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**Moral Intensity and Ethical Decision-Making of Business Students**

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**Abstract**

*The decades of business failures due to ethics breakdown in the accounting profession prompted studies to examine the ethical decision-making process of Accountants. Studies conducted using notable concepts such as Rest's ethical decision-making model and Jones' dimensions of moral intensity led to varying findings. Recently, ethical orientation has been gaining interest due to its linkage with ethical decision-making as a determinant in dealing with ethical dilemmas. However, there is a scarcity of studies to test the correlation between moral issues, ethical orientation, and the components of ethical decision-making stages in the academic context because the concentration was on audit work. It is then necessary to look at the factors that influence accounting students' ethical decision-making to come up with intervention/s on how ethics should be taught. Thus, this study utilized a descriptive and explanatory design and a questionnaire adapted from the study of Sweeney et al. (2009) to analyze the responses of undergraduate business students through correlation analysis, t-test, and One-Way ANOVA.*

*Results showed that 1) the demographic variables present an inconsistent relationship with ethical decision-making stages, 2) perceived social pressure is significantly related to ethical recognition and judgment while perceived potential harm is significantly related to ethical intention, and 3) ethical orientation does not influence the accountancy students' moral decision-making. Interestingly, ethical recognition and judgment appear to be reinforced strongly in students. However, the intention to do the morally right thing indicates a gap and exclusion of scenarios enabling students to do so.*

**Keywords:** *Ethics, Accountancy, Ethical Decision-Making, Moral Intensity, Ethical Orientation*

## **Introduction**

The past decades showcased a succession of business failures, with numerous worldwide accounting and corporate crises (i.e., Enron, WorldCom, and Lehman Brothers) that drew interest in the accountant's ethical conduct and the development of accounting ethics education thereafter.

In an article by Mintz (2021), he chronicled accounting ethics developments concerning his long-standing career. According to Mintz (2021), information regarding accounting ethics was scarce. An exception was Loeb's book of writing on ethics and the Treadway Commission's report. Teaching ethics to business students was recommended to raise awareness of critical issues surrounding the profession, as well as the integration of ethics in the accounting curricula that will aid in preventing, detecting, and deterring fraudulent financial reporting. The Treadway Commission mainly put forward the development of situational case studies to stimulate students' ethical decision-making (as cited by Mintz, 2021).

Following his book, in 1988, Loeb presented a seminal paper on the goals of accounting ethics. He suggested seven goals, which he adopted from D. Callahan's "Goals in the Teaching of Ethics." Similar to the Treadway Commission's report, the goals aim to "develop a sense of moral obligation and the abilities to deal with ethical conflicts or dilemmas" (Mintz, 2021).

Following Loeb's was William May's eight-step ethical decision-making model (American Accounting Association, 1990, as cited in Mintz, 2021). This served as the basis for Langenderfer and Rockness's ethical decision-making model and the scion for their paper "Integrating Ethics into the Accounting Curriculum: Issues, Problems, and Solutions." which discussed how ethics should be integrated into the accounting curriculum (Mintz, 2021).

However, these developments were predominantly discussed only by academics. To date, the probes on accounting ethics education have not waned due to the differing views and recommendations on the topic. Consequently, the importance of the exhibition of ethics in accounting practice has increased. Since there was no standardized method of teaching ethics to accounting students by authorized regulatory bodies, many researchers have been dwelling on how to teach ethics best, hoping to find solutions that could have prevented the scandals from happening.

Various studies have examined ethical decision-making to show how individuals act in an ethical or unethical situation. One notable concept is Rest's (1986) four-stage ethical decision-making model. These four stages of gradation are moral awareness, moral judgment, moral intention, and moral action. These stages are put together with the presumption that the end shall lead to an ethical decision and ethical action.

Several variables have been proposed, and substantial correlations with these stages have been discovered. The variables include individual, organizational, environmental, and behavioral

beliefs. However, Jones (1991) argued in his paper "Ethical decision making by individuals in organizations: An issue-contingent model" that none of the existing ethical decision-making models explicitly includes the effects of the characteristics of the moral issue itself. Hence, Jones introduced the six dimensions of a moral issue: the probability of effect, the concentration of effect, the magnitude of consequences, temporal immediacy, social consensus, and proximity, which he collectively called moral intensity. These moral intensity components significantly affect ethical decision-making and behavior at all process stages.

