

## Accounting Students' Perception in the Code of Ethics for Professional Accountants, Based on Gender and Level of Education

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### Abstract

This research aims to see whether there are differences in the code of ethics for professional accountants in term of gender and educational level. Data obtained by collecting questionnaires as many as 250 accounting student consisting of 120 undergraduate student and 130 bachelor degree student. Measurements using a likert of scale 1 to 5. Hypothesis testing used independent sample T-test. Result of this study found that women have ethical perceptions better than men in code of ethics for professional accountant. The result also found there is no differences perception of undergraduate student's and bachelor degree student in the code of ethics for professional accountants. Similar results are also shown in perceptions based on the course, there is no differences between students who have studied business ethics and have not yet studied business ethics.

**Keywords:** *the code of ethics for professional accountants, gender, level of education*

### Introduction

The code of ethics for professional Accountants is needed in global competition recently. each profession is required to work professional and able to compete in business world. The code of ethics for professional Accountants was created as a regulate ethical behavior. In Indonesia, the code of ethics for professional Accountants was established by the Indonesian Accounting Association (IAI) since 1975, known as the "Kode Etik Akuntan Indonesia". the code of ethics for professional Accountants have 8 principles that must be obeyed by accountants, namely the principles of professional responsibility, public interests, integrity, objectivity, competence and professional prudence, confidentiality, professional behavior, and technical standards.

Ethics is important and cannot be separated from daily life including in the business world. Basically, in Indonesia, ethical rules are very binding and become rules and norms from generation to generation. While in the business world all accounting activities close with ethical principles, this is because accounting activities require judgments that are directly related to ethics in decision making.

In Indonesia, ethics is considered as a value or binding behavior or rules that are accepted and applied by the community. Ethics comes from Yunani which means customs or culture or habit.

There are several reasons that require society to learn ethics, namely: (1) ethics guide individuals in making decisions faced; (2) ethics promotes the emergence of individual morality; (3) the dynamics of life cause changes in ethical values, so that the important role of ethics in the lives of individuals. In the world of accounting education, an understanding of ethics is needed because in the work world every accountant is required to be able to act in accordance with the rules and ethical codes of the accounting profession. But now there are many cases of violations of accounting ethics, not only in Indonesia but also in the world. The case that attracts the most attention is the case of ethical violations committed by Enron and KAP Anderson who have violated the code of ethics which should be a guide in carrying out their duties and not to be violated.

The increasing scandalous ethical violations that occur in the world of the accounting profession proves that the reduced application of ethical principles and the profession of an accountant in the world of work, therefore researchers consider the issue of the ethical perception of an accountant needs to be done. The purpose of this study was to examine accounting students' perceptions of the accountant's ethical ethics and education level. Accounting students who have high ethics are considered to have a good perception of the

application of accounting ethics. This research is based on previous research which examines the ethical behavior of accountants based on gender.

Kohlberg (1969) and Gilligan (1982) found evidence that gender influences ethical awareness and behavior. Borkowski and Ugras (1998), found evidence that woman accounting student's were more ethical than man. Robin and Babin (1997) in their research on gender and ethics found evidence that there was little difference between men and women in accounting students. and also found evidence of significant differences between men and women in terms of behavioral intentions, but relatively smaller differences in ethical judgment.

There have been many studies related to ethics and gender but the results are still inconsistent. So the researchers is interested in conducting further testing to test whether there are differences in perceptions of accounting students of the code of ethics for professional accountants which are viewed based on gender and education level. This deference also explain in theory of planned behavior.

Theory of planned behavior is a psychological theory that explains the relationship between attitude and behavior. Theory of planned behavior succeeded in proving that there is a tendency for intention to predict the relationship between attitudes and behavior. The tendency of intention is assumed to be a factor that motivates an action and behavior based on how hard the effort made by an individual to be able to achieve what he wants (Handayani, 2018). Ajzen (1991) focuses on three beliefs, there are normative beliefs, behavioral beliefs, and control beliefs. Theory of planned behavior also explains that attitudes towards behavior are important things that are able to explain an attitude, actions in testing norms and exercising control over behavior.

Greek ethics has a meaning as a moral philosophy, which is related to customs and habits. In addition, ethics can also be assumed as a way of behaving in terms of cultural, moral and religious aspects. The view of ethics expressed by Bartens in his research, which divides ethics into three groups, namely (1) ethics is considered a moral value, which is a guide for a person or group in attitude, (2) ethics is considered as a collection of moral values or ethical codes that organize a group or a person, and (3) ethics is a science that deals with things that are considered good and things that are considered bad.

Based on the professional standards of public accountants issued by the Indonesian Institute of Accountants, there are five basic principles of accountant ethics that apply in Indonesia, which consist of: Integrity, objectivity, professional responsibility, confidentiality and professionally.

Each element of the profession has its own professional ethics, the same is true for the accounting profession. In practice, an accountant will be faced with various choices that demand their own virtues. Professional accountants have an obligation to maintain their ethics even though they are required to fulfill the client's wishes.

Ethical dilemmas are defined as principal conflicts and often occur when two or more ethical principles conflict with one another which results in difficult decision making because the decision maker must be able to make the right decision without concern for one party only (Charles, 2009 ).

Rae (2009) defines ethical dilemmas as conflicts of interest between two or more values of policy. Meanwhile, another opinion was raised by Arens (2009) which states that ethical dilemmas are situations that a person faces when faced with the right decision between two or more choices.

Research on differences in gender perceptions between male and female students is an important issue because behavioral research shows that ethical behavior among individuals is related to gender. Based on the results of research Venkatesh (1980) women who occupy positions as executive or manager experienced a significant increase in the business world. based on the results of previous studies still show the results of research that have not been consistent. The results of research that support the existence of significant differences between the ethical behavior of male and female students are the results of research conducted by Poorsoltan (1991); Galbraith and Stephenson (1993); Beltramini et.al (1984); Jones and Gautschi (1988); Betz et.al (1989); Miesing and Preble (1985); Ruegger and King (1992), Borkowski and Ugras (1992), and Ameen et.al (1996).

Research conducted by Cohen (1998) states that female students have a higher level of sensitivity than male students in terms of decision making involving ethical behavior and actions. Shaub (1994) states that female students and female auditors have a high moral intensity compared to male students and male auditors. Based on data collected by McMillan (1996) in his research he found evidence from 285 students from four different tertiary institutions showing the result that women have a lower tolerance than men in conditions of cheating committed in the academic field. McMillan explains in more detail the relationship between gender and the desire to sterilize academic fraud related to unethical behavior higher than women because men are considered less involved in academic fraud.

The results of research conducted by Chung and Trivedi (2003) are able to prove that women will tend to be more daring to report the level of tax that must be paid compared to men. Overall, the results of previous studies support the results of Betz's (1989) research which found evidence that gender roles are more dominant when using the socialization approach when compared to using a structural approach. So the first hypothesis proposed in this study is

**H1** Women will have a higher tendency for ethical perceptions than men for the ethics of the accounting profession

Research conducted by Ponemon and Gabhart (1993) relating to the moral reasoning of a high accountant, will cause the accountant to behave more ethically when compared to accountants who have lower moral reasoning. The level of education an individual has will affect the mindset, attitude and actions in dealing with a problem that arises, especially in employment problems. The higher level of education possessed by an accountant will provide reasoning and maturity in ethical decision making. Auditors with higher levels of education will tend to have better patterns of thinking, attitudes and ethical behavior than auditors with lower levels of education. This happens because auditors will always maintain and maintain their professional code of ethics in any situation and condition that occurs including even situations of conflict of interest.

For accounting students, an understanding of the accountant's code of ethics is the most basic ethical knowledge that every accountant must possess that will later be used as an ethical basis for behavior in the workforce. The fundamental problem in the business ethics literature is that men have a lower level of ethical awareness compared to women. The results of previous studies on the level of ethics education possessed by accounting students have a positive influence on the ethics of accounting students.

**H2a** Students with higher levels of education (S1) will tend to have better ethical perceptions than students with lower levels of education (D3) related to the ethics of the accounting profession.

**H2b** Students who have taken business ethics courses have a better level of ethical perception compared to students who have not taken business ethics courses

## **Methods**

The study using primary data by collecting 250 questionnaires distributed by students majoring in accounting in Faculty of Economics, Universitas Negeri Padang. This study uses a survey method by giving questionnaires to respondents directly and asking respondents to fill in these questionnaires directly so that no questionnaire does not return.

