterparts.

Contrary to the above findings, in 2006, O'Leary and Shafi reported that ethics education positively influenced the ethical attitudes of accounting students. They utilized five ethical vignettes in an attempt to investigate the effects of teaching ethics on ethical attitudes of 85 final year accounting students. Those who completed ethics courses were less willing to indulge in unethical behaviour. O'Leary and Shafi (2006) concluded that it is beneficial to include and emphasize ethics education in accountancy courses.

Maisarah et al (2010) investigated the effectiveness of ethics course in six Malaysian universities. Utilizing Rest's Defining Issues Test (DIT), the study found that students who have completed an ethics course improved significantly in their ethical thinking as compared to those who did not complete ethic course. Students believed that ethics course had a significant effect on the way they analyse and resolve ethical dilemmas (Dellaportas, 2006). The result suggested that a discrete course in ethics education influenced the way students analyse and resolve ethical dilemmas. In another study, Maisarah, Porter and Woodbine (2012), examined the effect of ethics education in accounting program and practical training on the ethical judgment making ability of university students from six Malaysian universities. Respondents of 113 accounting students participated in a longitudinal study that utilized the points of data collection. Data was collected prior and after an ethics course, and also after

the respondents completed practical training. The study reported that ethical judgment making ability increases after students completed ethics courses and practical training.

Martinov-Bennie and Mladenovick (2016) investigated the impact of providing an ethical framework as a stand-alone course and also as a comprehensive and integrated ethics education component on students' ethical sensitivity and ethical judgment. The study that involved 193 first-year accounting students at a large Australian university employs a mixed method design utilizing both qualitative and quantitative data. The study found a significant difference between the mean score for students who were provided with ethics education when compared to those who were not. The authors assert that ethics education alone does not appear to increase students' ethical sensitivity, but it does when incorporated as part of integrated ethics education. Providing students with an integrated ethics education component of a first-year unit of study can expose students to a range of ethical issues and thereby increase their ethical sensitivity.

## **RESEARCH METHODOLOGY**

The population of interest in this study is an accounting and business students enrolled in public universities in 2014. A letter requesting permission for data collection was sent to all universities and only four universities responded positively to the request. Thus, the sample examined in this study is comprised of accounting and business students in four universities in Peninsular Malaysia. At each university, a class attended by final year accounting and business students was selected. The cover letter explained that participation in the study was on a voluntary basis, assured the respondents of the anonymity of the information provided by them, and informed them they had the right not to participate. The letter also served as informed consent to participate in the study. Only those who agreed to participate answered the survey. Respondents were not told that this was a survey of ethical attitudes. They were told that there were no right or wrong answers and were encouraged to answer according to their own feeling. Respondents were asked to complete the questionnaires independently. The respondents were given 15 minutes to complete the survey and return it to the researchers.

A total of 300 questionnaires were distributed to students in the selected classes at the four universities. Two hundred eighty two questionnaires were returned and screened for completeness. Rigorous screening was performed in order to reduce bias, whereby cases with more than 10% missing data were rejected. After this screening process, 275 cases were available as the final sample size. Previous studies have found that missing data of less than 10% is less likely to produce biased results (Bernaards & Sijtsma, 2005)

The questionnaires consist of two parts. The first part of the survey is a demographic questionnaire. The second part of the instrument consisted of four ethical scenarios adapted from studies by O'Leary and Cotter (2000) and O'Leary and Radich (2001) to collect data regarding students' ethical attitudes. Some modifications were made to ensure that it is relevant to the respondents. This questionnaire consists of four scenarios which asked the students whether they would accept the examination question paper before the actual exam day and whether they would accept a bribe or to involve in a tax evasion scheme. Scenario one addressed whether students would accept a copy of an examination paper a day prior to the exam. Scenario three addressed the issues of whether students would accept a bribe to participate in a scheme to defraud the Lembaga Hasil Dalam Negeri (LHDN). Scenarios two and four are replications of scenarios one and three respectively. However, in each of the scenarios one and three students were told that there was no chance of being caught. In

scenarios two and four, students were told that there are ten percent risks of being caught. Summary of the scenarios is shown in Table 2.