Moving on, several studies investigated the correlation between Jones' moral intensity components and Rest's ethical decision-making process (Carlson et al., 2002; Goles et al., 2006; Lincoln & Holmes, 2011; Musbah et al., 2014; Sweeney & Costello, 2009), which resulted in varying findings. According to Goles et al. (2006), the significance of each component varies depending on the characteristics of the scenario. Each element of moral intensity has been researched for one or more stages of the ethical decision-making process. However, Singhapakdi et al. (1996) presented a different approach. His study proposed two dimensions to represent the six individual moral intensity components. They are overall harm and societal pressure. Overall harm comprises the probability of effect, the concentration of effect, the magnitude of consequences, and temporal immediacy, while societal pressure includes the remaining items, social consensus, and proximity.

However, some research questions Singhapakdi's (1996) contention (see Valentine and Silver, 2004). Thus, Sweeney and Costello (2009) conducted an exploratory factor analysis on the six dimensions of moral intensity with varimax rotation. Their study identified two factors similar to Singhapakdi (1996) except for scenario four, where the second factor only loaded proximity. However, for consistency, Sweeney and Costello (2009) opted for the same division

as Singhapakdi and proceeded with the two-factorial outcome for subsequent testing. Therefore, this study, at hand, broadens ethics research by focusing on the impact of the two dimensions of moral intensity on ethical decision-making processes sans moral action, similar to Singhapakdi (1996) and Sweeney and Costello (2009). In this paper, moral action was not examined based on the citation of Sweeney and Costello (2009), who claimed the difficulties in measuring an individual's actual behavior.

Based on the review of related literature, another factor researchers studied that affects and provides guidelines in an individual's decision-making process is the ethical orientation (see Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993). Forsyth (1985) explains two components of ethical orientation: idealism and relativism. Idealism believes that doing what is ethical can produce desirable results with the perception that harming others can always be avoided (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993). On the contrary, relativism rejects universal moral rules to guide behavior (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993). Relativism speaks of what is moral or ethical depending on the situation.

Ethical orientation is one of the many factors studied by researchers that affects and provides guidelines for an individual's ethical decision-making process (see Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993). Varying ethical orientation can lead to disputes about what is ethical and what is not, about the situation on when an individual should be morally sensitive (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993), the ethical judgment made (Ballantine & McCourt, 2011; Douglas et al., 2001; Marques & Pereira, 2009; Vitell et al., 2003), and what leads to their moral intention (Vitell et al., 2003). For this reason, it is vital to consider and evaluate ethical orientation as a determinant that affects an individual's

decision-making in dealing with ethical dilemmas (Chan & Leung, 2006). However, very few studies may have been conducted to test the correlation between ethical orientation and the components of Rest's (1986) sequential steps in ethical decision-making, particularly on moral identification, moral judgment, and moral intention. In addition, various research studies (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993) were undertaken in the auditing work setting, but limited studies were conducted to test hypotheses in the academic setting, mainly for accountancy students.

Hence, this study focused on accountancy students rather than professionals because they are the future professionals expected by society to make ethical decisions. It is critical to establish morals and values in accountancy students during their early professional growth in order for them to become ethical once they enter the actual work setting. Since the accounting profession deals with sensitive information of individuals and organizations, such as financial details and employee data, keeping such information confidential is critically essential in compliance with ethics.

The primary purpose of this study was to look at the factors that influence accounting students' ethical decision-making to come up with intervention/s on how ethics should be taught to accounting students. Further, this research aimed to contribute to the body of knowledge by extending Jones's (1991) theoretical framework to develop learning materials to improve accountancy students' moral sensitivity, judgment, and intention. Jones's theory was also coupled with another variable to be tested: ethical orientation. The variables were examined for their relationship with Rest's first three stages of ethical decision-making.

