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EDUCATORS' OPINIONS ON ETHICS
INTEGRATION IN THE ACCOUNTING
CURRICULUM OF MALAYSIAN
PUBLIC UNIVERSITIES

BY

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A dissertation submitted in partial fulfilment of the
requirement for the degree of Master of Science
(Accounting)

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ABSTRACT

The teaching of ethics in the accounting curriculum has received greater attention from the accounting professional bodies as well as academics particularly since the financial scandals of Enron and WorldCom. Therefore this study presents the results of a survey of educators' opinions regarding matters on ethics education. The purpose of this study is to investigate ethics education in the accounting curricula of Malaysian Public universities based on the perception of the educators. The study explored preparedness of educators in teaching ethics, preferred methods of ethics instruction, and educators perceptions of importance and effectiveness of ethics integration. Educators from eight public universities' Accounting Faculty/Department are respondents in this study. Consistent with prior Western studies, this study finds that accounting educators agree on the importance of ethics education to satisfy the profession's needs. The perception regarding the importance of ethics integration in the accounting curriculum does not change with institution types. However, different opinions exist among educators on the adequacy of ethics coverage. The educators' perceptions support the Utilitarianism approach that instilling ethical practice and nurturing ethics as an intrinsic value of students is an essential part of ethics education and will be beneficial for the society.

ملخص البحث

ان تدريس اخلاقيات المهنة في المنهج الدراسي للمحاسبة تلقي اهتماما كبيرا لدى الهيئات المهنية للمحاسبة وكذلك الاكاديميون وتحديدا منذ الفضائح المالية لشركة انرون وورلدكوم. لذا تقدم هذه الدراسة نتيجة اراء ونظرات المتعلمين بما يتعلق مسائل الاخلاق ودمجها في التعليم. الهدف من هذه الدراسة هي بحث اخلاقيات التعليم في المناهج الدراسية للمحاسبة في الجامعات الحكومية على اساس تصور المتعلمين. تستكشف هذه الدراسة استعدادات المتعلمين في تدريس اخلاقيات المهنة, وطرق التدريس المفضلة, وتصورات المتعلمين اهمية وفعالية تدريس هذه الاخلاقيات. شارك هذه الدراسة متعلمون من ثماني جامعات حكومية في قسم المحاسبة. وانسجاما مع دراسة اجريت في الغرب, راي معلمي المحاسبة اهمية تدريس هذه الاخلاقيات لتلبية احتياجات المهنيين. فالتصور المتعلق باهمية دمج المنهج بالمسائل المتعلقة بالاخلاق لا تتغير بحسب المؤسسات, ولكن الاراء قد تتباين حول القدر الذي يكتفى في تغطيته. تدعم تصورات المتعلمين النهج التنموي الذي يغرس القيم الاخلاقية الجوهرية باعتبارها جزء اساسيا من التعليم وباعتبارها امرا مفيدا للمجتمع.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion; it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science in Accounting.

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Yin Yin Win @ Farida Banu

Signature

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To My Beloved Parents
with Highest Gratitude for their Pray and Support

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In the name of Allah S. W. T., the Most Compassionate and the Most Merciful. All praise be to Allah, Lord of the universe and peace and blessings to His Prophet and Messenger Muhammad S. A. W.

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LIST OF ABBREVIATION

IFAC	International Federation of Accountant
ACCA	Association of Chartered Certified Accountants
MIA	Malaysian Institution of Accountants
MOHE	Ministry of Higher Education
MICPA	Malaysian Institute of Certified Public Accountants
AACSB	Association to Advance Collegiate Schools of Business
IPTAs	Malaysian Publics Universities

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

Ethics and professionalism are considered to be intertwined concepts. Professionalism implies trust, and trust is an ethical concept (Carroll, 1996). Confidence is also based on trust. Both confidence and trust are societal norms that are regulated not only by the law but also by certain unwritten standards such as honesty, integrity, fairness and good faith (Chua et al, 1994). The society has entrusted in the accounting profession to take responsibility of solving financial conflicts among different stakeholders with specialist skills. In addition, the accounting profession has initiated a code of ethical conduct for self-regulation in order to preserve the confidence that society has placed in it.

