

# Level of Ethical Awareness of Bs Accountancy Students in Selected Private Universities in Camarines Sur: Basis for Ancillary Business Ethics Guide

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## INTRODUCTION

Accounting is a discipline that involves not just the mechanical application of accounting expertise but also making complex judgments, both quantitative and qualitative, which demands the highest standards of integrity and objectivity. Ethical considerations are therefore of utmost importance to all accountants. Ethics education should continue to play an important part in accounting education.

Accounting ethics were first introduced by Luca Pacioli and later expanded by government groups, professional organizations, and independent companies. Robert H. Montgomery, describing ethics in accounting, has said that “Accountants and the accounting profession exist as a means of public service; the distinction that separates a profession from a mere means of livelihood is that the profession is accountable to standards of the public interest and beyond the compensation paid by clients.”

**Keywords:** Ethical Awareness, Ethics, Guide, Manual Business Ethics, Integrity, confidentiality, professional behavior, professional competence

The Republic Act No. 9298 known as the “Philippine Accountancy Act of 2004” hereby declares that:

The state recognizes the importance of accountants in nation-building and development. Hence, it shall develop and nurture competent, virtuous, productive, and well-rounded professional accountants whose standard of practice and service shall be excellent, qualitative, world-class, and globally competitive through inviolable, honest, effective, and credible licensure examinations and through regulatory measures, programs, and activities that foster their professional growth and development.

Furthermore, the study is grounded in the “Code of Ethics for Professional Accountants in the Philippines”, which is based on the international standards set by the International Federation of Accountants (IFAC). The code highlights the minimum standards that a certified public accountant must practice as a professional. The five fundamental principles of the profession, which are integrity, objectivity, professional competence, due care, confidentiality, and professional behavior, have evolved from the eight core attributes of the Code of Ethics in the accounting profession. These are: integrity, objectivity, professional competence and due care, timeliness and technical standards, professional behavior, confidentiality, and independence.

The urgency of the research is heightened by the fact that unethical accounting practices can have profound impact not only on individual accountants but also the organizations they serve and the overall state of the economy. Unfortunately, a number of financial crises and scandals have jeopardized stakeholder confidence and called the profession into question (Mardawi 2021). Ethics is important and cannot be separated from daily life including in the business world (Handayani, 2019).

The importance of ethical considerations in accounting practice is highlighted by theoretical references like the IFAC's Code of Ethics and legislative frameworks like the Philippine Accountancy Act of 2004. The accounting profession requires a deep comprehension of ethical principles in light of incidents of financial misconduct and ethical lapses in a dynamic and changing business environment. The combination of the increasing globalization of business and the growing complexity of financial transactions highlights the difficulties accountants have upholding moral principles. Furthermore, the ethical behavior of those in the accounting field has a direct impact on the profession's reputation. Thus, it becomes imperative to look into accounting students' ethical awareness in order to maintain the profession's credibility. It is imperative to teach accounting ethics in a way that will be sustainable for the future (Sangster et al., 2020). The way that students perceive accounting ethics is significant because it may have an impact on their attitudes and actions in their future employment.

The Theory of Planned Behavior (TPB), created by Icek Ajzen, explores the complex interactions between personal attitudes, subjective norms, and perceived behavioral control in predicting behavioral intentions, making it a useful theoretical framework for the investigation of ethical awareness among accounting students. The TPB was used in this study to investigate how students' intentions to demonstrate ethical awareness are shaped by their perceptions of their control over ethical behavior, their attitudes toward accounting ethics, and the impact of subjective norms in their academic community.

The study aims to develop an ancillary business ethics guide based on the level of ethical awareness of BS Accountancy students in selected private universities in Camarines Sur for the school year 2021-2022. Specifically, the researcher sought to determine the profile of 4th year BS Accountancy students in terms of: age, sex, religion; the level of ethical awareness of the accounting students along the following Fundamental Principles of Accounting: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior; the significant relationship between the profile of the respondents and their level of ethical awareness; and develop ancillary business ethics package can be developed based on the findings of the study.

## **METHODOLOGY**

The descriptive-evaluative survey method was employed, with a validated questionnaire as the primary data gathering instrument. Kothari (2004) defines descriptive research as gathering information through various types of fact-finding inquiries with the goal of describing the current state of the phenomena. This quantitative research uses questionnaires to collect the data (Hermawan, 2019; Anggraini, 2020). A survey method is conducted to the student respondents. The tabulated data were analyzed and interpreted with the application of the following statistical tools: frequency count, percentage technique, weighted mean, five-point rating scale, and chi-square test. The methodology that has been selected is supported by the precedent established by earlier scholars who have examined related topics in the field of accounting education. Using a validated questionnaire conform with the best practices developed by researchers who have investigated accounting students' ethical awareness in a broad range of settings.

The respondents of the study comprised ninety-seven (97) 4th year accounting students from selected private

universities in Camarines Sur.

## RESULTS AND DISCUSSION

While most accountancy students will be future accounting professionals, understanding the impact of culture on accountancy students' ethical decision making should be an important consideration in business education.

Recognizing the importance of the students' appropriate attitude and compliance with the highest ethical standards in the accounting profession, the researcher deemed to conduct the study. The study empirically examined the level of ethical awareness of BS accountancy students in selected private Universities in Camarines Sur for the school year 2021-22. The end result of which is to enhance the ethical awareness and sensitivity of the students.

**3.1** In terms of age, 8 or 8.25 percent are 18 years of age; 35 or 36.08 percent are 19 years old; 27 or 27.84 percent are 20 years old; 18 or 18.56 percent are 21 years old; and 9 or 9.28 percent are 23 years old and above. In terms of gender, 12 or 2.37 percent are males, while 85 or 87.63 percent are females. Along religion, 88 or 90.72 percent, of the respondents are Roman Catholics, 3 or 3.09 percent are Iglesia ni Cristo; 2 or 2.06 percent are Protestants; while 4 or 4.12 percent are Born Again Christian.

**3.2** The importance of ethics in accounting education has also been recognized by the accounting profession. It is a precondition of qualification that accountants engage in a program of structured training in ethics and, in most countries, professional accountants are bound by a code of ethics based on that developed by the International Federation of Accountants. The code sets out five fundamental principles, which guide members' behavior: Integrity; Objectivity; Professional Competence and Due Care; Confidentiality, and; Professional Behavior.

The respondents are aware of the Fundamental Principles of Accounting along integrity with a weighted mean of 3.92, objectivity, 4.14, professional competence and due care, 4.04, confidentiality, 4.02, and professional behavior, 4.08. These results although it is not below par, yet still need to enhance the ethical awareness and sensitivity of students. The results support Cheong (2019) findings that ethics education contributes significantly to students' ability to recognize unethical behavior.

Table 1. Level of Ethical Awareness of the Accountancy Students

Indicators	WM	VI	Rank
1. Integrity	3.92	A	5
2. Objectivity	4.14	A	1
3. Professional competence and due care	4.04	A	3
4. Confidentiality	4.02	A	4
5. Professional behavior	4.08	A	2
<b>Average Weighted Mean</b>	<b>4.04</b>	<b>A</b>	

The TPB's emphasis on attitudes and intentions is well-aligned with the data results, which include indicators like integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Based on the data, it can be inferred that accounting students generally have a positive attitude and intention towards ethical principles due to the high average weighted mean score across all indicators, especially for objectivity (ranked first) and professional behavior (ranked second). According to the TPB,

these high scores demonstrate a positive attitude toward ethical behavior, which in turn strengthens behavioral intentions to uphold ethical standards in the accounting industry.