This research undertook the following objectives: 1) to determine the measured difference of the individual characteristics (educational level, academic major, academic

performance, age, and gender) in the ethical decision-making process of the students, and 2) to investigate the relationship of moral intensity factors namely perceived potential harm (probability of effect, concentration of effect, magnitude of consequences, and temporal immediacy), and perceived social pressure (proximity and consensus) on the ethical decision-making process, and 3) to address and evaluate if ethical orientation is a factor that could affect the students' capability to recognize ethical issues, improve moral judgment, and develop moral intention.

### **Review of Related Literature**

#### **Age, gender, educational level, academic major, and academic performance on the moral intensity and ethical decision-making**

Age, like gender, also produces contrasting results, as evidenced by the study by Craft (2013). Stevens (1984) concluded that age has no significant influence on the ethical position of students and executives. Kuntz et al. (2013) concluded that age did not significantly impact ethical decision-making. Eweje and Brunton (2010) showed that older students were not necessarily more ethically guided than younger students, so they could not claim a significant relationship between the ethical perceptions of respondents and age. On the other hand, a fair amount of research studies found that age is positively and significantly correlated with ethical decision-making (e.g., Bateman & Valentine 2010; Walker et al. 2012).

Gender is one of the factors widely examined concerning ethical decision-making. Existing literature showed mixed results. A handful of recent studies found no significant differences (e.g., Costa et al. 2016). Musbah et al. (2016) stated that limited sample size is one of the probable reasons that other studies found no correlation between individual factors and decision-making stages. However, this statement is not conclusive in any particular study.

Socialization theory by Gilligan (1982) proposed that women have care-based morality while men have justice-based morality. This means that women evaluate ethical issues regarding their caring nature and interconnected relationships with other people, while men, on the other hand, act based on justice and fairness. Research findings suggest that women are more ethically oriented than men (e.g., Silver & Valentine 2001). The study “The survey of whistleblowing intentions for accounting frauds based on individual demographic differences among accounting staff” by Toolami et al. (2019) agrees with Gilligan’s (1982) socialization theory. Consistent with the theory, women’s approach is based on compassion; thus, women have higher whistleblowing intentions for account manipulation and embezzlement than men (Toolami et al., 2019).

Thomas (2012) found that higher-level accounting students have higher deliberative reasoning ability than first-year accounting students because they frequently use conventional post-judgment reasoning methods, which allows them to make more ethical decisions than those in their early years of accounting. Furthermore, Pierce and Sweeney (2010) concluded that level of education has a significant association with perceived ethical culture, a variable that impacts the ethical decision-making process. A recent study by Anggraini et al. (2020) showed that learning experience positively affects the level of ethical awareness of the students and their ability to make ethical decisions.

Past studies found that accounting students were more likely to have higher ethical profiles than non-accounting students, as evidenced by their ability to identify ethical dilemmas (Sweeney & Costello, 2009) and their strong sense of ethical intention (Cohen et al., 2001). Furthermore, Alleyne et al. (2013), which examined personal values and ethical behavior perceptions between accounting and non-accounting students in the Caribbean, showed that



accounting students perceive themselves as more ethical than non-accounting students. In a more recent research paper (Weber & Urick, 2017), however, it was found that millennials who specialize in finance demonstrate more importance for moral values than any business discipline group. This result contradicts past studies which concluded that accounting students are more ethically oriented.

O'Fallon and Butterfield (2005) stated that scholars often use grade point averages when the research sample involves students. These scholars stressed the influence and impact of academic performance on decision-making properties (Segon & Booth, 2015). Dunegan (2010) concluded that students with high average grades are more likely to make complex decisions. In contrast with these results, the study by Chan and Leung (2006) indicated that accounting students' academic achievement does not impact their ability to recognize ethical issues in a professional scenario.

