

# Individual Ethical Decision Making of Accounting Lecturers Between Idealism and Relativism in Tangerang

1<sup>st</sup> S Winata  
Buddhi Dharma University  
Tangerang, Indonesia  
suryadiwinata@gmail.com

2<sup>nd</sup> A Kusnawan  
Buddhi Dharma University  
Tangerang, Indonesia

3<sup>rd</sup> Limajatini  
Buddhi Dharma University  
Tangerang, Indonesia

4<sup>th</sup> S Simbolon  
Buddhi Dharma University  
Tangerang, Indonesia

**Abstract**—The objective of this research is to determine the influence of ethical philosophy that consist of idealism and relativism toward ethical awareness, ethical judgments, and ethical intentions of accounting lecturers in Tangerang. Based on the previous studies idealism was more influent ethical decision making in the stage of ethical awareness than relativism, but in the ethical judgments and intentions relativism was more influent vice versa. This study will use multiple regression analysis in the determination of which one has stronger influence between these two ethical philosophies (idealism or relativism). Idealism more influent ethical decision making in the stage of ethical awareness based on previous studies, and relativism stronger in the second and third stages ethical judgments and intentions. We will also use the expert opinion to determine of which ethical philosophy has stronger influence specifically to empowering ethical idealism influence at the ethical awareness. Ethical philosophy of idealism more influent ethical decision making at the first stage but after that it will not influent again at the following stages. In the second and third stages, the relativism has stronger influences. This phenomenon would describe that idealism has implemented in the ethical decision making as the ethical philosophy of relativism. Then relativism was the orientation of ethical philosophy of idealism in practice, those were ethical judgments, intentions, behaviour.

**Keywords:** *idealism, relativism, ethical decision making*

## I. INTRODUCTION

The particularly famous factors of individual ethical philosophy that has been studied within business ethics literature are idealism and relativism based on the researchs of Schlenker and Forsyth's (1977) and Forsyth's (1980). These two authors have diversified two dimensional model of individual ethical philosophy, that we have say with the name idealism and relativism. Relativism has not associated with sensitivity of ethics, Sparks & Hunt (1998); Yetmar & Eastman (2000); O'Fallon & Butterfield (2005). Idealism was positively associated with judgments, but relativism was negative, and ethical philosophy dimension of Idealism was the key word that explained differences in orientation. Barnett, Bass & Brown (1996); Bass, Barnett & Brown (1998).

Idealism is a significant and positive predictor of Thai manager's ethical intentions in 3 of 4 scenarios, while relativism negatively and significantly influences intentions Singhapakdi, Salyachivin, Virakul & Veerayangkur (2000). Relativistic marketing managers were more likely to appoint salesmen who have performed an ethically questionable action but no relationship with respect to idealistic marketing managers. Sivadas, Kleiser, Kellaris & Dahlstrom (2003). Individuals with philosophy ethics of idealism dimension have higher perceptions of ethical intensity, while relativistic individuals have lower perceptions of ethical intensity Singhapakdi, Vitell & Franke (1999).

Idealistic managers were not more likely to have an ethical intention than their counterparts and relativistic managers also were not less likely to have ethical intentions than their less relativistic counterparts (Marta, Singhapakdi & Kraft, 2008). Individuals were more likely to have moral intentions in a sales context when they were using a less relativistic ethical ideology (being less sensitive to situational factors) (Marques & Pereira 2009). The previous studies have reveal a tendency that idealistic individuals have higher ethical awareness and orientation but they do not want to argue and intent in retain their orientation and realize in the ethical behavior. Based on these phenomenon we propose the hypotheses about the idealistic accounting lecturers only strong in recognizing the ethical dilemma but weak in retaining their argumentation. More idealistic would be more aware, and less idealistic would be more orientation and intention in ethics.

## II. LITERATURE REVIEW:

Musbah 2010 have explained that Idealism as "the degree to which an individual focuses upon the inherent rightness or wrongness of actions regardless of the results of those actions". In making ethical decisions, moral idealists use idealistic rather than practical criteria; individuals who have high idealism believe that desirable outcomes can be acquired, and harming others is universally and always bad and should be avoided.

Relativism define as "the extent to which individuals reject universal moral rules or standards". Relativists assume

that moral rules are relative to the society and culture in which they occur. Moral relativists do not accept universal moral rules and codes in making ethical decisions. Highly relativistic individuals believe that the situational circumstances (e.g., time, place, culture, individuals involved) determine what is right and wrong for all involved.