**Table 2: Scenarios**

Scenario	Chances of being caught
1. Students were asked whether they would accept a copy of an examination paper from a friend who works in a printing department a day before the actual examination day.	No.
2. Students were asked whether they would accept a copy of an examination paper from a friend who works in a printing department a day before the actual examination day.	Ten percent chance of being caught by the officer on duty.
3. Students were asked whether they would involve in a tax evasion scheme and accept a bribe for three years.	No.
4. Students were asked whether they would involve in a tax evasion scheme and accept a bribe for three years.	Ten percent chance of being caught by the tax office.

To address the students’ attitudes to whistle-blowing, each ethical scenario was accompanied by three possible answers that the students must consider in resolving each dilemma. For example, the possible answers for scenario one and two are (a) accept the offer and get the copy of the exam paper, (b) thank him for the offer, but decline, and (c) thank him for the offer, decline, and immediately inform his employer of his offer to you. The possible answers for scenario three and four are (a) accept the bribe for three years and tell no one, (b) resign immediately and tell no one, and (c) inform the Inland Revenue Board/or relevant corporate authorities immediately. Students were required to tick one answer for each scenario. Although the three responses in each of the scenarios are intended to answer the specific ethical dilemma, the first response in all scenarios always represents the response to act unethically, the second response represents students to be on the safe side, and the third response represents students to act highly ethically and be the whistle blower.

**RESEARCH FINDINGS**

A total of 275 surveys was completed and usable, representing a response rate of 92%. The profile of respondents is shown in Table 3. The study sample comprises 16.4% male and 83.6% female students. The majority of them have taken one ethic course (56%) and two ethic course (23.6%). With respect to the cumulative grade point average (CGPA), the majority of them obtains the CGPA above 3.50 to 4.00 (67.6%).

**Table 3: Demographic Characteristics of the Respondents**

Variable	Category	Frequency	%
Gender	Male	45	16.4
	Female	230	83.6
Program	Accounting	151	54.9
	Business	124	45.1
No. of Ethics Courses	0	16	5.8
	1	154	56
	2	65	23.6
	More than 2	40	14.5
CGPA	2.50-2.99	7	2.5
	3.00-3.49	82	29.8
	3.50-4.00	186	67.6

**Research question 1: What are the students’ ethical attitudes?**

Descriptive statistics were calculated to analyse the ethical attitudes of students. Students’ responses to the ethical dilemma can be interpreted into three categories: a) those who ‘accept the offer’ are considered as unethical, b) those who ‘refuse the offer and remain silent’ are categorized as trying to be on the safe side, and c) students who ‘refuse the offer and immediately inform relevant authorities’ are categorized as ethical and act as whistleblowers.

**Table 4: Summary of Results**

	<b>Percentage</b>
Scenario 1	
Accept the offer	10.9
Refuse the offer and remain silent	72.0
Refuse the offer and inform the relevant authorities	17.1
Scenario 2	
Accept the offer	4.8
Refuse the offer and remain silent	70.2
Refuse the offer and inform the relevant authorities	25.0
Scenario 3	
Accept the bribe	1.0
Refuse the bribe and remain silent	30.0
Refuse the bribe and inform the relevant authorities	69.0
Scenario 4	
Accept the bribe	0.7
Refuse the bribe and remain silent	27.3
Refuse the bribe and inform the relevant authorities	72.0

Table 4 reports the percentages of students for all scenarios given. To measure students’ ethical attitudes, results for scenario 1 and 3 were analysed. Results shown in Table 4 indicated that 10.9% of the students appeared willing to cheat in an examination as per scenario 1. With regard to defrauding the LHDN, only 1% of the students appeared willing to accept a bribe to defraud the LHDN as per scenario 3.

Based on the result for Scenario 1, a large majority (more than 70%) of both accounting and business students choose the second option ‘decline the offer and remain silent’. The results can be interpreted as majority of accounting and business students are trying to be on the safe side. They are neither purely unethical nor whistle blowers.