H1 <sub>a</sub> , H1 <sub>b</sub> , H1 <sub>c</sub>	There is a significant difference one ethical recognition, ethical judgment, and ethical intention when respondents are grouped based on gender, age, level of education, academic major, and academic performance.
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**Moral intensity and ethical decision making**

The first dimension of moral intensity constructed by Jones (1991) is the magnitude of consequences which he defined as "the sum of the harms (or benefits) done to the victims (or beneficiaries) of the moral act in question." Moral awareness, the first step in Rest's (1986) four stages, recognizes that a situation contains moral issues. In line with moral awareness, much research (see Butterfield et al.; Chia and Mee, 2000; Frey, 2000) found it significantly associated with the magnitude of consequences. However, the study of Lincoln and Holmes (2011)

concluded otherwise. It said, "While moral awareness requires for an individual to be sensitive to the possibility that his/her actions may affect other people, yet the decision-maker may not have formulated potential consequences to evaluate in terms of their magnitude or probability."

In the second stage of Rest's ethical decision-making model, varying results came up. Moral judgment is where an individual deliberates possible courses of action and identifies which one would be the best and most justifiable. Many researchers have concluded that the magnitude of consequence strongly predicts moral judgment. Lincoln and Holmes (2011) agreed with this strong association, explaining that when individuals make judgments, they also consider the consequences of their actions and the degree of harm or benefit they might cause. However, Johari et al. (2013) mentioned that in their previous study, instead of the magnitude of consequences, auditors in Malaysia perceived proximity as the most significant predictor, followed by social consensus. This result difference indirectly coincides with Jones' (1991) statement that moral reasoning is issue-dependent. In addition, Barnett (2001 in Sweeney and Costello 2009) mentioned that studies having older people as respondents showed the magnitude of consequences as the most significant dimension of moral intensity, indicating a higher level of moral reasoning enacted by the older to younger respondents.

A more consistent result regarding moral intention is the third step of Rest's (1986) four stages of decision making, where an individual chooses a moral decision over any other decisions of different value. Much research on moral intention (see Barnett, 2001; Morris & McDonald, 1995) concluded that it is strongly associated with the magnitude of consequences. Lincoln and Holmes (2011) agreed to this strong association. Choosing to behave morally rather than otherwise may force the individual to weigh the costs or benefits of his/her actions.

Jones (1991) defined social consensus as the "degree of social agreement that a proposed action is evil (or good)." He asserted that people look to social guidelines and norms to reduce ambiguity when facing an ethical issue. As a result, their perceptions of the goodness of various actions will be influenced. Chia and Lim (2000) contend that social consensus reduces ambiguity and, as a result, improves ethical recognition, ethical judgment, and ethical behavior. Social norms, principles, and habits can shape the "established conventions" that people adapt to in society, and these established conventions represent a social consensus on what is right (Chia & Lim, 2000). As a result, moral intensity decreases when society agrees on an ethically acceptable action, while it increases when the community agrees on an ethically unacceptable action (Musbah, 2010). Earlier research has discovered that the magnitudes of consequences and social consensus are the most critical factors in explaining an individual's ethical decision-making (Ng et al., 2009).

Two studies found a positive relationship between social consensus and ethical recognition (Barnett & Valentine, 2004; Butterfield et al., 2000), while the third found no significant influence (May & Pauli, 2002). Three studies looked at social consensus and discovered a link between it and ethical recognition (Barnett & Valentine, 2004; Leitsch, 2004). Eight studies looked at social consensus; most found significant and positive relationships between social consensus and ethical judgment (e.g., Shaw, 2003; Singer et al., 1998). Four studies found that the impact of social consensus on moral judgment had a positive effect (e.g., Leitsch, 2004). Three of these studies (Barnett, 2001; Harrington, 1997; May & Pauli, 2002) found that social consensus influenced ethical intention significantly and positively, while one study (Barnett & Valentine, 2004) found no significant findings. The survey's perceived social consensus was associated with moral issue recognition and ethical judgments, but only for

frequent fliers. This finding supports Hunt and Vitell's (1986) ethical decision-making model, which proposes that perceptions of the cultural environment influence individuals' beliefs about the rightness or wrongness of specific actions.

