

A TRI-NATIONAL STUDY OF ACCOUNTANCY STUDENTS' ETHICAL ATTITUDES

Conor O'Leary
School of Accountancy
Queensland University of Technology
Brisbane, Australia

and

Shafi Mohamad
Faculty of Accountancy
Universiti Teknologi MARA, Samarahan
Campus, Kuching
Sarawak

Ethics is an integral part of the accountancy profession. As the profession becomes more internationalized, it is critical to accept that different nations may still advocate differing treatments for similar issues. This study evaluates whether the accountants of tomorrow already display differences in their attitudes, based upon nationality. The attitudes of final year accountancy students from three countries, Malaysia, Australia and Ireland were compared across some ethical scenarios. Significant differences were found to exist based upon nationality. When confronted with bribery/corruption scenarios, Malaysian students were most likely to refuse participation but do nothing about them. Australian students were more likely to inform the relevant authorities. Irish students were more likely to participate than their Malaysian and Australian counterparts. Malaysian students were more likely to cheat in an exam than participate in corruption, whereas Irish and Australian students were more likely to do the opposite. Hence, ethical attitudes are affected by nationalistic traits. The ramifications for professional training should therefore be considered.

Introduction

Due to recent instances of corporate collapse and commission hearings¹, confidence in the accounting profession in Australia is being undermined (Harrington & McCahey 2002). This phenomenon is not unique to Australia. Worldwide, business environments appear to be experiencing similar activities² with concomitant effects on the images of their accounting professions.

Comunale and Sexton (2003) note criticisms of the profession in the United States of America and Walsh (1999) notes similar criticisms of the profession in the Republic of Ireland. The overall effect of this is that the ethics of accounting practitioners has been questioned.

So what of the practitioners of tomorrow, and their ethical attitudes? The accountancy profession is becoming more global all the time. Indeed, we now have international accounting standards and international auditing standards. However, as Karnes *et al.* (1990, p. 45) note, the above do not ensure that all business practices will be viewed in a like manner by members of the accounting profession from different cultures. Cultural effects on the ethical attitudes of *practicing* accountants have been the subject of many studies, some of which are listed below. However, cultural effects on the ethical attitudes of accountancy *students* have not been researched so thoroughly and this paper aims to provide evidence in this area. It would be anticipated that university students from different countries – and therefore different cultures – may differ in their ethical attitudes. The purpose of this study therefore is to gauge the ethical attitudes of final year accounting students across three countries, Malaysia, Australia and the Republic of Ireland and to note similarities and differences.

Literature Review

Researchers have provided evidence of the effects of culture on the ethical decision making of professionals. Sociologists such as Hofstede (1980 and 1983) have demonstrated how different cultural dimensions influence ethical decision-making. In chronological order, a summary of some of the more significant studies involving practicing accountants and auditors follows.

Dykhhoorn and Sinning (1981) compared attitudes towards independence of a sample of West German auditors to United States Securities and Exchange Commission rules in that area. They discovered that the attitudes of the West German auditors would breach the United States rules in several instances. Karnes *et al.* (1990) compared the ethical perceptions of public accountants from Taiwan and the United States. They noted significant differences in attitudes towards factors such as accepting an informal commission and proposed insider trading. Cohen *et al.* (1995) studied the ethical decision making processes of auditors from three different cultural backgrounds, Latin America, Japan and the United States. Their results revealed significant differences between the groups as to their ethical evaluations and the likelihood of performing certain unethical actions. Dittenhoffer and Sennetti (1995) studied the attitudes of internal auditors to various ethical scenarios and noted significant differences between those located in the USA and those located outside the USA. Kreuze *et al.* (2001) similarly noted the effects of culture on internal auditors' ethical beliefs. These studies tend to highlight the fact that ethical attitudes differ between accountants from different nationalities.

Most professional accounting bodies have issued some form of Code of Professional Conduct³. Malaysian commentators (Bakar *et al.* (2003) for example) and overseas commentators (Abdolmohamadi *et al.* (2003) and Wyatt (1997) for example) consider that significant emphasis should be placed on ethical development within the profession. It should follow therefore that trainee accountants should be subject to ethics education in

their training process, part of which is their University studies. The effects of these training processes are difficult to assess and studies of accountancy students' ethical attitudes have demonstrated differences based upon nationality. Studies of accountancy *students'* ethical attitudes, which are obviously important, as they represent the future of the profession, are not as plentiful as studies of *practicing* accountants' ethical attitudes. It is hoped therefore that the current study will add to the extant literature in the area. A chronological review of some of these studies follows.

Goodwin and Goodwin (1999) compared the ethical attitudes of first year accountancy students in Malaysia and New Zealand. They discovered significant national differences in two of three scenarios. The Malaysian students were found to be more willing to share the rewards for their work equally with teammates than their New Zealand counterparts. Also, the Malaysian students were found to be more likely to raise a query with their boss (when they suspected he/she was acting unethically) than their New Zealand counterparts². The third scenario involving an environmental issue, on whether students would report their employers to the appropriate authorities if they breached environmental laws, yielded no significant difference.

