

## THE PERSPECTIVE OF ETHICS ON THE CONSCIOUS MIND OF ACCOUNTING STUDENTS

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### ABSTRACT

*The purpose of current study is to awake the accounting students mind in ethical perspective and the criteria of ethical person. There is no perfect human, because human being cannot be separated with the wrongdoing. The wrongdoing's type can be classified as one of the unethical conducts because the degree of wrongdoing can affect the human's life. This is an experimental study which use three open ended questions as an instrument. The seventeen accounting students as informants answer three questions in the written form (short story). The paper attempts to describe the reflection of accounting students about ethical and unethical behavior as they did before and the criteria of ethical person should be. The information was collected by understanding the content of students stories. The written form was implemented to obtain the students responses honestly rather than face to face interview. The expected result can give understanding about the meaning of ethical and unethical behavior and the criteria of ethical person should be based on the students mind. Finally, the paper can fully support their fairness, honesty and idealism in thinking as a basis in ethical judgement.*

Keyword: Conscious Mind. Ethical and Unethical Behavior, Ethical Judgement.

### Introduction

Ethical conduct and education are critical to modern society, business world and accounting profession. The lack of clarity in defining the function of ethics in accounting lead to confusion, particularly in education and practices. Mostly, the great effort is expended in teaching technical aspect of accounting but the development of ethical values generally seem to be left. Due to the fact, that the universities cannot be relied upon to teach accounting ethics principally to prospective professional accountants, the professional bodies pay only lip service to ethics education in the curriculum and the inadequacy of ethics treatment in both quantitatively and qualitatively, as a result the accountants are consequently ill prepared to face ethical dilemmas (Kerr & Smith 1995; Fleming 1996).

In the past few years, the ethical decisions of public accountants have received increasing criticism. The survey results reveal that students consider a lack of ethics can damage the accountant profession and society (Kerr & Smith 1995). The fact that the wave of accounting scandals following the Enron collapse has led to numerous unethical conducts on the part of accountants and auditors (Herron and Gilbertson 2004). Afterwards, the popular image of accountants merely as "scorekeeper", an image that accountants have often been content to accept because practices in accounting are mostly shaped by political and institutional forces. Acting "ethically" is a matter of negotiation about what counts as ethical and how this meaning is practically enacted. It can be argued that professional ethical position is compromised as a result of the educational process and the socialization experiences of successive generations of accountants who are not encouraged to reflect upon the profession's social obligation. The education of accountant is not only a matter of becoming technically competent, but it also a process of induction into the accepted mores of professional conduct through preparing the accountants to qualify examinations and getting the work experience and a role model to show what it means to be ethical. (Puxty, Sikka and Wilmott 1994).

Mostly business want to hire ethical employees. The companies seek graduates with advanced ethical conduct proficiency because the ethical behavior in high school undergraduate and graduate programs are cause for concern. In a survey of 25,000 high school students stated that 62% of students admitted cheating on a exam at least one; 35% admitted shoplifting; 25% cheating to win in sports (Ferrel et al 2008). But another results showed that 75% of business students acknowledged that they cheated in order to improve their odds of getting into graduate school and also for a career. It appeared that the business students may be more unethical than students in other disciplines (Covey 2006). But how about Indonesia accounting students in categorizing their actions or behaviors... as ethical or unethical ?

The accountants expect to employ high ethical standards, although empirical evidences (Putka 1992; Cohen and Plant 1992; Huss and Patterson 1993) showed that individual accountant no more ethically aware than average. As a result, there is a gap between expectation and reality. From this case, the accounting students necessarily learn the ethical knowledge which enable them to identify and analyze ethical dilemmas. Weber (1990) stated that the function of experience and capability of students are important in ethical development, ethical awareness and analyzing the ethical problems. Educators have responsibility to take a part in learning process through creating contexts that facilitate growth in moral reasoning so the students be able to develop their capacities of moral reasoning not only from theoretical perspective but also from contextual features of learning environment. The important role of environment can play in exposing individuals to new and unfamiliar stimuli (Mayhew and Engberg 2010). The individual always invent or construct the new responses to each situation encountered (Colby and Kohlberg 1987). That is the preliminary step that they have to do before they start their career as professional accountants.

People actually were motivated to change their own thoughts and behaviors remain the source of many scholarly discussion within the social sciences not limited to the psychology of motivation (Gollwitzer 1990 as stated in Higgins and Sorrentino);

impression management (Schelenker 1980); and self-affirmation (Steele 1998 as stated in Berkowitz). The way of thinking or paradigm can determine the success or deterioration of people. There is an interrelationship between paradigm through mind into feeling or expression and appeared on the behavior. The paradigm will generate the content of the same mind (Paulus 2010) and as our mind is filled with the positive thoughts, it will produce good behavior nor vice versa. At that time, the self-affirmation with the good ones is working. To affirm is to state that it is so. As you maintain this attitude of mind as true, regardless of all evidence to the contrary, you will receive an answer to your prayer. Repeating the affirmation leads the mind to consciousness where it accepts that you state as true. Keep on affirming the truths of life will react the subconscious satisfied (Murphy, 1988)

The current study is getting to know the perception of accounting students about ethical and unethical behavior and framing the criteria of ethical person. The aim of current study is to explore the conscious mind of accounting students in ethical and unethical behavior as they have done before and define the criteria of ethical person. The information gathering enable them to do some corrective actions related their unethical conducts.