Therefore, they may rely on circumstances more than ethical rules. In contrast, individuals who are low in relativism believe that morality requires acting in ways that are consistent with moral principles, norms, or laws and they maintain strict adherence to general moral principles (Musbah).

Ethical decision making is defined as “a process by which individuals use their base to determine whether a certain issue is right or wrong” (Carlson et al., 2002). Jones (1991) adds that ethical decision is both legal and morally acceptable to the larger group. theoretical frameworks are possibly the most important writing on the ethical decision making process within organizations. He proposed a four-stage ethical decision making sequence to describe individuals’ cognitive stages when they faced ethical dilemma. These stages comprise 1) ethical recognition – being able to interpret the situation as being ethical or unethical; 2) ethical judgment – deciding which course of action is morally right; 3) ethical intention – prioritizing ethical alternative over other alternatives; and 4) ethical behaviour – engaging in ethical behaviour. Rest argues that each stage is conceptually different and that success in one stage does not mean success in any other stage.

### III. METHOD

Data from one hundred thirty eight respondents of accounting lecturer was voluntary in Tangerang. A survey questionnaire was used to collect the data. We use SPSS 21 to process data, identified Beta statistics, and *t* – test.

### IV. RESULTS

TABLE 1. MULTIPLE REGRESSION ANALYSIS

MULTIPLE REGRESSION ANALYSIS (138 RESPONDENS)						
I.V.	AWARENESS		JUDGMENTS		INTENTIONS	
	Beta	P-Value	Beta	P-Value	Beta	P-Value
Constants	4.875	0,041	3,169	0.159	0,385	0,046
Idealism	0,172	0,001	0,167	0,001	-0,099	0,014
Relativism	0,089	0,004	0,100	0,001	0,155	0,000

In Confidence Level (CL) 95% or Standard Error (SE) 5%, between Idealism and Relativism have almost same significant strength impacts to Ethical Awareness. Meanings that Idealism and Relativism have increased ethical awareness of accounting lecturers in Tangerang. In other words we have say that even idealism or relativism can promote ethical awareness. Between idealism and relativism would be interchangeable from time to time in all of ethical recognitions.

Relativism more ethics than Idealism in the stage of Ethical judgments. Meaning that Relativism better in ethical evaluation or orientation than Idealism. The phenomenon was support about the opinion of idealistic individuals were not have capability in practical implementations. If we

continue to follow on the next stage of ethical decision making, in the ethical intentions stage we should reveal again an evidence regarding the idealistic accounting lecturers have retired from the intention to stay in ethical decision making and they switch roles to be relativistic lecturers.

### V. CONCLUSION

If ethical climate have been implemented, accounting lecturers with strong idealism or relativism would be higher in recognizing each ethical dilemma as an ethical actions.

In the stage of ethical judgments accounting lecturers with strong idealism don’t want to involve in the argumentation of ethics to each others, especially to the relativistic accounting lecturers

Accounting lecturers with strong idealism will retired from EDM focussed of discussion (FGD). They don’t like to retain their recognition and orientation about ethical dilemma based on the negative Beta (0,099) under the P-value of 0,014.

### VI. IMPLICATION

This study suggest accounting lecturers in Tangerang not only enough to continue their professional education with techniques of accounting only, but should also follow periodical ethical decision making works through on the job basis or focussed group discussion.

Professional organization condition depended on country conditions, Indonesian Accountants Institutes will move each accounting lecturers to join scheduled ethical decision making boards in professional organizations.