However, the confidence and trust placed on the accounting profession has been crushed due to the reported accounting scandals such as Enron, Worldcom in United States of America, Parmalat in Europe and Transmile in Malaysia that resulted from unethical conduct of the accountants. It is important to be aware of these damages that accounting scandals have caused on the society. It also needs serious attempts to bring back the faith of public and other users of accounting information on the integrity of financial reports (Singh and Poduval, 2009). As a consequence of those accounting scandals, public criticisms on the accounting profession has increased tremendously. Many fingers have been pointed to explain who might be responsible for these failures (Madison and Schmidt, 2006).

In this globalization era, accountants must not only equip themselves with technical accounting knowledge and skills, but also equally important is the ability to take a firm stand in difficult situations. Naturally, attention has been directed towards the education system. Ethics education is believed to be a very useful tool and an effective means to improve attitudes and behaviour among accounting and business students (Bonawitz, 2002). Consequently, several accounting associations i.e. American Accounting Associations, International Federation of Accountants (IFAC), Association of Chartered Certified Accountants (ACCA) and Malaysian Institution of Accountants (MIA) who are concerned with the academic preparation of accountants have taken actions to improve ethics coverage in the accounting curriculum. At the same time, many faculties wrestle with their accountancy programmes on how to incorporate ethics into their already packed curriculum without compromising their coverage of technical topics (Mantzke et al., 2005).

There have been many changes proposed by business schools, colleges and universities around the world to increase the requirement of ethics in education in order to support ethics training for current students who will become new professionals. Teaching ethics in the universities curriculum will enhance the fundamentals of students' ethical behaviour and knowledge (Doost, 1999). Specifically, as discussed above, accountant's unethical behavior can lead to financial failure and can also have a profound impact on its stakeholders and stability of society as a whole (Giacalone and Jurkiewicz, 2003). Therefore, addressing ethics in the curriculum, especially in accounting, will be helpful in further developing and promoting future accountants' ethical behaviour and knowledge.

In the case of Malaysia, ethics has already been incorporated in the curriculum of higher education. Recently, according to academic affairs authorities of public

universities in Malaysia, there are about 47 ethics integrated subjects offered to the students of higher learning (Mohd Nor and Fattawi Mokhtar, 2009). By incorporating ethics into the courses, Malaysia can be thought of as one of the developing countries which are actively involved in the development of quality of academic programmes to produce graduates who are knowledgeable, and possess competencies that meet the requirements of the profession in line with the current and changing development.

Moreover, in line with the Malaysian National Higher Education System, a high ethical awareness is essential to building competent, excellent and morally remarkable professionals. Specifically, the reassessment report on accounting programme at Public Universities (Hala Tuju 2, 2006) stated that professional values and ethics should be embedded in all courses of the accounting programme. Specifically, the report stated the incorporation of business ethics and corporate governance courses for accounting programme in Malaysia.

1.1 MOTIVATION OF THE STUDY

A review of the literature from the Western universities' practices shows that ethics plays an important part in their accounting curriculum. Majority of these Western studies also indicated a shared understanding of the goals of accounting ethics education and the analysis of the teaching technology and strategic approach of educators to facilitate in teaching ethics. Thus, this study's intention is to determine the existence and extent of ethics integration in the accounting curriculum in the Malaysian Public universities.

In addition, the researcher found that many research studies in Malaysia examine the development of cognitive moral development and ethical behaviours of students and lecturers (Barone, 2004; Saat et al., 2004; Hishamuddin Md.Som et al.,

2006; Abu Bakar et al., 2008). However, their studies do not attain vital information from a key individual who will be transmitting ethics education, i.e. an educator. Therefore, it motivates the researcher to conduct a research by empirically testing the perceptions about ethics education posited by accounting educators. In essence, even though it is expected that the Malaysian educators might perceive ethics as being important in the accounting curriculum, the current level of ethics integration and their perceptions of how it should be improved, still need to be studied. It is also a step towards gathering information from the educators' perceptions to ascertain the right strategies for imparting ethical values to the accounting students in the Malaysian Public universities.

Hence, the above reasons motivated the researcher to identify the current practices of ethics which prevail in the public higher learning institutions of Malaysia.

