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THE FACTORS AFFECTING ACCOUNTING ETHICS: EVIDENCE IN BINH DUONG PROVINCE

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Abstract

Accounting has got the important role in providing information for people inside and outside the organization as owners, managers, investors, creditors, government agencies... An accountant must have good qualification and professional ethics. Therefore, the development of training and practice in accounting is accompanied by the development of accounting ethics. The research finds out the factors affecting accounting ethics by mixed research method. Data were collected from 150 accountants in Binh Duong province. The research finds 6 factors that affect accounting ethics: Deontology, Utilitarianism, Religiosity, Seniority, Amoral, Egoism. The research also suggests some solutions to enhance the accounting ethics for education, practice, professional associations and state agencies.

Keywords: *Accounting Ethics, impact factor, accounting*

Introduction

Accounting plays an important role in providing information for users inside and outside the organization as: (i) the tax authority determines the tax obligations of the enterprises; (ii) Investors determine the plans of investing; (iii) Shareholders determine dividends from the business and the value of stocks in the time of financial announcement; (iv) Banks determine the financial abilities of enterprises in order to underwrite the loans, etc. Therefore, accounting discrepancies will really significant effect on interested parties. At present, there are many legal documents to guide the accounting transactions and sanction, but there are still accounting breaking from loopholes in law. So that, Accountants who do not have professional ethics deliberately abuse, lead to many cases of violation of professional ethics. So, the research of accounting professional ethics is necessary in the present stage.

Theoretical Basis, Model, Research Methods

Theoretical Basic and Proposed Model

Professional ethics are the accounting rules to guide its members behave and operate in an honest way, serve the common interests of the profession and the society (Circular No. 70/2015/TT-BTC). Professional ethics require accountants be moral people, and each organization must be a community of people who are ethical. Besides the law and with the law, compliance with professional ethics will help the members always maintain a proper career attitude, help protect and enhance the reputation of the accounting profession in the society, because it constitutes the guarantee of the high quality of services offered to customers and society.

The principles of professional ethics of accounting are specified (base on Circular No. 70/2015/TT-BTC):



“Integrity: A professional accountant should be straightforward and honest in all professional and business relationships.

Objectivity: A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.

Professional Competence and Due Care: A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives a competent professional service based on current developments in practice, legislation and techniques.

Confidentiality: A professional accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or third parties.

Professional Behavior: A professional accountant should comply with relevant laws and regulations and should avoid any action that discredits the profession”

The factors impact the accounting profession ethics

- Amoral: It refers to the decision to do something without regard to morality, non-observance of moral rules in society. It is also beneficial behavior, but the main purpose remains for the sake of the individual before it comes to the benefit of others, the community. Amoral behavior has a negative impact on the ability of professional ethics of accounting. According to Keller and Associates (2007), the amoral approach acknowledges that the accounting decisions and ethics are not related to each other. For that reason that some accounting did not admit that they will have to face these situations violate morality. Thus, the following hypothesis was formulated:
H1: There is no significant association between amoral approach and ethical awareness.
- Egoism: According to Cohen and Associates (1996), The objective of egoism is to maximize personal interest while making a moral decision. So, an act considered ethical when it served for long or short term interests of an individual, Granitz and Loewy (2007) argues that Egoism and utilitarianism are the same because they are based on the effects of work rather than on competence. Egoism individuals often place personal interests above all else; they do not have to be afraid of sacrificing others in favor of their own interests. Thus, the following hypothesis was formulated:
H2: There is a significant negative association between Egoism and ethical awareness.
- Deontology: involves moral obligations, responsibility, accountability, and fundamental factors, regardless of the consequences of an act; Therefore, an act is considered ethical if it conforms to moral principles (Viviers et al., 2008). Deontology factor has the potential to positively influence the ethics of the accounting profession. According to Keller et al. (2007), Modarres and Rafiee (2011), the focus of deontology is not to judge by the results of a screening action based on that action. Thus, the following hypothesis was formulated:



H3: There is a significant positive association between Deontology and ethical awareness

- Utilitarianism: Cohen et al. (1996) argues that Utilitarianism bring good things for most people. Any act is moral if it brings the greatest net benefits for society, meaning the benefits for the greatest part will be maximized while reducing costs. Thus, the moral acceptability of an action derives from its outcome. If the result is good, the action is considered ethical; Otherwise, it is unethical or immoral. This theoretical approach has been criticized by some researchers, resulting in moral decisions of action, whether or not the means is moral. Kujala et al. (2011) conducted a study in Finland, finding that the Utilitarianism is the dominant theory in making ethical decisions in business management. Thus, the following hypothesis was formulated:

H4: There is a significant positive association between Utilitarianism and ethical awareness

- Seniority: According to Eweje and Brunton (2010), it is noted that when an individual advances into the stages of their career development, they seek compromise for personal gain and thereby reduce ethical values. As their experience increases, alternative job opportunities arise, their income levels increase and they acquire new job positions. Weeks et al. (1999), Eweje and Brunton (2010) found evidence that experts have shown that higher career development stages demonstrated higher ethical judgment than those in the lower stages. Therefore, it is thought that seniority (IE, experience, income level, etc.) influences ethical awareness.

H5: There is a significant positive association between seniority and ethical awareness

- Religion: Rice (2006), Lam and Shi (2008), Wong (2008) argues that there are relationship between the topic of ethics and religious perspective. In general, the findings of these studies support the positive impact of religion on ethical awareness. Lam and Hung (2005) argues that when there is the increasing income, Christian followers still retain their moral character in this situation, but non-religious group are reduced the moral sense. According to Modarres and Rafiee (2011), Keller et al. (2007), religion plays an important role in guiding the right or wrong in decision-making, and God is seen as the source of ethical standards. Emerson and McKinney (2010) argues that major religions in the world teach morality, not accepting unethical actions. Religions help their followers to behave in an honest way. Religious people know that they are responsible for their actions in the future, as well as in this world. They are aware that good deeds will be rewarded and mistakes will be punished sooner or later.

H6: There is a significant positive association between religion and ethical awareness

Data Collection and Research Methodology

This study uses mix research method which is combined of qualitative and quantitative methods. In addition, this study uses analytical techniques: descriptive statistics, exploratory factor analysis, regression model. The scale of independent variables and dependent variables was modified based on a review of earlier studies, designed according to Likert 5point scale - ranging from 1 (strongly disagree) to 5 (strongly agree).



Data: The surveyed subjects are accountants who are working in enterprises in Binh Duong province. Data were collected by convenient method with a duration of 3 months, starting from September to the end of December 2016. The number of questionnaire surveys is 150 which is in accordance with sampling methods (Hoang Trong and Chu Nguyen Mong Ngoc, 2008).

Result

The samples of research and describing the observed variables

About Gender, there are 96 female (64%) and 54 male (36%). It shows that female are more likely than male when surveyed for accounting research. About age: 20 people under 31 years old; 63 people aged 31-40; 67 people aged 41-50. It shows that the age of the surveyed people in the working group is capable of working well. About education, the surveyed people have professional qualifications in accounting and auditing. Of which, the professional secondary level is down with 34 people (22.7%), colleges and universities with 68 people (45.3%), and 48 people of postgraduates (32%). About seniority, the surveyed data consisted of 20 people (13.3%) working less than 5 years, 73 people working with 5 to 10 years (48.7%), 57 people working over 10 years (38%). About religion, the surveyed data comprised of 63 religious leaders (42%), 39 Catholic (26%); 48 people with non-religious (32%). The descriptive statistics regarding the constructs are provided in Table 1.

Table 1. Describing the observed variables

Variable	Amoral	Sample	Min	Max	Mean
PDD1	There is no relation between accounting and ethics.	150	1	5	2,95
PDD2	As an accountant, I don't expect to confront ethical dilemmas	150	1	5	3,15
PDD3	The accountant is only required by the head of the company without ethical concern	150	1	5	3,01
Egoism					
TIK1	What is good for my accounting job is the basis for my ethical decision-making	150	1	5	3,35
TIK2	I will choose the alternative that it is best for me to practice accounting	150	1	5	3,29
TIK3	I do things that do not affect my accounting job	150	1	5	3,18
Deontology					
DL1	I observe the accounting standards or codes of professional ethics can reduce, or even eliminate, being confronted by ethical dilemmas	150	1	5	3,14
DL2	I obey laws, accepted principles or accounting standards	150	1	5	3,12



DL3	I follow what is widely recognized by society for accounting job	150	1	5	3,29
	Utilitarian				
TVL1	When I work accounting, take into consideration the public interest and I will take decisions which are in favor of most people	150	1	5	3,18
TVL2	I think that what is right for greatest number of people is ethical	150	1	5	3,97
TVL3	When I work accounting, I do what I think is acceptable to everyone involved.	150	1	5	3,15
	Seniority				
TN1	I think the more work experience will increase the perception of ethics in accounting profession.	150	1	5	3,15
TN2	I think the higher the level of income, the better is the right understanding of accounting professional ethics.	150	1	5	3,25
TN3	I think the higher the position will increase the right understanding of accounting professional ethics.	150	1	5	3,37
	Religiosity				
TG1	After hours of accounting working, I like reading about religion.	150	1	5	3,13
TG2	It is very important for me to spend time in praying beside my accounting job.	150	1	5	3,23
TG3	I have a strong sense of the presence of God / Buddha.	150	1	5	3,25
TG4	I try to live all my life and work in accounting according to my religious beliefs	150	1	5	3,24
TG5	After accounting work, I try to participate in religious ceremonies	150	1	5	3,26
TG6	Praying helps me to be safe and happy in my work and in my life	150	1	5	3,08
TG7	Religious comfort, encouraging me in times of difficulties when practicing accounting.	150	1	5	3,12
	Accounting ethics				
DDNN1	In the process of practicing, accountants have honesty, straightforwardness in all professional and business relationships.	150	1	5	3.61



DDNN2	In the process of practicing, the accountant does not allow any bias, conflict of interest or undue influence of others to override professional or business judgments.	150	1	5	3.80
DDNN3	During the process of the practicing, the accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives a competent professional service	150	1	5	4.15
DDNN4	During the process of the practicing, the accountant acts with caution based on current developments in practice, legislation and techniques.	150	1	5	4.21
DDNN5	During the process of the practicing, the accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose.	150	1	5	4.39
DDNN6	During the process of the practicing, the accountant comply with relevant laws and regulations and should avoid any action that discredits the profession.	150	1	5	4.53

Mostly, the observed variables are rated at a fairly good level, indicating that the accountants are good at aware of the accounting profession. At the average level, the cause is that many businesses do not pay much attention to the issue of professional ethics.

Cronbach's Alpha and Exploratory Factor Analysis (EFA)

Therefore, all observed variables were included in the EFA. The results of the EFA as expected, there are six factors that draw: (i) Amoral; (ii) Egoism; (iii) Deontology; (iv) Utilitarianism; (v) Seniority; (vi) Religiosity. All conditions for EFA are met: Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.642 > 0,5; Sig. = 0,000 < 0,05; factor value > 0,5; Eigenvalue > 1,2; và Total of Cumulative 67,6%. This means that the analysis has six factors explaining the variability of the data set at 65.6%. This is consistent with the research data.

The regression results are as follows:

Accounting ethics = -0.032 Amoral - 0.022 Egoism -0.218 Deontology +0.047 Egoism + 0.039 Seniority +0.042 Religiosity

At the statistically significant level of 5%, the research hypotheses were accepted, independent variables having an effect on the dependent variable at different levels.



Positive association with the accounting ethics: Egoism, Seniority, Religiosity. Negative association with the accounting ethics: Amoral, Egoism, Deontology.

About H1: the results show that There is the negative association between amoral approach and ethical awareness. Hypothesis H1 does not match the result. The results show that the amoral approach exists in the surveyed area of Binh Duong province and negative affects accounting professional ethics.

About H2: The results show There is a significant negative association between Egoism and ethical awareness. Hypothesis H2 matches the result. The results show that Egoism exists in the surveyed area of Binh Duong province and affect the accounting professional ethics.

About H3: The results show that There is a significant negative association between Deontology and ethical awareness. Hypothesis H3 does not match the result. The reason is that the accountants do not consider the accounting standards or professional rules in the process of practicing. They have not been specifically trained in ethical guidelines during their studies at universities and in the workplace. At the same time, they seem to abide by tax laws rather than accounting standards when recording to accounting books and preparing financial statements.

About H4: The results show that there is a significant positive association between Utilitarianism and ethical awareness. Hypothesis H4 matches the results.

About H5: The results show that there is a significant positive association between seniority and ethical awareness. Hypothesis H5 matches the results.

About H6: The results show that there is a significant positive association between religion and ethical awareness. Hypothesis H6 matches the results.

Conclusion and Implications

Conclusion

In meaning of research methodology, this study has synthesized and assessed the factors affects the accounting professional ethics. Then, this study determines the factors which is significant positive and negative association with ethical awareness.

In meaning of the research results, this study determines the factors associated with ethical awareness based on the current situation in Binh Duong province, Vietnam. Then, this study assess the dimension of affecting between the factors and accounting profession ethics awareness. Thus, this study implies practical policy in Binh Duong province, Vietnam.

Implications

Accountants who are in the early stages of their career development should know about the ethical issues they face in their professional job. Accountants should be taught the laws and regulations of the accounting profession from being a student, until practicing through their working, through professional associations.

Accountants need to have a clear sense of ethics. They need to be aware of the serious consequences of unethical behavior. People with moral behavior will be more easily recognized by managers and promoted faster.

The policy-makers, professional associations and businesses should develop activities which is related to accounting in social responsibility programs. Thus, It can be curbed selfish behavior and improve empathy. The difficult economic conditions can lead to



accountant's thinking and acting out of direction. Thus, the policy-makers should develop policy to gradually improve the living standard.

For professional accountants in public sectors and private companies, the regulations on updating knowledge about accounting and professional ethics have not yet been implemented. Therefore, the accounting association shall initially organize the professional ethics classes so that they can participate in the study and improve experiences. The accounting association should regulate the updating knowledge is an annual obligation of accountants.

The public sectors and companies should develop to understand accounting professional ethics in order to understand the working environment of accounting, create conditions for accountants to work well and observe accounting ethics. Thus, They develop to improve the transparency of financial information and enhance the prestige of the companies.

Universities develop to teach the accounting profession ethics as specific subject. The content of the course is in-depth with the regulations of Vietnam and the IFAC, as well as situations of practical application.

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