Based on the result for Scenario 3, a large majority of students (69.0%) chooses the third option ‘decline the offer and immediately inform the external auditors and/or relevant corporate authorities’. The result revealed that with regard to defrauding the LHDN, students are highly ethical and can be considered as whistle blowers.

**Research question 2: How are students’ ethical attitudes affected by the risk of getting caught?**

To analyse students’ attitudes affected by the risk of getting caught, results for scenarios 2, and 4 were examined. Once the risk of 10% being caught was introduced, the results indicated that 4.8% of accounting and business students would continue to cheat in the examination. When it came to cheating the LHDN, the figure fell slightly from 1% to 0.7%.



The result revealed that once the element of punishment is introduced, the percentage of students who choose the first option (unethical) drop slightly.

Based on the result for Scenario 2, a large majority (around 70%) of both accounting and business students still choose the second response 'decline the offer and remain silent'. The results can be interpreted as students are trying to be on the safe side. They are neither purely unethical nor whistle blowers. However, the percentage of students who choose response 1 and 2 has dropped as compared to scenario 1.

Based on the result for Scenario 4, a large majority of accounting and business students (72.0%) choose the third option 'decline the offer and immediately inform the external auditors and/or relevant corporate authorities'. The result revealed that students are highly ethical and can be considered as whistle blowers.

### **Research Question 3: What are students' attitudes towards whistle-blowing?**

Students' attitudes towards whistle-blowing were surveyed by asking students about their willingness to inform the relevant authorities about the fraud. As shown in Table 4, the majority of accounting and business students who discovered a fraud and decided not to participate would go as far as to report the case to the relevant authorities. Scenario 1 and 3 reported students' attitudes towards whistle-blowing with the assumption that there is no chance of being caught for committing fraud. The result indicated that 69% of them would act as whistleblowers in scenario 3. However, when the fraud involving their friend or the person they knew well as per scenario 1, the percentages prepared to whistle blow is low as only 17% of students are willing to do so.

Students' attitude towards whistle-blowing in situation of there is ten percent risk of being caught was examined in Scenario 2 and 4. As reported in table 4, once the element of risk of being caught was introduced, the percentage of students who chose option 3 'refuse the bribe and informs the relevant authorities' was increased to 25% in scenario 2 and 72% in scenario 4.

### **Research Questions 4: How does ethics education relate to the ethical attitudes of accounting and business students?**

The relationship between ethics education and ethical attitudes was analysed using Spearman correlation coefficient. The value of the correlation coefficient can range from 1.00 (perfect positive correlation) to -1.00 (perfect negative correlation), and a correlation of 0.00 indicates no linear association at all (Creswell, 2008). Cohen (1988) suggested the following guidelines to interpret the correlation coefficient:

1. Small:  $r = .10$  to  $.29$ .
2. Medium:  $r = .30$  to  $.49$ .
3. Large:  $r = .50$  to  $1.0$ .

The results of Spearman correlation for all scenarios are shown in Table 5. The correlations are negative, but not significant at 5% significance level. The result suggests that ethics education has no significant relationship with the ethical attitudes of the students.

**Table 5: Correlation of ethic courses and ethical attitudes**

	<b>r</b>	<b>P value</b>
Scenario 1	-.016	0.792
Scenario 2	-.032	0.603
Scenario 3	-.083	0.170
Scenario 4	-.024	0.690

## DISCUSSION

One finding of this study is that students may not involve in unethical behaviour and act as whistleblower once they become aware of the punishment. Based on results for Scenario 1 and Scenario 2, a large majority (about 70%) of both accounting and business students chose the second option 'decline the offer and remain silent'. As for scenario 3 and 4 large majorities of students chose option three 'decline the offer and immediately inform the relevant authorities'. The result revealed that once the element of punishment is introduced, the percentage of students who choose the first option (unethical) drop slightly, and the percentage of those who choose the third option (act as whistle blowers) increases.

The findings of the study also revealed that a few students are likely to cheat in an examination and will still do the same even though they know that they will be punished for their unethical act. With reference to Kohlberg's model, the slight decrease in those who chose to accept the offer in Scenario 2 indicated that few students had moved on from the first and second stages of Kohlberg's stages of moral development. These students still relied on penalty when facing ethical dilemmas. They are not able to make ethical decisions and act ethically unless strict rule were imposed on them. These results support the findings of O'Leary and Radich (2001), O'Leary and Shafi (2006), and Nur Barizah et al (2008; 2010) in the sense that once the risk of being caught is introduced, less number of students would behave unethically.

The same discussion applies to Scenario 3 and 4 regarding cheating the LHDN. The finding shows 1% of the students would accept bribes to defraud the LHDN and would continue to do so even though there was the possibility of being caught. This very small percentage of unethical students can be considered as those who are totally unethical person who does not care about the negative consequences that will happen to them if they were caught. This may also reflect that regardless what the policy makers or other regulatory bodies do to prevent fraud, there will still be very few, specifically accountants who would remain to involve in unethical acts regardless the harm it caused them in the future (Nur Barizah et al., 2010).

Overall, the findings of the study show quite favourable results as the majority of the students would not prefer to involve in unethical behaviour. In addition, they are willing to blow the whistle by informing the relevant authorities regarding fraud, especially involving the shareholders and the LHDN. A few reasons could be put forward to explain this. Firstly, this could be partly contributed by the fact that the mission and vision of the universities and the faculties in which the study was carried out foster the ethics of the students. The faculties have highlighted the importance of ethics by placing more banners and posters on the issue. In addition, the universities in this survey have issued a periodic bulletin exclusively on the topics of ethics. Secondly, and probably of greater importance is the fact that the emphasis is placed on ethics in most of the courses taken by the respondents. In fact, business ethics have been integrated in most of the accounting and auditing courses throughout their studies.

The findings are consistent with Bogdanovic and Tyll (2016) which suggested that students have a more positive attitude to blow the whistle in the modern society and organizational life. The findings of this study revealed that when the fraud involving their friend or the person they know well, the majority of the accounting and business students are trying to be on the safe side. Neither are they being purely unethical nor whistleblowers. This finding is consistent with O'Leary and Radich (2001) and Nur Barizah et al (2010). The result of this study revealed that whistle-blowing is still not a prevalent course of action. Notifying relevant authorities are still perceived unacceptable. Generally, 69% of respondents were prepared to inform the appropriate authorities when they became aware of fraud involving the LHDN. However, when they were put in the situation that their friend was about to act unethically (as per scenario one) the percentages fell to 17%. The results suggest that blowing the whistle on the employer is acceptable, but blowing the whistle on the person they knew well is almost inconceivable. Becoming an informer is still perceived as unacceptable, especially when it involves friends.

With regard to the decreasing number of students who would act unethically and the increasing number of those who would act as whistle blowers once the penalty was introduced (risk of being caught), it indicates that accountants would do what they are supposed to do (act as whistle blowers) when there is proper punishment to penalize them accordingly. This means that regulation as well as enforcements are still very much needed should we want the majority of accountants to behave in an appropriate manner. Among the reasons indicated in the literature regarding why people are worried to become whistle blowers is the lack of protection. According to Lee (2005), there were cases where whistle blowers were sacked, sued or otherwise victimized for breach of confidence or for defamation. In some cultures, whistle blowers are regarded as an evil that disloyal to the organization and management (Bogdanovic & Tyll, 2016)

When comparing the results of this study with O'Leary and Radich (2001) and Nur Barizah et al., (2010), the findings seem to be highly consistent in a few aspects. First, the large majority of students would prefer to be on the safe side when the fraud was involving their friend. They were neither purely unethical nor whistle blowers. Second, the percentage of students who would act unethically reduces and the number of whistleblower increases once the element of punishment was introduced. The results of this study are more favourable compared to results reported in previous studies by O'Leary and Radich (2001), O'Leary and Shafi (2006), and Nur Barizah et al., (2010) in two aspects. Firstly, the percentage of students who are willing to accept bribes is lower in this study (only 2%). O'Leary and Radich reported 20%, while Barizah et al reported 3%. Secondly, this study reported a higher percentage of students who refuse the offer and act as whistle blowers (about 70%). Previous studies by Barizah et al., (2010) and O'Leary and Radich (2001) reported only 37.6% and 46% of students willing to do so respectively.