The population in this study are undergraduate and bachelor degree's students majoring in accounting who have and have not taken courses in business ethics and the profession and auditing. Samples taken using the total sampling method. Population and sample can be seen in table 1 below

Table 1. Total Population and Sample

<b>Population</b>	<b>course</b>	<b>Sample</b>
Undergraduate student (S1)	business ethics and the profession	120 Respondent
bachelor degree's students (D3)	Auditing	130 Respondent
<b>Total</b>		<b>250 Respondent</b>

Based on data tabulations, as many as 120 respondents with a undergraduate students (S1) have taken business ethics & professional courses and have taken the auditing course. While as many as 130 respondents with bachelor degree's students (D3) Diploma 3 level have taken auditing courses, but have not taken business ethics & professional courses. of the 250 questionnaires distributed, the questionnaires returned fully, but only 224 respondents were used, consisting of 110 from S1 and 114 from D3.

In this study, hypothesis testing uses independent sample T-Test using a Likert scale with modifications 1 to 5. To test the validity of researchers using Pearson correlation while to test the reliability of researchers using Reliability analysis. The purpose of this study was to determine differences in perceptions of accounting students of the accountant's code of ethics viewed by gender and level of education. So what is tested in this study is the perception of students, gender and education level.

## Results and Discussion

### 1. Statistic Descriptive

In table 2 below the participant demographic characteristics are explained

Table 2 demographic characteristics

	<b>Respondent</b>	<b>total</b>	<b>Percentage</b>
Gender	Female	140	62,50%
	Male	84	37,50%
	Total	224	100,00%
Age	17-20 years	104	46,43%
	21-23 years	120	53,57%
	Total	224	100,00%
Education	Undergraduate student (S1)	110	49,11%
	bachelor degree's students (D3)	114	50,89%
	Total	224	100,00%
Religion	Islam	217	96,88%
	Protestant	6	2,68%
	Buddha	1	0,45%
	Total	224	100%
course	Auditing	114	50,89%
	Business ethics and the profession	110	49,11%
	Total	224	100,00%

The table above explains that out of a total of 224 respondents 140 people were female respondents and the rest were male respondents. While the age range of the age distribution for respondents is age range 17-20 years as many as 104 people or 46.43% and the rest with an age range of 21-23 years as many as 120 people or as much as 53.57%. while from the education level of 110 respondents or 49.11% came from the undergraduate students and the rest came from the bachelor degree student. While from religion, the majority of respondents were Muslim, this can be seen from the distribution of respondents by 217 respondents or by 96,88%, Protestantism as many as 6 respondents or 2.68% and Buddhism as much as 1 respondent or as much as 0.45%. Lastly, for subjects taken by students, 110 respondents or 49.11% of respondents took business ethics and professional courses and auditing, while 114 respondents or 50.89% took auditing courses but did not take or did not take business ethics and professional subjects.

## 2. Reliability and Validity Testing

### 2.1. Reliability test

The reliability test is carried out to measure a consistent and stable questionnaire over time. Following are the results of the reliability test of the research variables.

Table 3 analysis reliability and validity

Construct	Cronbach's Alpha	Cronbach's Alpha based on standardized item	N of Items
Code of Ethic for processional accountant	0,851	0,879	28
Ethic	0,749	0,762	14

Based on the test results, it shows that the construct of the professional code of ethics shows that the cronbach Alpha is 87.9% which according to the criteria can be said to be reliable. The same thing is also shown in the ethical construct that shows that ethics has a Cronbach's alpha value of 74.9% according to reliable criteria.

### 2.2. Validity test

Validity test is used to measure the validity of a questionnaire. Said to be valid if able to reveal something that will be measured by the questionnaire. Significance test is done by comparing the value of r arithmetic with r table for degree of freedom (df) = n-2. The number of samples (n) = 224 and the value of df can be calculated from  $224-2 = 222$  with  $df = 222$  and  $\alpha = 0.05$  and r table 0.1102 (see r table at  $df = 222$  with a two-tailed test). based on the display in table 3 above can see the Cronbach Alpha value in the correlated item column above the value of r count > r table, so that it can be said that all constructs are valid.

### 2.3 Normality Test

Normality test or assumption test is done to see whether the data has been normally distributed. The normality test is done by the Kolmogorov Smirnov test. The results of the normality test can be seen in table 4 below:

Table 4. Normality Test

	code Ethic processional	Ethic
N	224	224
Kolmogoronov smirnov Z	1,121	0,929
Asymp.sig (2 tailed)	0,106	0,353

Based on the results of testing, the data said to be normal if the value of Asymp.sig (2 tailed) has a significance value of  $p > 0.05$ . in table 4 above it can be seen that the data has been normally distributed can be seen from the sig value.  $0,106 > 0,05$  and sig.  $0.353 > 0.05$ .