According to Musbah (2010), the significance of social consensus suggests that management accountants' perceptions of society's attitudes toward issues may influence their ethical decisions. According to Kohlberg's (1969) model, individuals are affected by societal rules that reflect the community's consensus on the ethicality of specific actions at traditional levels of ethical reasoning. Jones (1991) also argued that people look to societal norms to reduce ambiguity when facing ethical dilemmas. Individuals are more likely than not to make decisions consistent with societal norms when there is societal consensus. Furthermore, Sweeney and Costello (2009) argue that organizational consensus is expected to impact perceived social consensus significantly. According to Kohlberg's theory, the post-conventional level of moral reasoning proposes that as "individual's progress, general ethical principles and the fairness of rules will be applied to guide actions." According to Barnett (2001), when the participants are students, on average, about 20 years old, their beliefs about societal opinions will significantly impact them. However, this was only true at the stage of accounting students' ethical intentions. Several studies (Flannery & May 2000; May & Pauli, 2002; Singhapakdi et al., 1996; Ajzen Fishbein, 1980) found a significant relationship between the dimensions of moral intensity and ethical intention, with ethical intention as one of the most important predictors of subsequent behavior.

According to the findings of Holmes and Lincoln's (2011) study, the moral intensity component, social consensus, is significantly associated with ethical awareness, judgment, and intention. When students recognize a moral issue, form a decision, and decide how to act, they

are heavily influenced by what they believe others in their social group consider morally right or wrong. These results support previous studies on the importance of social consensus in ethical decision-making (Chia & Mee, 2000; Barnett, 2001; Butterfield et al., 2000; Frey, 2000; Harrington, 1997; Singhapakdi et al., 1996). Conformity studies in social psychology have consistently indicated significant power over the individual (e.g., Asch's conformity experiments, 1956); as a result, the strong impact of social consensus is not surprising. Raising an individual's awareness of his susceptibility to social group influence will allow them to consciously consider to what extent groups can influence them positively and negatively in their decisions.

When moral intensity is broken down by component, the social consensus component emerges as the primary driver of the results. As a result, social consensus is the only component of moral intensity that significantly influences ethical judgments (Fiolleau, 2013).

One of Jones' (1991) factors of moral intensity in ethical decision-making is temporal immediacy. Temporal immediacy is the time between the act and its consequences (Jones, 1991). According to Jones (1991), the more limited the timeframe, the greater the moral intensity. This might be because individuals will generally see that the more prominent the time between the act and its results, the lower the likelihood of the decision causing any damage (Jones, 1991). In other words, the period between settling on a choice and the beginning of its outcomes impacts people's assessment cycle, where they may even bargain their standards when deciding on a choice.

Empirical research on the relationship between temporal immediacy as a component of moral intensity and the stages of ethical decision-making resulted in varying findings. In the first stage of Rest's (1986) ethical decision-making model, moral identification, Singhapakdi et al.'s (1996) study proposes two dimensions to represent the six items of moral intensity components.

They are overall harm and societal pressure. Overall harm comprises the probability of effect, the concentration of effect, the magnitude of consequences, and temporal immediacy, while societal pressure includes the remaining items, social consensus, and proximity. This study shows that both dimensions were significant determinants of moral identification using marketing professionals as respondents. A more recent study by Sweeney and Costello (2009) and Yang and Wu (2009) also resulted in similar findings with a slightly different population of accounting students.

In the second stage of Rest's ethical decision-making model, moral judgment, Singhapakdi et al. (1996) found that the probability of effect, the concentration of effect, magnitude of consequences, and temporal immediacy are significantly related to ethical judgment. In the study of Shawver (2011) about the effect of moral intensity on the whistleblowing intention of accounting professionals, a similar result emerged. However, proximity and societal consensus have a more significant impact (Shawver, 2011). This finding was also the case with Sweeney and Costello (2009) and Morris and McDonald (1995). A contradicting result found its way in Barnett and Valentine's (2004) study, where the only significant variables related to ethical judgment were social consensus and the magnitude of consequences. Further investigation for the third stage and temporal immediacy is still needed.

Prihatiningtias and Nurkholis (2017) described the “probability of effect as a combined function of the probability that the action in question will ultimately be taken, which will either result in a predicted loss or gain.” Prihatiningtias and Nurkholis (2017) assert that fewer possibilities will reflect lower moral intensity.

Some research observed that magnitude of consequences and social consensus were strong predictors of moral judgment (Barnett, 2001; Morris & McDonald, 1995; