

Perceptions of Male and Female Accounting Majors and Non-Accounting Majors on Ethics in Accounting

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Abstract

The purpose of this study is to examine the perceptions of male and female accounting majors and non-accounting majors on ethics in accounting before and after Enron/Arthur Anderson scandals. Recent occurrences in the social, legal, banking, and business environment have profoundly affected the accounting profession. The result has been unprecedented decline in public trust and an increase in public expectation. The growing concern over professional ethics makes it important to study and understand the views of students, male and female accounting and non-accounting majors of professional ethics as they relate to accounting in the light of the problems faced by many businesses particularly, financial institutions. A questionnaire was given to a sample of 60 students (accounting and non-accounting majors) during the normal class period. The questionnaire was designed to examine the ethical perceptions of male and female accounting and non-accounting majors. These perceptions may reveal something about the attitudes of these young future professionals. There are several benefits of this study: Knowing the current perception of these groups would help determine what the next generation of accountants felt about accounting profession after the numerous accounting scandals, melt downs that have plagued corporate America and the accounting profession. Finally, this study will be useful to educators, businesses and professional associations as they develop their own policies, standards and educational programs in ethics.

Restatement of Purpose

The primary objective of this study was to examine the perceptions of male and female accounting majors and non-accounting majors on ethics in accounting before and after the Enron/Arthur Anderson incidents. Despite the fact that many years have passed, we still refer to the 2001 Enron Corporation collapse as the watershed incident in this century's business ethics rebirth. Whether we are referring to government scandals such as misusing campaign money or to the federal bailout following mortgage crises and meltdown of banks, the list of executives, government officials involved with ethical wrongdoing has grown by the day. The secondary objective was to explore whether males are more ethical than females and vice versa. We also compared the accounting students' responses to those of non-accounting students under varying circumstances. Prior research suggests that accounting and non-accounting students may have different opinions about ethics in general and accounting in particular. St Pierre et al. (1990) used Defining Issues Test (DIT) scores to measure the moral development of senior business students. They report that senior accounting students have higher mean DIT scores than the students in most other business disciplines.

If accounting students achieve a higher level of moral development, they may be less willing to engage in the ethically questionable practices of managing earnings. Cohen et al (1998) found evidence that accounting students view actions from ethical perspective than do students in other business disciplines. Different ethical perspective may lead to different judgments about ethics in accounting. Other questions included in the study compared accounting and non-accounting students at one point in time. However, the study cannot determine whether the observed differences between accounting and non-accounting students were caused by differences in education or whether they began their education at different levels of moral development. It may be possible that students with different values and attitudes were simply attracted to different majors.

General Findings

In this study, a directly administered questionnaire was used. The main advantage of the directly administered questionnaire is that a high response rate is usually obtained, especially if all the participants are expected to be in the same location. In this case, the data for the study were collected with the questionnaire administered to accounting and non-accounting students at Paine College, in Augusta, Georgia USA.

These students came from different states in the US and several countries in Africa, Asia, Middle East, Europe, South America, China, India etc. All the subjects who responded provided demographic data. Demographic information reveals that out of 60 students who responded, 22 are males and 38 are females. Approximately 87% of the respondents are between the ages of 18-24, 6% are between the ages of 25-29, 5% are between the ages of 30-40, and fewer than 2% of the students are over 40 years old. The students' classifications include 5 freshmen, 25 sophomores, 18 juniors and 12 seniors. There are 52 full-time students and 8 part-time students. There are 12 accounting majors, 4 males and 8 females. Approximately 13% of the respondents work full-time, 37% work part-time and 50% are not working. Survey results are presented in this report with special attention directed to the perceptions of male and female accounting majors and non-accounting majors on ethics in accounting before and after the Enron and Arthur Anderson fiascos. The criterion variables of gender is comparatively assessed to confirm a representative sample. Among the 60 students who filled out the questionnaire, there are 37% males and 63% females. Respondents do not show significant response bias but use only the "yes" or "no" responses.

The questionnaire used in this study has been developed to reduce potential bias that may be introduced with a response set. It offers negatively as well as positively worded items. These features offer credence to the questionnaire's validity and the ability of the present data to support generation of the student population.

Findings for Specific Research Questions

In developing our set of questions, our objective was to construct questions that provide us with a descriptive view of ethical perceptions of students, both accounting and non-accounting majors under varying circumstances. The questionnaire included eight questions about the respondent's perceptions of various aspects of ethics. Each research question will be examined and the statistical results employed to demonstrate data comparisons as the question warrants. The research findings presented herein were derived from self-administered survey. Actual numbers and percentages are used to report the responses to the closed survey items.

Specific Research Questions Administered

Demographic information: [number of respondents = 60(100%): male accounting majors 4(7%), female accounting majors 8(13%), non-accounting majors 48(80%)]. Percentages will be based on the total number of respondents used in this study.

Research Question One: Do you consider yourself ethical?

Result of Data Analysis: All male accounting majors (7% of the respondents) indicated that they are ethical, while all female accounting majors (13% of the respondents) indicated that they are ethical. Among the non-accounting majors, 73% indicated that they are ethical while 7% indicated that they are unethical.

Discussion: The "no" responses can be attributed to the fact that unethical cases can be found on the campuses under varying circumstances. Students may cheat on examinations, steal from their fellow students, or lie. Most of these students already have their own sense of moral values molded into them before going to college. Upon their graduation from college, it is impossible to tell whether they will still have the same moral values following socialization during college years. Moreover, once they enter the real world, their ethical morals will be tested.

Research Question Two: Do you have a good perception of ethics in accounting before the Enron/Arthur Anderson incidents?

Result of Data Analysis: All male accounting majors (7%) of the respondents, and all female accounting majors, 13%, indicated that they had good perception of ethics in accounting before the Enron/Arthur Anderson incidents. Among the non-accounting majors, 67% indicated a "yes" response while 13% indicated a "no" response. The majority of the respondents attributed this to the fact that accounting is an honorable profession with promising opportunity. For many years they felt that a degree in accounting is a passport to the American dream. Some respondents further stated that they wanted to become accountants because the profession was built on strong moral ethical and moral integrity with unlimited potentials.

Research Question Three: Do you have a good perception of ethics in accounting after the Enron/Arthur Anderson incidents?

Result of Data Analysis: There was a split among the male accounting majors with 6 female accounting majors, 10% of all respondents, indicating a "yes" response while 2, male accounting majors or 3%, indicated a "no" response.

Among the non-accounting majors 17% indicated that they have a good perception of ethics in accounting after the Enron/Arthur Anderson incidents while 63% indicated that they do not have a good perception of ethics in accounting after the Enron/Arthur Anderson fiascos.

Discussion: These respondents indicate that the Enron/Arthur Anderson affairs caused far reaching damaging to the accounting profession in particular and financial practices in general. Approximately 70% of the respondents attributed the sudden change in their ethical perception of the accounting to the Enron/Arthur Anderson situation and the situation did not get better even after the Sarbanes/Oxley Act of 2002. The incidents that took place in the past few years resulting in the financial melt down is a continuation of the process. They further attributed these to shady management practices and inadequate or deceptive financial disclosures of many businesses under the watchful eyes of their accountants. Some stated that the failure of the internal control to detect fraud and conflicts of interest, as well as inappropriate disclosure of financial transactions and arrangements in this company, has reduced public confidence in the accounting profession.

Research Question Four: If you are an accounting major or non-accounting major, has this incidence affected your interest to become an accounting?

Results of Data Analysis; Again there was a split among male accounting majors, 3% of the male accounting majors indicated a “yes” response and 3% of male accounting majors also indicated a “no” response, while 3% of female accounting majors indicated a “yes” response while 17% of female accounting majors indicated a “no” response. In the non-accounting major’s category, 2% indicated a “yes” response while 78% indicated a “no” response.

Discussion: Unquestionably, many of the respondents has read press accounts of the Enron/Arthur Anderson fiascos, other corporate inappropriate financial practices and also heard Congressman, TV anchors analyze the effects and the damages that the incident did to the integrity of the accounting and financial institutions. The accounting majors still insisted that the integrity of the accounting profession has been tainted and that its survivability depends on what type of damage control would be put in place as well as the efforts of the congress to pass a law that would punish the defaulters.

Research Question Five: Do you think that the adoption of code of ethics would help organizational integrity? Or Hinder organizational integrity.

Result of Data Analysis: Surprisingly, all the accounting majors, male 7% and female 13%, of the respondents indicated that the adoption of code of ethics would help organizational integrity. Among non-accounting majors, 67% indicated that adoption of code of ethics would help organizational integrity, while 13% indicated that it would not.

Discussion: These findings suggest very clearly that an organizational code of ethics impacts employee perception and behavior. Perhaps ethics code serve to heighten awareness and sensitivity to the importance of ethical behavior. More than the code itself, the process of developing and adopting the ethics code may be what increases the awareness of ethical issues. Other findings tend to suggest that the mere presence of code of ethics in more important than the content of the code per se. In fact, we found that employees of the companies that have code of ethics had very different perception of ethical climate and behavior than did employees of companies lacking a code. Thus, the presence or absence of the code takes a symbolic significance; it serves as a signal to employees as to whether or not the organization is concerned with ethics. The advancement of ethics code may lead to more ethical company beliefs and standards (Sims, 1991). Codes may operate to improve perceptions of ethical values by “nurturing marketing practitioners” to achieve the realization of the important roles of ethics and social responsibility as determinants of business success (Singhapakdi, 1999, p. 96). Another possible explanation is that companies with ethics codes are more successful in socializing employees so that they “internalize” the value of the organization.

