CHAPTER 4
ETHICS AND THE ACCOUNTING PROFESSION

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4.1 INTRODUCTION

Malaysia has dropped to 48th place in 2021 compared to 51st place in 2020 on the Corruption Perceptions Index (Transparency International, 2022). In the field of accounting, accountants deal with the intimate financial details of individuals and organisations and thus demand for a very high ethical professional accountant particularly to enhance their profession, maintain public trust, and demonstrate honesty and fairness. Professional ethics is the foundation of any accounting career as it influences users and public confidence in the conduct of business. Users of financial statements, such as investors, management, lenders, the government, and many more, depend on the financial statements that have been vetted and audited by auditors so that they can make an informed decision. Unfortunately, the accounting profession is not replete with financial scandals; class lawsuits against Enron Corporations, Enron, WorldCom, and Lehman Brothers are some of the prominent examples. The implications of these corporate failures have led the accounting profession to reevaluate its ethical practices and standards of professionalism. This study focuses on key factors that affect undergraduates' intention to be ethical and the relationship between these reasons and the undergraduate's intention to be an ethical professional.

4.2 MINTZ AND MORRIS'S INTEGRATED ETHICAL DECISION-MAKING PROCESS

Scholars proposed EDM models with the goal of understanding factors that influence personal decision-making when confronting ethical issues in business and exploring the causes of unethical behaviour. The Corporate Finance Institute (2020) has found that an ethical dilemma is an issue in the decision-making process between two probable alternatives in which neither is acknowledged from an ethical perspective. According to Fernando (2021), a stakeholder is an affiliation that has an interest in an organisation and can either influence or be influenced by the business organisation. In research from Benlahcene et al. (2018), teleological theories have different literature ethics in terms of ethical egoism, utilitarianism, act utilitarianism, and rule utilitarianism. Users usually concentrate on the nature of the activity as well as its intention in a process of determining if it is the right thing to do or the opposite (Benlahcene et al., 2018).

Virtue ethics is based on prescriptive reasoning, where it grows certain character traits in the search for human excellence (Mintz, 2019). Mintz (2019) further discusses the importance of moral virtues that control behaviour and intellectual virtues that manage thought processes. Moral virtues are gained through comprehension, fine judgement, reasoning capacity, and practical wisdom, while intellectual virtues are gained by thinking of what is possible and not possible. The model advises users to ascertain the rights of stakeholders and their commitment to them. The categorical Imperative (CI) was proposed by Immanuel Kant in 1785 as a standard of rationality where, despite any natural wishes a person has, he has ignored them and followed the objective and unconditional principle that he stands by Johnson and Cureton (2016). If an accounting major lacks integrity, which is a primary virtue, then it is less probable that an ethical decision will be taken and executed (Mintz, 2019). The author has also emphasised the effect of internal pressures, as they can cloud ethical action and overwhelm professional judgement.

In conclusion, Mintz and Morris's Integrated Ethical Decision-Making Process can be summarised into four interrelated sections, beginning with the identification of dilemmas, ethical judgement, ethical motivation, and ethical character.

4.3 THEORY OF PLANNED BEHAVIOUR

It is claimed by Ajzen (1991), a key element in the theory of planned behaviour (TPB) is the individual's intention to carry out a particular behaviour. The author further explained that the motivational elements that influence a behaviour are considered to be captured by intentions. Ajzen (1991, as cited in Thorhauge et al., 2016) has defined attitude, subjective norm, and perceived behavioural control. Attitude is interpreted as the extent to which the act of the behaviour is positively or negatively assessed, while subjective norm can be explained as the perceived social influence to participate or not participate in the behaviour and perceived behavioural control is defined as the individual conceptualisation of their capacity to carry out the behaviour.

This research investigates accounting undergraduates' intention to be ethical. Based on Vinson et al. (2020), ethical intentions and perceptions were used as important variables in the study of managers from the United States and Malaysia. Ethical perception is the degree to which an individual understands that there is an ethical issue engaged in an activity and changes across activity and circumstances while ethical intention deals with taking a decision to act on the basis of moral judgement (Vinson et al., 2020; Jones, 1991). According to the research carried out by Chieh-Peng and Cherng (2003), the authors examined the importance of subjective norms and whether they are affected directly or indirectly by the intentions engaged in reporting peer misconduct varies among individuals together with other variables such as ethical judgement, attitudes, idealism, and relativism.

This research did not consider the attitude of undergraduates as one of the determinants or independent variables because even if the undergraduates have awareness about the significance of ethical