The number of academic studies about moral and ethical development are still growing. Many prior studies in the last decade have addressed this issue related other behavioral aspects. From the previous literatures (see Victor and Cullen 1988; Neck & Milliman 1994; Furnham 1995; Jackson 1999; Gibbons 2000; Gunther 2001; Velasquez 2002; McKee 2003; Giacalone & Jurkiewicz 2003) showed that the degree of individual spirituality can determine whether an individual perceives a questionable business practice as ethical or unethical. The spirituality of people play an important role in ethical judgement because the spirituality drives individual to experience transcendence or a deeper meaning of life through the way in which they live and work. The increasing intention is being placed upon assessments of individual character, personality and belief systems that may related to ethical cognition as precursors to behavior (Forsyth 1992; Verbeke et al 1996; Chang 1998; Low et al 2000.) The existence of unspoken codes of behavior be able to guide individual conduct in resolving ethical dilemmas (Jurkiewicz (2002). Previous researchers also found that education in general can increase moral reasoning scores

The paper can contribute to the habitual thinking of accounting students and policy maker to make the ethical decisions. The educators also gain understanding in developing effective teaching tools and methods for ethical development whereas the public bodies and universities can insert the spiritual values in curriculum of ethics in the earlier stage of preliminary education. It is therefore to accustom accounting students mind with ethical or morality thought so it can create the ethical people. The paper be able to help the companies to increase their odds of hiring ethical business people in determining which candidates once hired will exhibit the behaviors needed to establish and maintain an ethical organizational culture.

The structure of the paper will be as follows. The first section is introduction. It discusses about the advantage of ethic in accounting education and practitioners, the classical issue of ethics in accounting education and the function mind in controlling the people's behavior. The next section is literature review of the conscious and subconscious mind in human being; ethical and unethical behavior (ethical violation). Then it is followed by the methods and results. The final section is a conclusion

### **Literature Review and Conceptualization**

Our mind is the precious possession and most people in the world only have one mind. That mind possess two distinct and characteristic functional parts which are essentially different from each other. This is what we called the duality of mind. The name of the two functions are objective (the conscious) and the subjective mind (the subconscious). The media of the conscious mind is five physical senses which can be learned through observation, experience and also education. Once our conscious mind accepts the thought completely, it is transmitted to the older parts of the brain, where it becomes flesh and made manifest in our experience. In this term, the greatest function of the objective mind is reasoning.

The perception is the way to perceive something in conscious mind which is a cognitive process. The conscious mind is like the navigator at the bridge of the ship, because it directs the ship and sends orders to the people who work in the ship to do what they should do. The conscious mind and habitually think sink down into our subconscious mind then create according to the nature of thoughts. When the habitual thinking is harmonious and constructive, we will get the perfect, health, success and prosperity and then when the deterioration begin to control our thought processes, we can apply the power of our subconscious to any problem. The subconscious mind is the builder of our body and maintain its vital function. It takes twenty four hours a day and never sleeps. The subconscious mind speaks to us in intuition, intimation, impulse and idea which always move toward harmony, health and peace. This process moves in a silent form (Murphy, 1988). Our business mostly related with our conscious mind not subconscious mind. Hence, we have to keep our conscious mind busy with the good ones, expecting the best and make sure that our thoughts are full of love, true, peace and harmonious. Treating our conscious mind will impact our subconscious mind to be more expressive and productive (Paulus 2010). In this case, ethical behavior as a perfect picture should be recorded in the consciousness mind of accounting students, because their future job as an accountant or auditor are mostly dominated by the numbers and the disclosure of numbers figure<sup>1</sup> which can be related with the professional judgement are more susceptible with intrinsic factors. It means that accounting and auditing urgently need ethical behavior not only as a watchdog but also embedded in their heart forever. The ethical behavior claims what people necessarily do or not allowed in their life (unethical conduct). Moral development involves thoughts, behaviors, feelings and actions about what is right and wrong.

Moral development has an intrapersonal dimension (person's basic values and sense of self) and an interpersonal dimension (interaction with other people). This kind of development can be categorized as a cognitive process (Santrock 2007). Indonesian

<sup>1</sup> There is "the meaning and some motives" behind the numbers figure stated in financial reporting, such as political interest, income smoothing and company needs

Accountants Association Code of Ethics that have been approved in Congress IAI in the 8<sup>th</sup> in 1998 which consist of eight principles were the responsibility of the profession, the public interest, integrity, objectivity, competence and a prudent professional, confidentiality, professional behavior and technical standards (Agoes & Ardana 2009).

**Methodology**

The informants are seventeen of accounting students at the seventh and the ninth of semester (nearly the last semester) from one of the private universities in West Jakarta, Indonesia. The selection of criteria will be based on their capabilities as a part of accounting students which mostly advance in understanding of accounting, auditing and ethics..