### REFERENCES

- [1] Barnett, T., K. Bass and G. Brown: 1996, ‘Religiosity, Ethical Ideology, and Intentions to Report a Peer’s Wrongdoing’, *Journal of Business Ethics* 15(11), 1161–1174.
- [2] Bass, K., T. Barnett and G. Brown: 1998, ‘The Moral Philosophy of Sales Managers and its Influence on Ethical Decision Making’, *The Journal of Personal Selling and Sales Management* 18(2), 1–17
- [3] Barnett, T., K. Bass and G. Brown: 1996, ‘Religiosity, Ethical Ideology, and Intentions to Report a Peer’s Wrongdoing’, *Journal of Business Ethics* 15(11), 1161–1174.
- [4] Barnett, T., K. Bass, G. Brown and F. J. Hebert: 1998, ‘Ethical Ideology and the Ethical Judgments of Marketing Professionals’, *Journal of Business Ethics* 17(7), 715–723.
- [5] Bass, K., T. Barnett and G. Brown: 1998, ‘The Moral Philosophy of Sales Managers and its Influence on Ethical Decision Making’, *The Journal of Personal Selling and Sales Management* 18(2), 1–17.
- [6] Bass, K., T. Barnett and G. Brown: 1999, ‘Individual Difference Variables, Ethical Judgments, and Ethical Behavioral Intentions’, *Business Ethics Quarterly* 9(2), 183–205.
- [7] Beekun, R. I., Hamdy, R., Westerman, J. W., & HassabElnaby, H. R. (2008). An exploration of ethical decision-making processes in the United States and Egypt. *Journal of Business Ethics*, 82, 587–605. doi: 10.1007/s10555-0079578-y.
- [8] Beekun, R. I., Stedham, Y., Westerman, J. W., & Yamamura, J. (2010). Effects of justice and utilitarianism on ethical decision making: a cross-cultural examination of gender similarities and differences. *Business Ethics: A European Review*, 19(4), 309–325. doi:10.1111/j.1467-8608.2010.01600.x.
- [9] Bierly, P. E., Kolodinsky, R. W., & Charette, B. J. (2009). Understanding the complex relationship between creativity and ethical ideologies. *Journal of Business Ethics*, 86, 101–112. doi: 10.1007/s10551-008-9837-6.
- [10] Butterfield, K. D., L. K. Trevino and G. R. Weaver: 2000, ‘Moral Awareness in Business Organizations: Influences of Issue-Related and Social Context Factors’, *Human Relations* 53(7), 981–1018.

- [11] Ford, R. C. and W. D. Richardson: 1994, 'Ethical Decision Making: A Review of the Empirical Literature', *Journal of Business Ethics* 13, 205–221.
- [12] Forsyth, D. R., 1980. A. *Taxonomy of Ethical Ideologies*, *Journal of Personality and Social Psychology*, American Psychological Association.
- [13] Franke, G. R., D. F. Crown and D. F. Spake: 1997, 'Gender Differences in Ethical Perceptions of Business Practices: A Social Role Theory Perspective', *Journal of Applied Psychology* 82(6), 920–934..
- [14] Jones, T. M.: 1991, 'Ethical Decision Making by Individuals in Organizations: An Issue-Contingent Model', *Academy of Management Review* 16(2), 366–395.
- [15] Loe, T. W., L. Ferrell and P. Mansfield: 2000, 'A Review of Empirical Studies Assessing Ethical Decision Making in Business', *Journal of Business Ethics* 25, 185–204.
- [16] Marques, P. A., & Azevedo-Pereira, J. (2009). Ethical ideology and ethical judgments in the Portuguese accounting profession. *Journal of Business Ethics*, 86, 227–242. doi:10.1007/s10551008-9845-6.
- [17] Marta, J., Singhapakdi, A., & Kraft, K. (2008). Personal characteristics underlying ethical decisions in marketing situations: A survey of small business managers. *Journal of Small Business Management*, 46(4), 589–606. doi:10.1111/j.1540-627X.2008.00258.x.
- [18] Singhapakdi, A.: 1999, 'Perceived Importance of Ethics and Ethical Decisions in Marketing', *Journal of Business Research* 45, 89–99.
- [19] Singhapakdi, A., S. Salyachivin, B. Virakul and V. Veerayangkur: 2000, 'Some Important Factors Underlying Ethical Decision Making of Managers in Thailand', *Journal of Business Ethics* 27(3), 271–284.
- [20] Singhapakdi, A., S. J. Vitell and K. L. Kraft: 1996, 'Moral Intensity and Ethical Decision-Making of Marketing Professionals', *Journal of Business Research* 36, 245–255.
- [21] Sivadas, E., S. B. Kleiser, J. Kellaris and R. Dahlstrom: 2003, 'Moral Philosophy, Ethical Evaluations, and Sales Manager Hiring Intentions', *Journal of Personal Selling & Sales Management* 23(1), 7–21.
- [22] Sparks, J. R. and S. D. Hunt: 1998, 'Marketing Researcher Ethical Sensitivity: Conceptualization, Measurement, and Exploratory Investigation', *Journal of Marketing* 62(2), 92–109.
- [23] Trevino, L. K.: 1986, 'Ethical Decision Making in Organizations: A Person-Situation Interactionist Model', *Academy of Management Review* 11(3), 601–617.
- [24] Trevino, L. K., K. D. Butterfield and D. L. McCabe: 1998, 'the Ethical Context in Organizations: Influences on Employee Attitudes and Behaviors', *Business Ethics Quarterly* 8(3), 447–476.
- [25] Yetmar, S. A. and K. K. Eastman: 2000, 'Tax Practitioners' Ethical Sensitivity: A Model and Empirical Examination', *Journal of Business Ethics* 26(4), 271–288.