Haswell *et al.* (1999) compared the attitudes of accountancy students from Australia, South Africa and the UK across various scenarios involving cheating. Again significant differences were discovered based upon nationality. UK students were found to be the most likely group to *consider* plagiarizing. Their percentages were significantly higher than the other two. However, to what extent this is influenced by economic factors (since copying was cheaper at UK universities) is unclear. This is because, when asked who would *probably* plagiarize, the South African students' percentages were significantly higher than the other two.

O'Leary and Cotter (2000) compared the ethical attitudes of accountancy students in the Republic of Ireland and Australia. Across six scenarios, involving accepting bribes (4 cases) and cheating in an exam (2 cases), the Irish students were found to be significantly more likely to act unethically. The authors surmised that the more pronounced emphasis on ethics education in the Australian university and better "whistleblowing"³⁵ protection legislation in Australia may have contributed to the perceived better results in that country.

The above three studies, while adding significantly to the body of knowledge in the area, all have limitations. The first study took its subjects from two campuses of the same university, hence could have been tainted by the culture specific to that institution. The second study only examined students' attitudes to one ethical dilemma, cheating, hence is somewhat limited. The third study, while overcoming the limitations of the first two, only compares students across two countries with some similarities in their cultural backgrounds. The current study is an extension of the O'Leary and Cotter (2000) study utilizing the same survey instrument (adapted for local conditions as appropriate) but compares attitudes across three countries, thus spreading the cultural diversities. For that reason Malaysia was added to the original two countries to perform this study.

Justification for Three-Country Selection

The three countries selected were chosen as they provided a good cross-section of nations on varying cultural, economic and ethical scales. These are summarized at Table 1.

Table 1. Differences Between the Three Countries

Variable/Scale	Malaysia	Australia	Ireland.
Ethnic Origins	Malays	Multi-cultural	Celts
Predominant Cultural Background (Patel et al., 1999).	South East Asia	Anglo-American	European
Industrial Ranking (International Monetary Fund, 2003)	Newly-industrialising	Developed economy	Developed economy
Projected growth in GDP (International Monetary Fund, 2003)	6.5%	3.6%	4.7%
Corruption Perceptions Index (CPI) Ranking (Transparency International, 2003)	37	8	18
Bribe Payers Index (BPI) Ranking (Transparency International, 2003)	15	1	Not available

Considering cultural influences in the first instance, Malaysians are predominantly from a south-east Asian cultural background (although as noted in the Goodwin and Goodwin (1999) paper above, this can be further divided into Malays, Chinese and Indians). Australia prides itself on being a multi-cultural nation, thus acknowledging influences from many cultural backgrounds on its development. However, its *constitutional monarchy* structure of State emphasizes the strong Anglo-Saxon influence. Ireland, on the other hand, is dominated by the Celtic culture. Patel *et al.* (1999) in a study of auditor judgments, used Australia as a proxy for Anglo-American nations. Similarly, Ireland can be used as a proxy for European nations, being a member of the European Community (EC) and Malaysia can be used as a proxy for the South-East Asian group of nations.

Considering economic factors, various comparative tables from the International Monetary Fund (IMF) (2003) demonstrate differences between the nations. Whereas both Australia and Ireland are classified as having developed economies, Malaysia is described as “developing” or “newly-industrialised”. This is highlighted in projected growth figures as per Table 1. Gross domestic product (GDP) in Malaysia is anticipated to grow at a far faster rate than in the other two so called developed economies.

Ethical scales are more difficult to encounter, but Transparency International (2003) gathers information from which it constructs a Corruption Perceptions Index (CPI) and a Bribe Payers Index (BPI). The lower the ranking number, the more ethical the country is perceived to be. Hence, the developed countries are perceived as less likely to accept corrupt payments and bribes⁶ than the “newly industrialised” nation.

It was considered that this spread of nations was an improvement on previous studies which did not have such a diverse cultural range in their student population surveys.

Participants

Samples of final year accountancy students in Malaysia, Australia and Ireland were chosen as follows.

In Malaysia, at Universiti Teknologi MARA, Samarahan Campus, Kuching, two classes were chosen from a final year auditing unit in the Bachelor of Accountancy (Honours) degree. This is a two year program, following on from a three year Diploma in Accounting program. These classes provided an overall group of 97 final year accountancy students. The bulk of these students take up jobs with public accounting firms or work as trainee accountants in commerce and industry after graduation. The split between male and female students was 43%/57% Refer to Table 2. This split along gender lines is in keeping with the overall trend in Malaysian universities where in the recent past the intake of female students tends to be higher than for male students.⁷

In Australia, at Queensland University of Technology, Brisbane, one class was chosen. This was a final year auditing unit in the Bachelor of Business (Accountancy) degree, a three-year qualification. This class provided an overall group of 103 final year Australian accountancy students. The vast majority of these students take up jobs with public accounting firms or gain employment as trainee accountants in industry after graduating. The split between male and female students was practically 50/50 Refer to Table 2.

In Ireland, at University College Cork, three classes were chosen. The first was an auditing unit taken by final year Bachelor of Science (Accountancy) students – a three-year degree. The other two were accounting units taken by final year Bachelor of Commerce students – a four year degree and Bachelor of Science (Finance) – a three year degree. As the auditing unit only offered 25 students it was considered too small a sample size hence it was combined with the larger accountancy classes to provide an overall group of 139 final year Irish accountancy students. Again, the vast majority of these students take up jobs with public accounting firms or gain employment as trainee accountants or financiers in industry after graduation. The split between male and female students was again, practically 50/50– refer Table 2.

Survey Instrument

All participants were then issued with a questionnaire, distributed during the formal lecture period and students were given 10 minutes to complete it. Students were not told that this was a survey of ethical attitudes. They were given the survey instrument and were asked to complete it independently. All they were told was that there were no correct answers. They were asked to answer according to their own feelings.

Each participant received a questionnaire which included six (6) ethical scenarios. Students were to tick one answer from three possible answers provided for each scenario. Appendix 1 is a copy of the survey instrument utilised. Irish Punt⁸ and Australian Dollar equivalents were inserted for Malaysian Ringgit. Other minor changes were made to names of taxation offices, university security departments etc. to reflect local terminology, but otherwise the instrument was identical in all three countries.

Table 2 – Summary of Results

Ireland				Australia						Malaysia													
Scenario 1				Scenario 1						Scenario 1													
Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm	
		#	%	#	%	#	%			#	%	#	%	#	%			#	%	#	%	#	%
M&F	139	85	(61)	38	(27)	16	(11)	M&F	103	26	(25)	34	(33)	43	(42)	M&F	97	13	(14)	45	(46)	39	(40)
M	70	56	(80)	9	(13)	5	(7)	M	50	20	(40)	14	(28)	16	(32)	M	42	8	(18)	20	(49)	14	(33)
F	69	29	(42)	29	(42)	1	(16)	F	53	6	(11)	20	(38)	27	(51)	F	55	5	(10)	25	(45)	25	(45)
Scenario 2				Scenario 2						Scenario 2													
Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm	
		#	%	#	%	#	%			#	%	#	%	#	%			#	%	#	%	#	%
M&F	139	37	(27)	60	(43)	42	(30)	M&F	103	9	(9)	46	(45)	48	(46)	M&F	97	4	(4)	54	(55)	39	(41)
M	70	28	(40)	20	(29)	22	(31)	M	50	8	(16)	21	(42)	21	(42)	M	42	0	(0)	26	(42)	16	(38)
F	69	9	(13)	40	(58)	20	(29)	F	53	1	(2)	25	(47)	27	(51)	F	55	4	(7)	28	(51)	23	(42)

(Cont). Table 2 – Summary of Results

Ireland						Australia						Malaysia											
Scenario 3						Scenario 3						Scenario 3											
Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm	
	#	%	#	%	#	%		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
M&F	139	79	(57)	34	(24)	26	(19)	M&F	103	21	(20)	35	(34)	47	(46)	M&F	97	12	(13)	45	(46)	40	(41)
M	70	50	(71)	9	(13)	11	(16)	M	50	16	(32)	15	(30)	19	(38)	M	42	6	(14)	24	(57)	12	(29)
F	69	29	(42)	25	(36)	15	(22)	F	53	5	(9)	20	(38)	28	(53)	F	55	6	(11)	21	(38)	28	(51)
Scenario 4						Scenario 4						Scenario											
Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm	
	#	%	#	%	#	%		#	%	#	%	#	%	#	%		#	%	#	%	#	%	
M&F	139	37	(27)	54	(39)	48	(34)	M&F	103	6	(6)	42	(41)	55	(53)	M&F	97	2	(3)	50	(51)	45	(46)
M	70	26	(37)	21	(30)	23	(33)	M	50	6	(12)	20	(40)	24	(48)	M	42	0	(0)	26	(62)	16	(38)
F	69	11	(16)	33	(48)	25	(36)	F	53	0	(0)	22	(42)	31	(58)	F	55	2	(4)	24	(43)	29	(53)