The research is an experiment study which offer three open ended questions (three tasks) that require to be answered by students in the written form (short story). The story contains the reflection of accounting students about ethical and unethical behavior and the criteria of ethical person. The reflection of accounting students are based on the reality as they have experienced in before. The reflection are described in the written form to prevent the reluctance of accounting students to be honest and fair. They reveal their ethical and unethical behaviour they have done before; their solutions to lessen the degree of unethical conduct as they did and defining “the criteria of ethical person should be”. Their reflections are written in class during a half an hour.

**Results**

There are eight women and nine men as informants in this research. The range of their ages is 20- 23 years old. There are fourteen students in the 7<sup>th</sup> semester and three student in the 9<sup>th</sup> semester. Total informants are seventeen students. The two students has taken the ethical subject and the others have not taken the subject yet. The informants can list their experiences ( some activities category ) in task 1 and 2 and also task 3 also define the criteria of ethical person. The lists are ranked from the most favored until the least (rating scale)

1) **Task 1:** ethical behavior; 2) **Task 2:** unethical conduct and also 3) **Task 3:** the criteria of ethical person. Here are the table of ranking of each activities and total score responses given:

**Table 1: The Ranking of Activities**

<b>Task 1: Ethical Behaviour</b>	<b>Task 2: Unethical Behaviour</b>	<b>Task 3: Ethical Person Criteria</b>
1. Responsible = 9	1. Nosy/ Fad = 10	1. Courtesy = 9
2. Honesty = 8	2. Dispute = 10	2. Responsible = 7
3. Integrity = 6	3. Irresponsible = 7	3. Helpful = 6
4. Efficient = 5	4. lying = 6	4. Positive thinking = 6
5. Obedient = 5	5. Money stealing = 6	5. Balance in life = 5
6. Religious = 5	6. Cheating on exam = 4	6. Think before action = 5
7. Smart / Busy = 2	7. Not worship = 1	7. Religious = 5
<b>Total = 40</b>	<b>Total = 44</b>	<b>Total = 43</b>

Table 1 showed that the ranking of religious is at the lowest level from all tasks. It means that informants have not yet considered that religious, spirituality, worship as the main part of ethics. The reflections mostly state that ethics and religious are separately each other whereas the ethics were mostly generated from religion (Quran ethics, protestant ethics etc). They also value that ethical behavior as they did are mostly about 1) the responsibility toward parents/ family, colleague/ friend, job/college and environment; 2) telling the truth or fairness/ honesty; 3) integrity related moral conflict in professional environment; 4) Efficient, Obedient and Religious and 7) people who are smart and busy can be categorized as ethical behavior. The capitalism as an ideology has asked them to be smart in work and always busy to fulfill their needs no matter what they do. They will never think that nowadays, some people deceive other by using their “brains” (power full, authoritarian) to smooth their actions. They also concern that nosy or fad is the most favored action in unethical behavior than not doing the worship. Some people with the young ages mostly determine that worship is not a serious matter in ethics or even in their life, because this action do not hurt or relate with other people or environment than do nosy, dispute, irresponsible, lying, money stealing and cheating on the exam. They think that the matter between “they” and the “God” is in a privacy area. The other people do not have the right to value the level of one’s faith. They think it is not a serious matter as long as they behave nicely (good manner) with other people and their environments.

Regarding the prior activities (actions) in ethical and unethical behavior as they did, they attempt to define the criteria of ethical person should be. They state that courtesy is the most indicator (highest level of ethical person) that represent the criteria of ethical person followed by responsible, helpful and positive thinking. Furthermore, balancing in life, think before action and religious have the same number of responses in which those categories are the least favored. Based on their opinion, religion is not essential element to develop an ethical person

**Conclusion**

Ethical is a critical issue in accounting education and consequently in practice (business world). The students need ethical and moral direction in education process. From the perspective of accounting students, the results showed that religious is not essential element in ethical behavior and not to do the worship is not a big mistake even it can be categorized as one of

unethical conduct. The activities of accounting students which can be categorized as ethical behavior (from the highest ranking into the lowest ranking) are responsible, honesty, integrity, efficient, obedient, religious, the last is smart and busy. The activities of accounting students which can be categorized as unethical behavior (from the highest ranking into the lowest ranking) are nosy/fad, dispute, irresponsible, lying, money stealing, cheating on exam and the last no to do worship. The criteria of ethical person should be courtesy, responsible, helpful, positive thinking, balance in life, think before action and the last is religious

The scope of research is not comprehensive because it only focused on the perspective of seventeen accounting students in the class room. The lack of ethical knowledge lead them unable to understand the meaning of ethical and unethical behavior. This paper can give an area in which potential for continued study, experimentation and assessment. Research driven practice is essential for business school faculty striving to better educate students for life in the world of business. Research in the area of assessment could be used to establish appropriate objectives and tools to evaluate the ethics education outcomes which is beneficial to programs and instructors striving to prepare students for the changing work environment.

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