1.2 PROBLEM STATEMENT OF STUDY

Ethics has been an integral part of accounting education all over the world and has been researched by many researchers. In Malaysia, the Ministry of Higher Education (MOHE) has taken the first step by issuing the Reassessment Report on Accounting Programme at Public Universities of Malaysia 2006 (Hala Tuju 2). This report requires the Institution of Higher Learning (IHL) in Malaysia to integrate "Professional Ethics and Social Responsibility" at Accounting Programme. It is also required to meet International Federation of Accountants International Education Standards, IES 4, which is, Professional Values, Ethics and Attitudes (Singh and Poduval, 2009). As a result, Malaysian education maintains and preserves her values and moral living through her future generation. Even though MOHE has done all the above requirements, however the implementation may be considered slow and also

ethics integration may not be adequate. Moreover, the successful implementation is depending on the educators to sustain in the training and educating accountants. Hence, it is essential to get their perspectives on the current level of ethics integration and how further ethics integration should take place. Therefore, this study examines educators' opinions about ethics integration in the accounting curriculum of Malaysian Public universities. The following section provides the objectives of the study.

1.3 OBJECTIVES OF STUDY

The following objectives have been developed to achieve the aim of the study:

- i) To obtain educators' perception on:
 - The relevance of ethics education in the accounting curriculum of Malaysian public universities.
 - The practice of implementing ethics in Malaysian public universities' accounting curriculum.
 - The effective and appropriate teaching techniques and methods used in Malaysian public universities to teach accounting curriculum.
- ii) To determine whether there are differences in perceptions about ethics among educators from various types of Malaysian public universities. Ministry of Higher Education (MOHE) (2010) classifies public universities in Malaysia into three categories, i.e. research universities, comprehensive universities and focus universities. Further explanations will be provided in Chapter 3.

1.4 RESEARCH QUESTIONS

The seven research questions are formulated based on the above respective objectives.

RQ 1: Should ethics be taught in the accounting curriculum?

RQ 2: Is the ethics coverage in the current curriculum adequate?

RQ 3: Why is ethics education important for accounting students?

RQ 4: What is the best approach to implement the ethics course in the accounting curriculum, whether a stand-alone ethics course or integrating it throughout the curriculum?

RQ 5: Which courses and levels should ethics be integrated into?

RQ 6: Who should teach ethics course in accounting and how should it be taught?

The above research questions will be answered based on the perception of educators teaching at the accounting faculties or departments in the Malaysian public universities. Based on the above research questions, research question 7 has been constructed due to the expectation that differences in opinion is likely to exist among educators regarding two factors; which are the importance of ethics and its coverage in the accounting curriculum.

RQ 7: Is there any difference in educators' opinion regarding the importance and coverage of ethics instruction in the accounting curriculum among public universities in Malaysia.

1.5 SIGNIFICANCE OF THE STUDY

The reasons why the study is significant relates to the role of ethics in universities. Firstly, one of the distinctive contributions of this study to the field of education is to extend the present knowledge related to the educators' teaching approach in ethics. It may assist in providing the effective teaching approach for ethics education, based on the perception of educators, in order to increase the accounting student's ability to think critically and make ethical decisions in uncertain situations. Specifically,

evidence from this study may provide valuable inputs to the educators on how to possibly improve their teaching approach to enable the students to study ethics with greater understanding. That is to say, it will assist educators in designing and planning of the course.

Secondly, this study may provide important feedback to the special committee (Halatuju), formed by Ministry of Higher Education and is responsible for reviewing accounting curriculum in Malaysian universities. Similarly, the finding may also provide fruitful inputs to the professional accounting bodies in Malaysia such as the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA) as well as universities in Malaysia on any policy decision pertaining to the accounting profession.

Finally, this study may have significant implications for future researchers. Future researchers on ethics education should be interested in the findings of this research and may want to explore this area of study further.

1.6 ORGANIZATION OF CHAPTERS

The study is organized and sequenced into five chapters. The main issues discussed in the five chapters are as follows:

Firstly, Chapter 1 provides the brief explanation of background and motivation, objectives, research questions, brief description of significance and organization of the study.

Chapter 2 consists of the literature review that discusses ethics education in accounting. It also highlights the empirical findings which indicate the practice of ethics education from the universities not only in Western countries but also in Malaysia.

Chapter 3 outlines the research methods and procedures used to gather and analyse data for the study of ethics education in Malaysian Public Universities. This includes a description of the ethical framework with the explanations of the development of hypothesis and research questionnaire. It also includes the research method, which consists of the research design and data analysis procedures.

Subsequently, Chapter 4 presents the results of the questionnaires survey and provides analysis of the statistical tests performed. It also provides the interpretations of the findings of the study by using descriptive statistics.

Finally, the study is concluded in Chapter 5. It summarizes the study as well as presents conclusions drawn from the findings. It provides limitations and recommendations in terms of practice and further research in integration of ethics in the accounting curriculum.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter presents a review of the literature on previous studies that have been conducted by universities around the world to recognise the importance of ethics education in their accounting curriculum. The contents of the chapter are organized in the following manner: an overview of ethics in accounting is discussed followed by a review of the empirical literature on the perceptions of accounting educators on ethics education. The Malaysian literature on ethics is presented and the chapter ends with a conclusion. Prior to the literature review, ethics is defined in the next section.

2.1 DEFINITION OF ETHICS

Ethics is a philosophical term derived from the Greek word '*ethos*' meaning character or customs (Sims, 1992). The words "ethics" and "morals" have a number of meanings. Webster's Collegiate Dictionary gives four basic meanings of the word "ethics" as follow:

1. The discipline dealing with what is good and bad and with moral duty and obligation
2. A set of moral principles or values
3. A theory or system of moral values
4. The principles of conduct governing an individual or group

There are several ethics definitions purported in the literature. Ethics is defined as an individual's personal beliefs about whether a behaviour, action, or decision is

right or wrong (Joyner, Payne and Raiborn, 2002; Griffin, 2005). Ethics can be equated with the concept of morals and standards of conduct and individual choices based on rules, values, and moral beliefs (Lewis, 1985). In addition, Mintz (1995) and Beekun (1997) referred to ethics as standards of human conduct and a set of moral principles that guide how one ought to behave based on specific values and moral duties. It is also considered to be a normative field because it prescribes what one should do or abstain from doing.

Ethics can be classified as individual ethics, business or organizational ethics and professional ethics. An accountant, as a professional, should be concerned with the application of professional ethics in his daily job. Hence ethics training and education to future accountants is important. The following section will discuss the importance of ethics and gradually integrate it into the accounting education.

2.2 ETHICS IN ACCOUNTING EDUCATION

The recent well publicized business scandals such as Enron and WorldCom have raised allegations of improper professional conduct by accountants. This crisis has led to a series of laws, regulations and initiatives designed to improve the effectiveness of the audit functions as well as to restore confidence and trust in the accounting profession (Abdolmohammadi, 2005). The accounting profession has, therefore, faced increased pressure from the public and regulators. Thus, to retain or improve the previous level of trust and respect from the public requires the profession to take proactive measures to restore their credibility. One of the critical areas which need attention is the emphasis of ethics education in the accounting programmes.

Nowadays, many researchers agree that ethics should be an integral part of accounting education (Lowry, 2003; Haas, 2005; Monsour, 2007). In other words,

accounting education must not only emphasize on accounting technical knowledge but also instil the ethical behaviour on students. Specifically, the debate on ethics education is ongoing in terms of pedagogical approaches such as contents, quality and faculty responsibility for its delivery (Bean and Bernardi, 2007).

In recent decades, there is literature that discussed the perception of students, practitioners and educators on the effectiveness and improvement of ethics courses across the accounting curriculum. A great deal of research (Loeb, 1988; Ponemon, 1993; Gray et al., 1994; Lovell, 1995; McPhail, 2001; O'Connell, 2004; Moriceau, 2005; Swanson, 2005; Blanthorne et al., 2007) has explored the role of ethics in accounting education.

These studies have used a variety of theoretical frameworks and research methods, but they share one common assumption: namely that ethical matter in accounting is of widespread social concern, and that accounting educators must address such matters in their teaching. Therefore, the following section will provide an overview of the literature which is directly related to the study, i.e. studies on educators' perception on integrating ethics in the accounting curriculum.

2.3 EDUCATORS' OPINIONS ABOUT ETHICS INTEGRATION IN THE ACCOUNTING CURRICULUM

This section presents the empirical results on the perceptions of accounting faculty, administrators including faculty chairpersons regarding ethics in the accounting curriculum. These research surveys were conducted in Western countries including the United Kingdom (UK), the United States of America (US) and Australia and New Zealand.