With regards to the relationship between ethics courses and ethical attitudes of students, the study found an inverse relationship between variables. However, the relationship was not significant. Thus the finding supports the findings of Conroy and Emerson (2004), Burks and Sellani (2008), Jewe (2008), and Wang and Calvano (2015) that business ethic courses have limited value in affecting ethical attitudes and therefore limited value in affecting ethical behaviour. This is consistent with Lampe and Engleman-Lampe (2012) who reported that despite their ethical training, business students still have the highest rate of cheating among college students.

However, the finding does not support the findings of Dellaportas (2006, O'Leary and Shafi (2006), and Maisarah et al (2010). Comparing the studies using Malaysian students, one main difference between this study and the study of Maisarah et al and O'Leary and Shafi is that this study only asks the respondents to indicate the number of ethic courses they have completed to measure ethic course. In contrast, Maisarah et al focused on ethical attitudes before and after completing the ethic course, while O'Leary and Shafi focused on integration of ethics in the coursework. By design, our study measures the impact of ethics courses in a more general sense without reference to how the subjects were taught. As such the result of this study is not in direct conflict with previous studies in Malaysia by Maisarah et al and O'Leary and Shafi.

## **CONCLUSIONS AND RECOMMENDATIONS**

The collapse of Enron and World Com in the United States during the early 2000's has shown that the lack of ethics continues to be a serious issue for the U.S. companies. Malaysia is also experiencing similar problems and scandals which involved business managers, auditors, and other professionals. With the various changes and reforms in higher education in Malaysia, it is crucial for universities to measure the ethical attitudes of the students as well as the effectiveness of teaching ethics to the undergraduates. This study sought to investigate the level of ethical attitudes of final year accounting and business students in Malaysia. The study utilized a self-administered questionnaire that was adapted from O'Leary and Cotter (2000) and O'Leary and Radich (2001). Overall, this study found that accounting and business students place considerable importance on ethics. Analysis indicated that the great majority of the respondents was categorized as ethical and they have positive attitudes toward whistle-blowing. With regards to ethics intervention, this study found that ethics education has no significant relationship with the ethical attitudes of students. It seems that simply adding an ethics course to the accounting curriculum may not produce students with higher ethical attitudes.

The results of the above survey have several implications to accounting educators. Results indicate that ethics courses during class does not have any significant relationship with the cognitive moral development of undergraduate accounting and business students. Thus, the role of educators has become more difficult to develop and nurture greater ethical awareness of the accounting and business students both inside and outside the classroom, particularly during a time of overwhelming changes in technology and ethical crisis. However, this study does not investigate the approaches and methods of delivering ethics education to students. Perhaps providing students with opportunities for in-depth group discussions, ethical theories and perspectives as well as exposure to case studies can enhance students' learning experience as it pertains to ethics education. In addition, interventions outside of the classroom and participation in community service activities could possibly increase students' ethical awareness. Educators still have a long way to go in the area of ethics education. Not only would more emphasis in the area appear appropriate, but future research could also examine the most effective methods of delivering ethics instruction.

The results of this study raise interesting questions, but should be considered in light of several limitations. Firstly, the respondents were from only four universities in Malaysia which may limit the generalizability of the results. Future studies should include respondents from other Malaysian universities (for example, making comparisons of private and public universities) to better generalize the findings. Secondly, this study does not investigate the impact of religiosity and demographic factors such as gender, race and family background on

ethical attitudes of students. Finally, this study indicates the need for future research on the effectiveness of approaches and methods of delivering ethics education to students. Future studies that look into these factors would be very much useful.

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