Although our study also found that the existence of ethics codes positively influenced perceptions, respondents had to be aware of the existence of the organizations’ ethics codes in order to respond affirmatively to the survey question. Therefore, it is difficult to separate the “existence” of the ethics code from student awareness of the existence of the code. A better method of developing and communicating ethics codes must be implemented. Employees’ appreciation for ethics codes appears to be enhanced by systematically revisiting ethical business perspective (Fritz, 1999). “For an ethical code to be available to organizational members for adoption, that code and its implications must be articulated by the organization in its day-to-day routine activities” (Fritz, 1999, p.290)

Research Question Six: Do you think that classroom exposure to ethics would improve business environment?

Result of data Analysis: Approximately 5% of male accounting majors indicated that classroom exposure to ethics would improve the business environment, while 2% did not think that it would. Ten percent of female accounting majors indicated that classroom exposure to ethics would improve business environment and 3% indicated that it would not. Among the non-accounting majors, 73% indicated that classroom exposure would improve the business environment, while 7% did not agree that it would have any effect. All the respondents working full-time support the idea of ethics exposure before going into work force. They indicated that the ethics class they took in their sophomore year have made a considerable difference in the way they handle pressure and deal with other employees.

Discussion: Some researchers supported the inclusion of ethics in the classroom. For example, Shaub (1994) shows that the completion of an ethics course in college has positive impact upon the moral reasoning ability (MRA) of accounting students, Armstrong (1993) also reports that ethical interventions can increase the ethical decision-making ability of accounting students. However, St Pierre et al. (1990) report that neither formal business ethics courses nor the integration of ethics courses into accounting classroom can improve the moral reasoning skills of accounting students. While it is not conclusively proven that ethics courses make a difference, many have called for including instructions in ethics in accounting curriculum. The Treadway Commission (1987) cites the need for young professional to be able to make ethical and value-based judgments. Ward (1993) find that approximately 90% of a random sample of 197 CPAs agree that ethical behavior and professionalism should be taught at all levels of the education process and 71% feel that ethics should be a part of accounting course. This actually supports our respondents' stand on the issues. Currently some college and universities have introduced ethics courses in their curriculum or in the process of doing that, and my college is one of them.

Research Question seven: Do you think that males are more ethical than females?

Result of data Analysis: While males made up 37% of respondents, 5% of male accounting majors and 23% of male non-accounting majors indicated that males are more ethical than females. Two percent of male accounting majors and 2% of male non-accounting majors indicated a "no" response. This show that some males actually believe that they are less ethical than females.

Research Question Eight: Do you think that females are more ethical than males?

Data Processing and Analysis: Females make up 63% of the respondents, 10% of female accounting majors and 48% of female non-accounting majors indicated that females are more ethical than males, while approximately 3% of female accounting majors and 2% of non-accounting majors indicated that females are not more ethical than males. Based on the result of our study, females are more ethical than males. Of course, there are more females in our study than males and that have played a part in the findings of our study.

Discussion: Gallup poll results confirmed the belief that there may be a significant differences in ethical judgments between genders and that women may be more ethical than men (Ricklefs, 1983). Multiple empirical studies, most asking student subjects to address hypothetical ethical dilemmas, have also addressed this topic with mixed results. Significant differences in ethical judgments of female and male students have been found by several researchers (Beltramini 1985; Betz 1989, etc) Further studies finding no significances between male and females in general population of university students include Ford and Lowery, 1986; Friedman; 1987, and Rest, 1986. All concluded that moral reasoning differences between the genders based on the results of extensive studies.

While these students attempted to explain perceived or observed differences in ethical behavior between male and females, one factor that has been overlooked is the setting (or type) of ethical situation and how the setting may differently affect females' and males' ethical judgments. Some of these differences between males and females may be attributed to the differences among demographic categories, gender and culture.

Conclusions

The past several years have seen erosion of the public's confidence in business, political, and corporate leaders, due to several instances of falsification of financial records, audit failures, melt downs in banking systems, and inaccurate financial reports. These occurrences have profoundly affected the accounting profession due to incidents of financial abuse by the accounting professionals and corporate executives. Accountants are acutely aware of the public's concerns and the gap between public expectations and the profession's performances and that has created a problem for the profession.

Acknowledging the need for reform, the American Institute of Certified Public Accountants (AICPA), in 1988 adopted a new Code of Professional Conduct and stated, "fundamental to a profession is the obligation...to maintain the highest standards of ethical conduct." In response to the events of past several months that have caused a stir in the financial world, corporations and accounting profession have increased the attention paid to business ethics.

It is surprising that accountants and financial institutions are increasingly concerned with ethical conduct of those in the profession. Of greater concern, however, is the belief among many respondents that unethical behavior is on the increase as can be seen in the incidents of past twelve months which resulted in almost financial crash or disaster. Other researchers found that the incentives and pressures in the market place may lead to even more widespread unethical behaviors in an effort to secure or retain clients. Of course, an important consideration is the enforcement of ethics codes in all organizations. Given the increasing concern for ethical behavior, it behooves the profession to monitor this situation closely to ensure that there is not a dilution of public confidence in the accounting profession.

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