



THE PERCEPTION OF STUDENTS AND EDUCATORS
ON ETHICS EDUCATION IN THE DIPLOMA IN
ACCOUNTANCY PROGRAMME

BY

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ABSTRACT

Ethics has become of significant interest amongst practitioners and educators alike. The collapse of Enron, the largest energy-trading company in the United States has jolted the profession out of its complacency and serves as a warning that all is not well with the profession. The message is clear, if the accountants and future accountants want to be relevant, they have to be more diligent and ethical. In order to inculcate ethical behaviour, ethics education is important to increase awareness and enhance ethical behaviour in the profession, including amongst students. Ethical behaviour can be developed at an earlier stage of education. As a result, it is crucial for the Diploma in Accountancy programme to integrate ethics education. Thus, this study is to assist Majlis Amanah Rakyat (MARA) in improving the Diploma in Accountancy (DIA) programme in Kolej Profesional Mara (KPM) by gathering perception of students and educators on ethics education. Therefore, the objectives of the study are to determine and investigate (1) the perceptions of students and educators regarding the need for ethics education in the DIA programme (2) the students' and educators' reasons for integrating or not integrating ethics (3) the students' and educators' perceptions on the appropriate ways and techniques of teaching ethics and (4) the difference in perceptions between students and educators on ethics education in the DIA programme. Questionnaires were distributed to the DIA students and educators at four different colleges in order to collect the data on their perceptions on integrating ethics into the DIA programme. More than half of DIA students and educators agree that there is a need for ethics education in the programme. 'Failure to teach ethics in the accounting curricula contributes to the recent business scandals' is perceived as the main reason by students and educators for the need to integrate ethics education into the DIA programme. However, some of the students disagree to having ethics education due to the inadequacy of materials for teaching ethics. On the other hand, the educators perceived that the responsibility of encouraging ethical values should be left to parents and family members. In terms of techniques used in teaching ethics, students prefer to use vignettes followed by discussion through internet. Whereas educators prefer to organize ethics day and have a debate on ethics. Nevertheless, both students and educators generally agreed that ethics education should be integrated into the DIA programme and at the same time, educators need to improve their knowledge and techniques in teaching ethics. The implication of the study is to enhance ethics education in the DIA programme.

ملخص البحث

أصبحت الأخلاقيات تلقى اهتماماً كبيراً بين الممارسين والمعلمين على حد سواء. وخاصة بعد انهيار شركة إنرون، هذا الانهيار الذي أطاح بأكبر شركة محترفة في تجارة الطاقة في الولايات المتحدة، والذي كان بمثابة تحذير بأن الاحترافية المهنية وحدها ليست كل شيء. إن الرسالة واضحة، فإذا أراد المحاسبون الحاليون والمحاسبون في المستقبل أن يكونوا على صلة وثيقة بالموضوع فيجب عليهم أن يكونوا أكثر وعياً والتزاماً بالأخلاق المهنية. ومن أجل غرس السلوك الأخلاقي، فإن تعليم الأخلاق أمر في غاية الأهمية، ومن أجل زيادة الوعي، وبناء السلوك الأخلاقي بين الطلاب، خصوصاً بعد قضية إنرون التي كانت بمثابة وصمة عار على مهنة المحاسبة وتهديداً لثقة المستخدمين. حيث يمكن تطوير السلوك الأخلاقي في مرحلة مبكرة من التعليم. ونتيجة لذلك، فقد كان من الأهمية بمكان تعليم الأخلاق كمتطلب أساسي لدبلوم المحاسبة، بغض النظر عن التخصص الذي ينوي الطلاب مواصلة الدراسة فيه لاحقاً بعد الانتهاء من هذا الدبلوم، وعليه فإن هذه الدراسة تأتي من أجل مساعدة مجلس أمناء راكيات (MARA) في تقويم ورفع مستوى دبلوم برنامج المحاسبة (DIA) في كلية مارا المتخصصة (KPM). وإضافة إلى ذلك فإن أهداف هذه الدراسة تتمثل في تحديد وتحقيق الآتي: (1) تصورات الطلاب والمعلمين فيما يتعلق بالحاجة إلى تعليم الأخلاق في دبلوم برنامج المحاسبة DIA. (2) الأسباب التي تدعو الطلاب والمعلمين إلى دمج الأخلاق أو عدم دمجها ضمن المقرر الدراسي. (3) تصورات الطلاب والمعلمين حول الطرق والأساليب المناسبة لتدريس الأخلاق. (4) الفرق في المفاهيم بين رؤية الطلاب والمعلمين المتعلقة بتعليم الأخلاقيات في دبلوم برنامج المحاسبة DIA. ومن أجل ذلك فقد تم توزيع استبيانات على الطلاب والمعلمين في أربع كليات مختلفة من كليات دبلوم برنامج المحاسبة DIA بهدف جمع البيانات التي توضح تصوراتهم بشأن دمج الأخلاق في برنامج DIA، وقد اتفق أكثر من نصف الطلاب والمعلمين في دبلوم برنامج المحاسبة DIA على أن هناك حاجة ماسة لتعليم الأخلاقيات في دبلوم برنامج المحاسبة DIA، وإن فشل تعليم الأخلاق في المناهج المحاسبية يتم النظر إليه من لدن الطلاب والمعلمين على أنه السبب الرئيسي الذي يساهم في ظهور فضائح عمل مهنية في الآونة الأخيرة، الأمر الذي يدعو إلى ضرورة دمج تعليم الأخلاق في دبلوم برنامج المحاسبة DIA. ومع ذلك، فإن بعض الطلاب لا يوافق على وجود تعليم الأخلاق، ويرجع ذلك إلى عدم كفاية المواد الدراسية المتعلقة بهذا الموضوع. ومن ناحية أخرى، يرى بعض المعلمين أن مسؤولية غرس القيم الأخلاقية ينبغي أن تترك لأولياء الأمور وأفراد الأسرة. أمّا من حيث التقنيات المستخدمة في أخلاقيات التدريس فإن الطلاب يفضلون استخدام المقالات القصيرة تليها المناقشات عبر شبكة الإنترنت. في حين يفضل المعلمون تنظيم يوم للأخلاق وإجراء جلسات نقاش حول الأخلاق. وعلى كل حال فقد اتفق كل من الطلاب والمعلمين بشكل عام على أن تعليم الأخلاق يجب أن يكون ضمن دبلوم برنامج المحاسبة DIA، وفي الوقت نفسه فإن المعلمين بحاجة ماسة إلى تحسين المعارف والتقنيات المتعلقة بأخلاقيات التدريس. ويبقى أن نشير إلى أن الآثار المترتبة على هذه الدراسة تتمثل في تعزيز التعليم الأخلاقي في دبلوم برنامج المحاسبة DIA.

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 (Accounting).

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DECLARATION

I hereby declare that this dissertation is the result of my own investigation, 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.

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TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page.....	iv
Declaration	v
Copyright	vi
Acknowledgements	vii
List of Tables	x
List of Figures	xi
List OF Abbreviation	xii
CHAPTER ONE: INTRODUCTION	1
1.1 Background and Problem Statement	1
1.2 Research Objectives and Research Questions of the Study.....	5
1.3 Motivation of the Study	6
1.4 Significance of the Study.....	7
1.5 Organization of Dissertation.....	8
1.6 Chapter Summary	9
CHAPTER TWO: LITERATURE REVIEW	11
2.1 Introduction.....	11
2.2 Ethics Education in General	12
2.3 Ethics Awareness.....	15
2.4 Perceptions on Ethics Education	19
2.5 Literature Gap	21
2.6 Chapter Summary	22
CHAPTER THREE: THEORETICAL FRAMEWORK AND HYPOTHESIS.....	24
3.1 Introduction.....	24
3.2 Predecessors to Thorne Integrated Model	24
3.3 Thorne’s Integrated Model	26
3.4 Hypothesis Development.....	29
3.5 Chapter Summary	31
CHAPTER FOUR: METHODOLOGY	33
4.1 Introduction.....	33
4.2 Research Design	33
4.3 Research Instrument	35
4.4 The Sample of the Study and Questionnaire Distribution.....	36
4.5 Reliability and Pilot Testing	39
4.6 Descriptive Statistics	40
4.7 Statistical Techniques	42
4.8 Chapter Summary	42

CHAPTER FIVE: RESULTS AND DISCUSSION.....	44
5.1 Introduction.....	44
5.2 Respondents' Demographic.....	45
5.3 Results of Data Analysis.....	46
5.3.1 The Perception of Students and Educators on Ethics Integration	47
5.3.2 Reasons for Ethics Integration.....	51
5.3.3 Techniques on Teaching Ethics	56
5.4 Chapter Summary	58
 CHAPTER SIX: CONCLUSION	 60
6.1 Summary of Findings	60
6.2 Implications of the Study.....	62
6.3 Limitations, Suggestions for Future Research and Conclusion.....	64
 BIBLIOGRAPHY	 66
 APPENDIX A: QUESTIONNAIRES FOR STUDENTS	 70
APPENDIX B: QUESTIONNAIRES FOR EDUCATORS	76
APPENDIX C: THE STUDENTS' AND EDUCATORS' PERCEPTIONS ON ETHICS EDUCATION IN THE DIPLOMA IN ACCOUNTANCY (DIA) PROGRAMME AT KOLEJ PROFESIONAL MARA (KPM).....	82

LIST OF TABLES

Table 2.1	The summary of prior research and key developments in the literature	14
Table 4.1	Test of Reliability (Students)	40
Table 4.2	Test of Reliability (Educators)	40
Table 4.3	Descriptive statistics for each item (Students)	41
Table 4.4	Descriptive statistics for each item (Educators)	42
Table 5.1	Test of Reliability (Students)	44
Table 5.2	Test of Reliability (Educators)	45
Table 5.3	Gender of DIA students and educators	45
Table 5.4	CGPA of DIA students	46
Table 5.5	Ethics should be taught in the DIA programme	47
Table 5.6	Integration of ethics into the course	48
Table 5.7	Students' perception on ethics integration in the DIA programme	49
Table 5.8	Educators' perception on ethics integration in the DIA programme	49
Table 5.9	Integration of ethics is supported in the DIA programme	50
Table 5.10	Reasons for integrating ethics education in the DIA programme: Students' and educators' perceptions	52
Table 5.11	Reasons for not integrating ethics education in DIA programme: Students' and educators' perceptions	54
Table 5.12	Appropriate ways and techniques of teaching ethics in DIA programme: Students' and educators' perceptions	56

LIST OF FIGURES

Figure 3.1	Thorne's Integrated Model	26
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LIST OF ABBREVIATION

KPM	Kolej Profesional Mara
MARA	Majlis Amanah Rakyat
DIA	Diploma in Accountancy
HEDM	Higher Education Division of MARA
ATAP	Accounting Theory and Practice
MIA	Malaysian Institute of Accountants
IFAC	International Federation of Accountants
BPT	Bahagian Pelajaran Tinggi
UiTM	Universiti Teknologi Mara
UKM	Universiti Kebangsaan Malaysia
UM	Universiti Malaya
ACCA	Association of Chartered Accountants
U.S	United States
CMD	Cognitive Moral Development
VRA	Value Relevance Approach
TLA	Traditional Learning Approach
DIT	Defining Issues Test
MOHE	Ministry of Higher Education
CMD	Cognitive Moral Development
AICPA	American Institute of Certified Public Accountants
JAA	Japanese Accounting Association
RQ1	Research Question 1
RQ2	Research Question 2
RQ3	Research Question 3
RQ4	Research Question 4

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND AND PROBLEM STATEMENT

Kolej Professional Mara (KPM) is one of the colleges specifically set up by Majlis Amanah Rakyat (MARA) to enable Bumiputras to pursue their studies after completing secondary school. Overall, there are four KPMs in Malaysia and they offer several vocational courses. One of the programmes offered in KPM is Diploma in Accountancy.

Diploma in Accountancy (DIA) in KPM is under the Higher Education Division of MARA (HEDM). It was first established in January 2000. This 3 years programme is to educate generations, especially the Bumiputras in developing their knowledge and skills in accounting. Instilling such skills and abilities in the students would enable them to seek better career opportunities when they graduate from this Diploma programme.

Students are required to complete 35 courses under the Diploma Programme. The courses are in the fields of accounting (such as financial accounting, cost and management accounting, accounting information system, auditing and taxation), business related subjects (such as management, entrepreneurship, economics) and quantitative subjects (such as business mathematics and statistics). Relatively recently, ethics has been integrated in a few of these courses. However, the issue of adequacy of ethics education as well as the approaches in teaching ethics in the DIA programme remains of concern, particularly to the educators. Insufficient exposure to ethics awareness could have serious implications when the students pursue professional qualifications, further studies or join the workforce upon graduation.