(Cont). Table 2 – Summary of Results

Ireland								Australia								Malaysia							
Scenario 5								Scenario 5								Scenario 5							
Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm	
		#	%	#	%	#	%			#	%	#	%	#	%			#	%	#	%	#	%
M&F	139	78	(56)	56	(40)	5	(4)	M&F	103	29	(28)	66	(64)	8	(8)	M&F	97	31	(32)	61	(62)	5	(6)
M	70	44	(63)	25	(36)	1	(1)	M	50	17	(34)	27	(54)	6	(12)	M	42	10	(24)	29	(69)	3	(7)
F	69	34	(49)	31	(45)	4	(6)	F	53	12	(23)	39	(73)	2	(4)	F	55	21	(38)	32	(58)	2	(4)
Scenario 6								Scenario 6								Scenario 6							
Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm		Sex	#	Accept		Ref/Re		Inf'm	
		#	%	#	%	#	%			#	%	#	%	#	%			#	%	#	%	#	%
M&F	139	21	(15)	115	(83)	3	(2)	M&F	103	6	(6)	89	(86)	8	(8)	M&F	97	3	(4)	87	(88)	7	(8)
M	70	16	(23)	54	(77)	0	(0)	M	50	4	(8)	40	(80)	6	(12)	M	42	0	(0)	40	(95)	2	(5)
F	69	5	(7)	61	(88)	3	(5)	F	53	2	(4)	49	(92)	2	(4)	F	55	3	(5)	47	(86)	5	(9)

Key: Accept = Accept a bribe or offer of an exam paper
 Ref/Re = Refuse the bribe or offer and remain silent
 Inf'm = Refuse the bribe and inform the relevant authorities

Scenario one asked the students if they would accept a bribe, knowing that there was no chance of being caught or to participate in a scheme to defraud the tax office. Scenario three asked the same question except this time the scheme involved defrauding shareholders. Scenarios two and four were the exact same as scenarios one and three except this time there was a one in ten chance of being caught. Scenario five asked the students if they would accept a copy of a final exam paper the day before the exam, if there was no chance of being caught. Scenario six again introduced the one in ten risk of being caught in relation to the above action.

All six scenarios offered the students three choices. Firstly, they could accept the bribe/offer. Secondly, they could reject the bribe/offer and say nothing. Thirdly, they could reject the bribe/offer and report the incident to the relevant authorities ie "blow the whistle" on the offerer(s).

The purposes of the instrument were to attempt to gauge attitudes to such questions as:

1. Is there a difference between final year accountancy students' ethical attitudes in the three countries?
2. Is there a difference between male and female students?
3. Do students consider it ethical to cheat as regards sitting an exam?
4. How are students' ethical attitudes affected by the risk of getting caught? and
5. What are student's attitudes towards "whistleblowing"?

Results

Earlier studies on ethics have yielded differing results depending upon cultural backgrounds, as discussed above. The current study continued this trend.

All results are summarised in Table 2. 14% of Malaysian students would accept a bribe to defraud the tax office. 25% of Australian students would do the same whereas 61% of Irish students said that they would (Table 2, Scenario 1). When it came to defrauding shareholders, 13% of Malaysian students would still participate in a fraud, 20% of Australian students and 57% of Irish students would (Table 2, Scenario 3). In Malaysia, male students were one and a half times more likely than female students to participate in either event⁹. In Ireland, males were two times more likely and in Australia, males were almost 4 times more likely.

Once any risk of being caught was introduced, in scenarios 2 and 4, the percentage of potential fraud participants fell significantly. In Malaysia only one quarter of those who would accept a bribe would continue to do so if there was any risk of being caught¹⁰. In Australia, the comparable figure fell to approximately one third and in Ireland to approximately one half. Students were not informed of the penalties if caught (custodial and/or fines). However they obviously considered them serious enough to significantly dissuade them from their initial choice of behaviour.

When it came to cheating in an exam, 32% of Malaysian students appeared willing to do so. This figure fell slightly to 28% for Australian students and rose to 56% for Irish students. Quite interestingly, in this instance the difference between male and female students was far less significant in all three countries. Indeed, in Malaysia females were

more inclined than males to consider engaging in this form of unethical behaviour¹¹ (This contrasts with the accepting bribes scenarios above, where the males were found to be 1.5 times more likely to act unethically). In Australia and Ireland, the male/female unethical behaviour ratios, as regards exam cheating, fell to 1.5/1 and 1.25/1 respectively (Again this contrasts with ratios of 4/1 and 2/1 respectively for the accepting bribes scenarios). Again, when a risk of being caught was introduced, in scenario 6, the percentages willing to participate fell dramatically in all three countries.

All results were subject to statistical analysis to determine significant differences. As the objective was to compare population proportions which contain qualitative data, a technique as described by Selvanathan *et al.* (1994) was utilised. The null hypothesis would assume that two population proportions would be equal. By calculating the pooled proportion estimate and comparing the separate group proportions to each other and to the pooled proportion, a z score was arrived at. This was then compared to the statistical tables and significance levels computed as relevant. All results involving the comparison of Malaysian and Australian students (together with a copy of the formula used) are displayed in Appendix 2¹².

Interpretation of Results

Significant differences exist between the students of the three nations. Referring to Table 1, the global perception is that bribery and corruption are more prevalent in the "newly industrialised" nation, Malaysia, than in the two "developed economy" nations, Australia and Ireland. However, the Malaysian students indicated that they were significantly less likely to accept bribes than their Australian and Irish counterparts. This is even despite the fact there were no formal ethics studies in the Malaysian course when the survey was performed. If Malaysian *accountancy students* appear more ethical than the other two nations, what happens when they join the workforce that results in Malaysian *accountancy practitioners* being perceived as less ethical, as per the CPI and BPI indices in Table 1?

When one considers how the students react on discovering, but refusing to participate in a fraud, international differences again appear. In Australia, of the 78%¹³ of students in this category, they are more likely to "blow the whistle" and inform the authorities, than do nothing. However, both their Malaysian and Irish counterparts are more likely to do the opposite, which is, walk away and do nothing, rather than inform. Reviewing the predominant answers – by country – to Scenarios 1 to 4 (Table 2) summarises the nationalistic traits. The predominant preference of Malaysian students, when confronted with a bribery/corruption issue is to refuse to get involved but also do nothing about it. The predominant preference of the Irish students was to either accept the bribe/offer or else do nothing. The predominant preference of the Australian students was to inform the authorities. As O'Leary and Cotter (2000, p.112) highlighted, this could possibly be due to the perceived better "whistleblower" protection legislation available in Australia as opposed to most other countries. Following on could be the influences of the 1988 Fitzgerald Inquiry into Police Corruption in Queensland (the Australian State from which the current study's sample was chosen) and the subsequent formation of the Electoral and Administrative Reform Commission (EARC), "whistleblower" protection legislation was passed in the early 1990s. Barker (1999 p.11) notes how Irish Company Law does not offer satisfactory systems for confidential reporting to external auditors by concerned

employees. The difference in these legal frameworks could be construed as supporting a more sympathetic attitude to unethical behaviour in two countries as opposed to the other one.

The students of the three nations also disclosed differences in their reaction to the *type* of unethical scenario they were presented with. Which the Malaysian students appeared less likely to accept a bribe than the other two national groups, their attitude to exam cheating was significantly less ethical. Malaysian students appeared over two times more likely to cheat in an exam than to accept a bribe¹⁴. Australian students were only slightly more likely to cheat than accept a bribe and there was no significant difference to the Irish students between the types of unethical scenario. Referring to Hofstede's (1980 and 1983) "dimensions of culture" scales, Malaysians are ranked higher than both Irish and Australians in terms of factors such as individualism and masculinity. This would tend to suggest that generally Malaysians are not as focused on the interests of other stakeholders, and failure in school/university is viewed very harshly. In local parlance, the latter is known as the 'Jatuh Airmuka' mentality. This would lead us to expect that students in Malaysia would be more concerned with failure (thus more likely to cheat on exams) and less concerned with other stakeholders. The results of this study would appear to support such a notion.

All three national student groups displayed consensus in two areas. The first relates to the difference in ethical attitudes between the sexes. In all three countries, male students appeared more prepared to act unethically than females in relation to accepting bribes. As mentioned previously, scenarios 1 and 3 highlight that Australian male students were almost four times more likely to accept a bribe than female students. The Irish equivalent ratio was almost two times and the Malaysian equivalent was 1.5 times. Why male students are more likely to act unethically is a matter for conjecture but the results are consistent with those of other studies (for example, Haswell & Jubb (1995). However, when it came to cheating in exams, the difference between the sexes was significantly reduced, and even reversed in the Malaysian situation. In all three countries, males were more inclined to accept a bribe than cheat in an exam but female students were more inclined to cheat in an exam than accept a bribe.

The second area of consensus relates to the effect of risk on the bribe/offer situations. Again, this was consistent across countries and genders. In all three countries once an element of risk was introduced the numbers prepared to act unethically plummeted. All differences were significant at the 1% level (Appendix 2). This again highlighted a worrying trend consistent with previous studies. What appears to make people act more ethically is the risk of getting caught. It has nothing to do with a change in the circumstances of the situation before them. Scenarios 2, 4, and 6 were the exact same as 1, 3 and 5 except for the risk of getting caught, yet all responses were significantly different.

Conclusion

The accountancy profession worldwide, needs to be seen as one of high ethical standing. One would consider therefore that ethics would be an important part of the training process for students intending to join a profession. Hence, reviewing the ethical attitudes

of student accountants would appear a valid pursuit. Despite the internationalisation of accounting and auditing, as evidenced by international standards, differences in attitudes can be expected at a national level, due to cultural, economic, and social factors.

Reviewing the results of this study, which notes significant differences between the attitudes of final year accountancy students of three countries, tends to support the notion that ethical differences will exist, irrespective of attempts at international harmonisation of accountancy practices. Overall, Malaysian accountancy students appear to be less inclined to act unethically themselves when compared with Australian and Irish students. On the other hand, Australian students, possibly bolstered by stronger legislation, would appear more inclined to ensure an unethical situation is properly resolved whereas Irish students appeared to display an unacceptably high tendency to consider acting unethically once there was no danger of being caught.

Other issues also appear in need of attention. Globally, why are male students so significantly more likely to act unethically as opposed to their female counterparts? Why do students of both sexes still appear so reluctant to become “whistleblowers”? Why do female students appear more inclined to act unethically in an attempt to qualify as accountants, yet appear more inclined to act ethically having qualified? Future research would appear warranted in all these areas.

The results of this study and the future research questions raised above, lead to one final critical issue to consider, the emphasis on ethics education. It would be facile to suggest that raising the ethics educational requirements of accountancy students would raise their ethical performance, as so many other variables may also affect the issue. Only the Australian undergraduate degree, of the three courses covered in this study, incorporated a mandatory ethics subject (*Business Ethics*, in the first year). The other two countries integrated ethics training throughout other units, to varying degrees. Ethics education, if integrated into accountancy training, must be tailored to local cultural and nationalistic attitudes. One size will not fit all, as the results of this study tend to indicate. It would appear that more research, to ascertain if the type of ethics education being provided is effective, is also needed.

Any study such as this has limitations. Whether or not students would actually act as they say they would in the comfort of an anonymous questionnaire is always debateable. However, the percentages all appear large enough to warrant consideration that at least a fair proportion of respondents would act as they have indicated. However, the above limitation must be recognised.

Notes

- ¹ As evidenced for example by the *HIH* Royal Commission and the *Harris Scarfe* and *One-Tel* scenarios.
- ² As evidenced for example in the United States by *Enron*, *Sunbeam* and *WorldCom*, and in Ireland by the 1993/4 Beef Tribunal Hearings (reviewing irregularities in the beef industry) the 1997 McCracken Inquiry and the Moriarty Tribunal (reviewing payments to politicians) (Irish Times, 1999).
- ³ For example, the Institute of Chartered Accountants in Australia (ICAA) and CPA Australia (CPAA) issued the *Joint Code of Professional Conduct*.

- ⁴ However a sub-division of the Malaysian student group into ethnic origin groups (Malays, Chinese and Indian) yielded significant inter group variations in this case.
- ⁵ Informing the appropriate authorities when one comes across an illegality, is often referred to as “whistleblowing”. Refer for example to Vinten (1994).
- ⁶ With the exception of a “not available” score for Ireland on the BPI.
- ⁷ Universiti Teknologi Mara(UiTM) only admits indigenous ‘ bumiputra’ students. Hence, unlike the Goodwin and Goodwin (1999) study mentioned above, there are no Malaysian Chinese or Malaysian Indian students on campus, so there is no risk of inter group variations on nationalistic grounds (footnote 4).
- ⁸ As then, now Ireland uses Euros.
- ⁹ This figure is derived by averaging the percentages in the “accept” boxes of scenarios 1 and 3, Table 2. $(18+14)/(10+11) = 1.5$.
- ¹⁰ This figure is derived by comparing the percentages in the “accept” boxes of scenarios 1 and 3 with those of scenarios 2 and 4, Table 2. $(14+13)/(4+3) = 3.9$.
- ¹¹ Table 2, Scenario 5, under the “accept” column comparing percentages of M and F.
- ¹² Similar analyses to the one demonstrated in Appendix 2 were prepared for the differences between the Malaysian and Irish students and the Australian and Irish students.
- ¹³ Averaging scenarios 1 and 3, percentages of students who would not accept the offer (Table 2).
- ¹⁴ Comparing the “accept” column in Scenario 5 (32%) to its average from scenarios 1 and 3 (13.5%)

References

- Abdolmohamadi M. J. Read W. J. and Scarbrough D. P. (2003). *Does Selection-Socialization Help to Explain Accountants' Weak Ethical Reasoning? Journal of Business Ethics*. Vol. 42 No. 1. (p.71-81).
- Bakar M.A. Saat M.S. and Majid A.H.A. (2003). *Ethics and the Accounting Profession in Malaysia. National Accounting Research Journal*. Vol 1. No. 1 (p.105-122).
- Barker P. C. (1999). The Lesson of the Money-Lender and the Tax-Gatherer. *Accountancy Ireland*. February. (p.10-11).
- Cohen J.R. Pant L.W. & Sharp D.J. (1995). *An Exploratory Examination of International Differences in Auditor's Ethical Perceptions*. *Behavioural Research in Accounting*. Vol. 7 (p.37-64).
- Comunale C.L. and Sexton T.R. (2003) *Managerial Auditing Journal*. Vol. 18, No's. 6/7. (p. 569-577).
- Dittenhoffer M. and Sennetti J. (1995). *Ethics and the internal auditor phase II: a comparison of 1983 and 1994 surveys*. *Managerial Auditing Journal*. Vol. 10 No. 4. (p. 35-43).
- Dyckhoorn H.J. & Sinning K.E. (1981). *Wirtschaftsprüfer. Perception of Auditor Independence*. *Accounting Review*. January (p. 97-107).

- Goodwin J. and Goodwin D. (1999). *Ethical Judgements Across Cultures: A Comparison Between Business Students From Malaysia and New Zealand*. *Journal of Business Ethics*. Vol 18. No. 3. (p. 267-281).
- Harrington T. and McCahey J. (2002). *Don't look at us*. Charter. August. (p. 14).
- Haswell S. & Jubb P. (1995). *Unethical Tendencies*. Charter. April (p.102-103).
- Haswell S. Jubb P. and Wearing B. (1999). Accounting Students and Cheating: A Comparative Study for Australia, South Africa and the UK. *Teaching Business Ethics*. Vol 3. No. 3. (p. 211-239).
- Hofstede G. (1980). *Culture's Consequences: International Differences of Work Related Values*. Sage, Beverley Hills. Ca.
- Hofstede G. (1983). *The Cultural Relativity of Organisational Practices and Theories*. *Journal of International Business Studies*. Fall (p. 75-89).
- Institute of Chartered Accountants in Australia (ICAA) (1999). *Members Handbook*. ICAA Sydney.
- International Monetary Fund (2003). <http://www.imf.org>
- Irish Times (1999). <http://www.ireland.com/newspaper/archives>. *Untangling the Tribunals*.
- Karnes A. Sterner J. Welker R. & Wu F. (1990). *A Bi-Cultural Comparison of Accountants' Perceptions of Unethical Business Practices*. *Accounting, Auditing and Accountability Journal*. Vol. 3 No. 3 (p. 45-64).
- Kreuze J.G. Luqumani Z. And Luqumani M. (2001). *Shades of Grey*. *Internal Auditor*. Vol. 58. No. 2. (p. 48-53).
- Mintz S.M. (1995). *Virtue Ethics and Accounting Education*. *Issues in Accounting Education*, Vol 10 No.2 (p. 247-267).
- O'Leary C. and Cotter D. (2000). *The Ethics of Final Year Accountancy Students: an International Comparison*. *Managerial Auditing Journal*. Vol. 15 No. 3 (p. 108-115).
- Patel C. Harrison G. and McKinnon J. (1999). *Cultural Influences on Judgements of Professional Accountants in Auditor-Client Conflict Resolution*. *Emerging Issues in International Accounting Conference*. Niagara Falls, New York.
- Selvanathan A. Selvanathan S. Keller G. Brain W. & Bartel H. (1994) *Australian Business Statistics*. Thomas Nelson, Australia.
- Transparency International (2003). <http://www.gwdg.de>.
- Vinten G. (1994). *Whistleblowing: Subversion or Corporate Citizenship?* Paul Chapman Publishing. London.
- Walsh B. (1999). *A Proud Profession*. *Accountancy Ireland*. February (p.3).
- Wyatt A.R. (1997). *Review, The Accounting Profession Major Issues: Progress and Concerns*. *Accounting Horizons*. Vol. 11 No. 2. (p. 127-131).

APPENDIX 1

Scenarios Utilised

Scenario (1)

You have completed your degree and have spent six months in your first job. You are the assistant accountant at a large manufacturing company. After six months you notice the firm has a very clever tax evasion scheme in force which allows it to **underpay its tax bill** by RM400,000 a year. You confront your boss, the chief accountant, and he admits the scheme is illegal. He and the 3 remaining directors split the amount equally each year, each taking RM100,000. The scheme is perfectly disguised and as the tax office (LHDN) is under-staffed, and has leaked that it cannot do any audits on manufacturing firms for the next 3 years, apart from basic compliance, there is no way they can possibly get caught. You confirm this for yourself.

Your boss offers to split the proceeds 5 ways. It will run for another two years and then will be scrapped. He is offering you RM80,000 per annum for 3 years, on top of your salary, and you have no chance of being caught.

Please tick one option:

Would you:

1.	Accept the bribe for the 3 years and tell no one	
2.	Resign immediately and tell no one	
3.	Inform the tax office (LHDN) and/or relevant Corporate Authorities immediately	

Scenario (2)

The scenario is the exact same as above, except this time your boss tells you there is a 1 in 10 chance of being caught by the tax office (LHDN).

Please tick one option:

Would you:

1.	Accept the bribe for the 3 years and tell no one	
2.	Resign immediately and tell no one	
3.	Inform the tax office (LHDN) and/or relevant Corporate Authorities immediately	

Scenario (3)

You have completed your degree and have spent six months in your first job. You are the assistant accountant at a large manufacturing company. After six months you notice the firm has a very clever accounting scheme in force which allows it to understate its profit by RM400,000 a year, thus **understating the return due to shareholders**. You confront your boss, the chief accountant, and he admits the scheme is illegal. He and the 3 remaining directors split the amount equally each year, each taking RM100,000. The scheme is perfectly disguised and as the external auditors have expressed themselves delighted with the company and have no intention of doing anything but minimal work over the next 3 years, there is no way they can possibly get caught. You confirm this for yourself.

Your boss offers to split the proceeds 5 ways. It will run for another two years and then will be scrapped. He is offering you RM80,000 per annum for 3 years, on top of your salary, and you have no chance of being caught.

Please tick one option:

Would you:

1.	Accept the bribe for the 3 years and tell no one	
2.	Resign immediately and tell no one	
3.	Inform the external auditors and/or relevant Corporate Authorities immediately	

Scenario (4)

The scenario is the exact same as above, except this time your boss tells you there is a 1 in 10 chance of being caught by the external auditors.

Please tick one option:

Would you:

1.	Accept the bribe for the 3 years and tell no one	
2.	Resign immediately and tell no one	
3.	Inform the external auditors and/or relevant Corporate Authorities immediately	

Scenario (5)

You are preparing for your final accounting examination to complete your Degree. It promises to be a very difficult paper with an average pass rate. You have been promised a job by a leading company in their accounting department, provided you pass this final exam. Two days before the exam you bump into Mustafa who went to school with you but you haven't seen in three years. You were very good friends and he was always a good friend to anyone else you had heard about. He asks you what you are doing and you tell him. He then tells you he is working for a printing company which prints your University's exams. In fact he can remember printing off your exam that very morning. He offers to get you a copy of the paper and deliver it to you to-morrow. As no one will know you have no chance of being caught.

Please tick one option:

Would you:

1.	Accept Mustafa's offer and get a copy of the paper	
2.	Thank him for the offer but decline	
3.	Thank him for the offer, decline, and immediately inform his employers of his offer to you	

Scenario (6)

The scenario is the exact same as above, except this time Mustafa tells you, you must come with him to get the paper after the printery is locked up. There is a 1 in 10 chance of being caught by the security guards who must report fully on all break ins.

Please tick one option:

Would you:

1.	Accept Mustafa's offer and get a copy of the paper	
2.	Thank him for the offer but decline	
3.	Thank him for the offer, decline, and immediately inform his employers of his offer to you	

APPENDIX 2

Example of Statistical Analysis. Comparison of Malaysian and Australian Students' Responses

Scenario 1					Scenario 4				
Sex	Accept		Ref/Re	Inform	Sex	Accept		Ref/Re	Inform
M&F	Z		Z	NSD	M&F	Z	R	P	S
M	Z	ZM	Z	NSD	M	Z	ZM	Z	Z
F	NSD	ZA	S	S	F	Z	ZA	NSD	S

Scenario 2					Scenario 5				
Sex	Accept		Ref/Re	Inform	Sex	Accept		Ref/Re	Inform
M&F	Z	R	P	Z	M&F	S		NSD	Z
M	Z	ZM	NSD	P	M	Z	ZM	Z	Z
F	Z	ZA	S	P	F	Z	ZA	Z	NSD

Scenario 3					Scenario 1				
Sex	Accept		Ref/Re	Inform	Sex	Accept		Ref/Re	Inform
M&F	Z		Z	S	M&F	Z	R	NSD	NSD
M	Z	ZM	Z	Z	M	Z	ZM	Z	Z
F	NSD	ZA	NSD	NSD	F	NSD	ZA	S	Z

Key:

- Z = Difference between two countries significant at the 1% level
- P = Difference between two countries significant at the 5% level
- S = Difference between two countries significant at the 10% level
- ZM = Difference between Malaysian males/females significant at 1% level.
- ZA = Difference between Australian males/females significant at 1% level
- R = Difference between response to scenario when a 10% risk element is introduced, significant for both countries at the 1% level.
- NSD = No significant difference.

Formula and hypothesis:

$H_0: (p_1 - p_2) = 0$, (assumes both proportions of respondents to any scenario option, will be equal).

$$Z = \frac{(\hat{p}_1 - \hat{p}_2) - (p_1 - p_2)}{\sqrt{\hat{p}\hat{q}\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}}$$

where:

$$\hat{p}_1 = \frac{x_1}{n_1} \quad (\text{the proportion of respondents choosing a particular option, sample 1})$$

$$\hat{p}_2 = \frac{x_2}{n_2} \quad (\text{the proportion of respondents choosing a particular option, sample 2})$$

$$\hat{p} = \frac{x_1 + x_2}{n_1 + n_2} \quad (\text{the proportion of respondents choosing a particular option, both samples combined})$$

x_1 = Number of **Malaysian/male/‘no-risk’ scenario** students selecting a particular option to a particular scenario, if comparing to number of **Australian/female/‘risk’ scenario** students.

x_2 = Number of **Australian/female/‘risk’ scenario** students selecting a particular option to a particular scenario, if comparing to number of **Malaysian/male/‘no-risk’ scenario** students.

n_1 = Population of **Malaysian/male/‘no-risk’ scenario** students responding to a particular scenario, if comparing to population of **Australian/female/‘risk’ scenario** students.

n_2 = Population of **Australian/female/‘risk’ scenario** students responding to a particular scenario, if comparing to population of **Malaysian/male/‘no-risk’ scenario** students.