**3. Hypothesis testing**

Based on the results of Hypothesis testing found evidence that F value from the levine test was 1.543 with a probability of 0.215 or Sig.  $0.215 > 0.05$ , it means that groups have different heterogeneity variances. Based on the results shown in table 5, the value of sig, (2 tailed) in the Assumed equal variances row shows a significant value with the sig value.  $0.04 < 0.05$ . this means that there are differences in the ethical perceptions of women and men in the ethics of the accounting profession. The results of this study support the results of previous studies.

**Table 5. Independent Samples Test CEoPA and Gender**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
CEo PA	Equal variances assumed	1.543	.215	2.820	222	.004	3.80952	1.35111	1.14689	6.47216
	Equal variances not assumed			2.716	154.905	.005	3.80952	1.40262	1.03879	6.58026

Hypothesis 2a, compared perceptions of accounting students as seen from the level of education of undergraduate students and diploma students related to the ethics of the accounting profession. Based on the results of the processed data shown in table 6. Based on the calculated F value of 0.125 with a probability of 0.724 or Sig.  $0.724 > 0.05$  means that the two groups have different heterogeneity variances.

Table 6. T- Test based on level education

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
CEo PA	Equal variances assumed	.125	.724	1.625	222	.105	-2.08150	1.28058	-4.60514	.44214
	Equal variances not assumed			1.625	221.540	.106	-2.08150	1.28080	-4.60561	.44261

sig value, (2 tailed) in the Assumed equal variances row shows a significant value with the sig value.  $0.105 < 0.05$  means that there are no differences in perceptions of accounting students based on their level of education so the Hypothesis 2a is rejected. the results of this study reinforce the research conducted by Nell Adkins and Robin R. Radtke (2004) who examined the differences between students and faculty members,

where in the study found no significant differences. It is assumed that faculty members are teaching staff or lecturers who have a higher level of education compared to undergraduate students. So the results of this study describe that a higher level of education does not reflect better ethical behavior.

Hypothesis 2b examines the differences of students who have studied business ethics and have not yet studied business ethics, based on the F value in table 7 shows a value of 1.845 with a probability of 0.176 or Sig. 0.176 > 0.05 means that the two groups have different homogeneity. Hypothesis testing is based on the value of sig. (2-tailed) shows a value of 0.101 > 0.05 meaning that there is no difference in the perception of students who have studied business ethics and have not yet studied business ethics, so this hypothesis cannot be accepted.

Table 7. T-test based on course

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
CEoPA	Equal variances assumed	1.845	.176	1.646	222	.101	-2.17927	1.32358	-4.78765	.42912
	Equal variances not assumed			1.651	219.158	.100	-2.17927	1.32004	-4.78085	.42232

The results showed different results from research conducted by Curzer (2014) who found evidence of ethical differences in students who had studied business ethics and who had not yet studied business ethics.

**Conclusion**

From results it can be concluded that, women have ethical perceptions that tend to be better than men, these results support many of the results of previous studies that mention that women tend to be more ethical than men. While differences in perceptions of accounting students viewed from the level of education and ethics education have not shown significant results, meaning that there are no differences for students with S1 and D3 levels and for students who have taken Business Ethics courses and who have not taken Business Ethics courses.

As explained in the research method that the sample in the study are D3 students who have not received business ethics and professional education, while the sample S1 students are those who have received business and professional ethics education in lectures in five semester . This means that the results of this study may indicate that ethics education business for first semester that has been obtained by students has not been able to internalize ethical values to each individual. The results of this study are in line with the results of research by Mayhew and Muphy (2009) which prove that ethical education has not been able to internalize ethical values, but is only able to influence one's ethical behavior. These findings try to give advice to academic actors, especially students, to further maximize the ethical education they receive in one semester to be able to shape ethical perceptions or knowledge better. The limitation of this study is that this study only describes the objects studied in undergraduate and diploma students in the Faculty of Economics at the State University of Padang, so that further research is expected to increase the number of samples or expand the survey area, not only at the Faculty of Economics, UNP, but can be expanded to faculties other economies in universities throughout Indonesia or accountants practice practitioners.

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