The scandals of Enron, World Com, and Arthur Anderson have raised concerns about the lack of ethical conduct in the profession, and the need for ethics coverage in business and accounting curricula. According to the Malaysian Institute of Accountants (MIA)'s Code of Ethics, ethics is about principles, values and beliefs which influence judgement and behaviour. Accounting professionals who are ethical are expected to do the right thing in the circumstance. Thus, accounting bodies, such as the International Federation of Accountants (IFAC) has recommended integrating ethics into accounting curriculum due to the credibility of the profession being tarnished by the scandals as stated before. As a result, a strategic and operational plan was issued by IFAC in 2007-9, seeking to advance worldwide ethics education (O'Leary and Mohamad Shafi, 2008). Hence, ethics education has been introduced in higher education institutions in order to instill the ethical culture in future accountants, including in Malaysia. Consequently, MIA requires ethics education in the accounting curriculum. Through the Reassessment Report on Accounting Programme offered by Malaysian Public Universities (Hala Tuju 2), the Ministry of Education in Malaysia requires that a standalone ethics course be taught in all accounting programmes and embedded in all accounting courses. The importance of ethics has been carried through into the required accounting curriculum in Halatuju 3.

The integration of ethics into the accounting curriculum, as recommended by the accounting associations above, would build an individual's character, attitude, morality and personality (Shawver, 2006). In line with the recommendation by the accounting associations, the importance of ethical awareness was strongly urged by Datuk Mohd Nasir Ahmad, the MIA president during his speech at the NST Career Talk on the 9th of March, 2013. He stressed that it is crucial for accountants to have a strong sense of ethics and integrity besides having numeracy skills.

However, as rightly pointed out by Butroyd and Somekh (2001) building morality and character of individuals are indeed challenging for educators. Hence, producing accounting graduates with integrity and strong ethical values would be equally challenging. Due to these challenges, and efforts towards studying the issue of ethics education, several prior studies were conducted. These studies (Coyne, Massey and Thibodeau 2005, Koumbidias and Okpara 2008, Mohamad Saat, Porter and Woodbine 2010, Win, Ismail and Fatima 2014) mainly focused on ethics education at the accounting undergraduate degree level. The reason for focusing on ethics education at the undergraduate level may be due to the fact that it is crucial for accounting students to be instilled with ethical values, which would later be applied in their professional lives, upon graduation (Howieson, 2003). According to Howieson (2003), the instilling of ethical values is considered a part of 'life-long learning' and professional development, which should be implemented by universities.

In addition to integrating ethics education at the undergraduate degree level in Malaysia, there has been an effort made by HEDM to introduce ethics earlier to students. This earlier stage could be whilst students pursue their Diploma in Accounting (DIA) programme. Ethics integration at the DIA level would benefit the students as ethical values are formally instilled, thus influencing students' moral reasoning ability. Therefore, KPM has initiated the integration of ethics education into the DIA programme so that students that graduate from this programme appreciate that having ethical values is just as important as gaining the technical skills in accounting. Even though, initiatives have been taken by KPM to integrate ethics into the DIA curriculum, the concern, as mentioned before, is whether there is adequate ethics integration into the DIA programme.

Currently, KPM only offers two courses that are related to ethics in the DIA programme, which are Business Ethics in semester one and Accounting Theory and Practice (ATAP) for final year DIA students. Furthermore, ethics is only a sub-topic that is incorporated in these courses. Unfortunately, starting July 2015, ATAP course was excluded from the main structure of Diploma in Accountancy for KPM's students. It was replaced by Taxation 2. The focus is to ensure that students will have prior knowledge and become more knowledgeable in taxation. Hence, KPM may produce students that are less aware of ethical concerns, even though the International Federation of Accountants (IFAC) has required that ethics be integrated into the accounting education curriculum.

Another issue that should be taken into consideration in relation to ethics education in the DIA programme is the background of the students. These students generally come from a less advantageous background, i.e. coming from lower income families, parents who have not had the opportunity to pursue higher education and coming from rural districts. Besides a minimum requirement of Sijil Pelajaran Menengah (SPM) results, the criteria for students to be selected in the DIA programme for KPM are based on the household income and their family's background. The household income must be in the range of average to lower income group. This is because MARA will fully sponsor the students for the whole period of their studies in KPM. Due to these criteria and background, it may subsequently influence their perception on ethics education. The DIA students could perceive that ethics education is important to be integrated at the DIA programme level or they may feel otherwise. Their perception on ethics education would be framed by their reasons for integrating or not integrating ethics into the DIA programme. Based, on the above,

there is a need to study these students' perception on ethics education as well as their reasons for their perception.

It is not only the students who would be affected by ethics being integrated into the DIA curriculum, but the educators as well. Since the ethics education component has been reduced in the DIA curricula, the imparting of knowledge on the importance of ethics in the profession is left to the lecturers themselves to emphasize the issue. However, lecturers having their own preferences on ethics education may cause differences and inconsistencies of the knowledge shared. This is as both parties play major roles in the implementation of the ethics education since they are the one who would be directly affected by the process. Therefore, the perceptions of the educators on ethics education and the techniques to implement it are also important. Next is the main objective of this study, as further elaborated in the next section.

1.2 RESEARCH OBJECTIVES AND RESEARCH QUESTIONS OF THE STUDY

The objectives of the study are:

- RO1: To investigate the perceptions of students and educators regarding the need for ethics education in the DIA programme.
- RO2: To determine students' and educators' reasons for integrating or not integrating ethics in the DIA programme.
- RO3: To evaluate students' and educators' perceptions on the appropriate ways and techniques of teaching ethics in the DIA programme, and
- RO4: To compare the perception of students and educators on ethics education in the DIA programme.

In line with the above research objectives, the following research questions are developed:

- RQ1: What are the perceptions of students and educators regarding the need for ethics education in the DIA programme?
- RQ2: What are the students' and educators' reasons for integrating or not integrating ethics into the DIA programme?
- RQ3: What are the students' and educators' perceptions on the appropriate ways and techniques of teaching ethics in the DIA programme?
- RQ4: Is there a difference in perceptions between students and educators on ethics education in the DIA programme?

1.3 MOTIVATION OF THE STUDY

There are a few motivations of this study. Firstly, most students in KPM are Muslim Bumiputra students and they generally come from less privileged backgrounds as stated earlier. Due to their background, the majority of DIA students lack confidence and aspiration that could affect their value system. An individual's value system would influence their perception. Hence, this study is motivated to determine the perception of DIA students on ethics education.

Secondly, this study hopes to assist in strengthening and upgrading the MARA DIA programme curriculum which could lack ethical components in an accounting training. Moreover, the perception of students may differ from those of their lecturers. Thus, this study is motivated to discover whether such discrepancies exist.

Particularly, the issue of ethics education should be made aware to the Higher Education authorities of MARA, as the government strives to reinforce and mould the students in terms of values, ethics and attitude through ethics education. As an initial

initiative to determine the adequacy of ethics education in KPM, views of the main players in the Diploma Accounting Programme must be obtained. This aim of gathering the viewpoints of those directly involved in the DIA programme, including in relation to ethics education, has motivated the current study.

1.4 SIGNIFICANCE OF THE STUDY

The research is significant due to the changes made by Bahagian Pelajaran Tinggi (BPT), MARA where the Accounting Theory and Practice (ATAP) course has been eliminated from the Diploma in Accounting curriculum since June 2015. Consequently, there is a query on the adequacy of ethics education in the DIA programme since the sub topic for ethics education in the ATAP course has also been eradicated. Insufficient coverage of ethics in the DIA curriculum can hinder the development of well-rounded students who are equipped with both technical competence and ethical values. Hence, it is crucial to determine the extent of ethics coverage and its adequacy in the DIA programme.

Likewise, this research is to identify and analyse the perception of educators and students of ethics courses offered by KPM. This information helps to provide important information and feedback to the Bahagian Pengajian Tinggi (BPT), Mara which is responsible for reviewing and revising the curriculum of DIA programme for all KPM in Malaysia. At the same time, it will provide new views to other colleges that provide diploma programmes such as UiTM, UKM, UM or any other private colleges. In addition, the research findings will provide some suggestions for educators on techniques in teaching ethics education and at the same time, will increase students' ethical awareness. Thus, this research is to give ideas and at the

same time assist the educators to create ethical awareness in students of the DIA programme. This can be done by teaching approaches and techniques.

Another aspect is the possibility of the difference in perceptions between the educators and the students. If it were found that there is indeed such a difference, imparting ethical knowledge may be less effective. This may be because educators may perceive that ethics education is important but the DIA students may not be interested as they may not consider it to be equally important. Moreover, the transferring of knowledge may be less effective as the educators may prefer certain ways of sharing knowledge in relation to ethics, but the students may prefer other ways of receiving this knowledge. Hence, it would be beneficial to compare the perception of students and educators on the issues of ethics education in order to determine mutually agreed upon perception and to alleviate possible differences. Reducing possible differences would enhance effective ways of disseminating knowledge on ethics within the DIA curriculum.

Finally, this study would extend the literature on ethics education. This is because research on ethics education in Diploma in Accountancy programmes seems to be neglected. As mentioned before, the literature tends to give priority to ethics education at the accounting undergraduate degree level. Thus this study would fill the gap in the literature, which may be of interest to future researchers.

1.5 ORGANIZATION OF DISSERTATION

The study is organized and structured into six chapters. Firstly, Chapter 1 provides the background of Kolej Professional Mara and its curriculum in Diploma in Accounting programme. It has also included a brief explanation on the background and problem

statements of the study, research objectives and research questions, motivation of the study, and the significance of the.

Chapter 1 ends with the organization of the study prior to the conclusion. Next, Chapter 2 consists of the literature review on ethics education. Generally, the literature is related to ethics education and specifically related to ethics in accounting. Moreover, this chapter highlights the empirical findings of methods used by some universities for ethics education in their accounting curricular and the development of learning ethics. Chapter 3 provides the theoretical framework based on the study. The theory related with ethics education are discussed and only one null hypothesis is developed, discussed and explained according to the Thorne's integrated model.

Subsequently, Chapter 4 presents the research method, which is based on a questionnaire. It also describes the selection of samples and provides a description of the statistical tests performed. Chapter 5 consist of the research findings and data analysis where the results of the statistical tests are discussed. The analysis of the educators' and DIA students' perceptions on ethics education is compared in this chapter. Lastly, Chapter 6 is the conclusion chapter. This chapter summarizes the study and concludes the findings of the research. It also includes the limitations and provides some recommendations for future research.

1.6 CHAPTER SUMMARY

The focus of the study is on the perceptions of DIA students and educators on integrating ethics education in the DIA programme in KPM. The research objectives of this study were specified in line with the research questions. The main purpose of the study is to gather the perception of the two groups of people directly involved in ethics education in the DIA programme, i.e. the DIA students and their educators. At

the same time, the findings of the study could provide useful information to Bahagian Pengajian Tinggi (BPT) to possibly improve the DIA syllabus in KPM, particularly in relation to ethics integration. After introducing the study in this chapter, the next chapter will provide a review of the relevant literature.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

In this era of globalization, 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 particularly in relation to ethical dilemmas. Education system has become a limelight, as it plays an important role in shaping future accountants. Several accounting associations namely the American Accounting Associations (AAA), the International Federation of Accountants (IFAC), the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institutions of Accountants (MIA) are the responsible bodies in academically preparing those accountants-to-be. Actions have also been taken by the said accountants associations in improving the 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 ethical topics (Mantzke, Carnes and Tolhurst 2005). The study from Felton and Sims (2005) explains that education institutions should develop well-targeted goals in teaching ethics. They have suggested ten goals, and they are listed below:

- i. Students should understand their core values at the end of the course since it is the main criteria in ethical decision making,
- ii. The topics and its complexities for ethics should be wider and broader since it goes beyond simplistic view of what is right and what is wrong,

- iii. Students should realize that ethics is embedded in all business decision making rather than an isolated discipline,
- iv. It should broaden students' cultural perspectives,
- v. It should enhance the confidence levels of students to discuss ethical issues in managerial and other settings,
- vi. Students should learn to consider the consequences of a managerial decision making for next generations,
- vii. By having these objectives, it should increase students' awareness of ethical and leadership accountabilities as managers such as exercising power responsibly and judiciously.

Thus, the issue arises as to why ethics is difficult to teach effectively in accounting and why even 'best practice' ethics teaching does not persist in students' minds when they progress to the profession. Daly (1997) offers two reasons. First, he argues that ethics education is too issue-driven. Ethics only becomes newsworthy every time there is a flurry of business failures and accounting scandals, and universities are then required to respond to that in their accounting courses. Hence, approaches to teaching ethics are fragmentary or poorly planned with inadequate materials and ill-prepared teachers. Perhaps these challenges in ethics education has promoted a growing literature on ethics education which is reviewed in the next section. This is followed by a review of studies on ethical awareness and perception on ethics, prior to identifying the gap in the literature.

2.2 ETHICS EDUCATION IN GENERAL

Ethics is considered as a crucial aspect in life. Learning ethics may help professionals to learn how to react accordingly in order to solve any ethical concerns by improving