Public accounting firms suggested the use of and provide ethics videos, cases, movies and other devices (ethics-teaching interventions) to create business ethics awareness among accountancy students. It is hinted that repeated exposures to the ethical issues depicted in these materials are expected to indoctrinate students in ethical reasoning leading to ethics-based decisions. This suggests that repeated exposures to the ethical issues depicted in these materials are expected to indoctrinate students in ethical reasoning leading to ethics-based decisions.

McPhail (2011) suggested various methods can be employed to develop an ethics program and a moral sensitivity towards others for accountancy students such as group learning, real life case studies, role play, film, literature, and personal value journals. However, regardless of the method implemented, the commitment of faculty members is very important in achieving desired result. This implies that faculty members should exert extra effort to use varied resources to waken sensitivity of the students and motivate them to practice the real worth of ethics education. Through these, students become inspired, learned, and eventually achieved the desired outcome for their future real business world.

Students after viewing such materials provide measures of ethics awareness acquired by them. It is also important to note that those who teach accounting should be the most conforming group of accountants with respect to upholding the provisions in the code of ethics.

**3.3** In this study, the researcher sought the relationship on the level of ethical awareness of the respondents when grouped according to profile. The Chi-Square Test was used to determine if relationship existed at 5% level of significance.

Table 2. Test of Significant Relationship on the Level of Ethical Awareness of the Students when Grouped according to Profile

Profile	df	Significant Level	Computed $\chi^2$	Critical $\chi^2$ Value	Analysis	Decision
Age	16	0.05	4.129	26.296	NS	Accept Ho
Gender	4	0.05	1.828	9.488	NS	Accept Ho
Religion	12	0.05	3.514	21.026	NS	Accept Ho

The statistical results revealed that the computed  $\chi^2$  value on age, 4.129; gender, 1.828; and religion, 3.514 were all lesser than their critical  $\chi^2$  values of 26.296, 9.488, 9.49, and 21.026, respectively, at 5 percent significance level. Hence, the null hypothesis was accepted. This means that the mentioned students' demographic characteristics found to have no significant relationship existed, implying that they have no significant bearing on their level of ethical awareness. This means that through ethical education into accounting courses enrich and broaden ethical dilemmas discussion and teaches future accountants to be better ethical and moral decision makers. According to O'Leary (2009), accounting students benefit from studying ethics.

In the study of Handayani (2019) found that women have ethical perceptions better than men in code of ethics for professional accountant.

**3.4.** Based on the level of ethical awareness of the students, an Ancillary Business Ethics Guide was developed. A self-package of selected information through the use of case or vignette analysis technique, focused on ethics designed to provide the learner an educational opportunity in a self-directed learning format. The use of the technique will enable the accounting teachers to show the students how to identify,

analyze and approach ethical situations.

The guide includes the introduction of Ancillary Business Ethics, discussions of ethics-related topics in the profession. Likewise, it also contains caselettes divided into two groups patterned from the guidelines in the Code of Ethics for Professional Accountants in the Philippines. These are: Group A – applicable for Accountants in Public Practice and Group B – applicable for Accountants in Business. It is hoped that this output benefits not only the present learners in business and accountancy classes but the future accountants as well.

## CONCLUSIONS AND RECOMMENDATIONS

From the above results and discussions, the following conclusions and recommendations were formulated:

Since the accountancy students in the senior level are the future accountants regardless of their age, gender, and religion rich ethical decision-making issues should be provided in most of their accounting subjects.

The respondents are aware of the Fundamental Principles of Accounting along integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

For the students to become very much aware of the Fundamental Principles of Accounting along integrity, objectivity, professional competence and due care, confidentiality, and professional behavior, they should be exposed on ethics-teaching interventions like real life case studies, role play, film, literature, personal value journals, and ethics videos.

Faculty members should state ethical issues in the policy statement for course syllabi. The integration of ethics in the objectives of business courses and its inclusion into student assignments and classroom activities should be considered.

They should likewise adhere to the university's principles of concern, dedication, commitment, and discipline to achieve desired goals for their students. The Ancillary Business Ethics Guide *developed be adopted*.

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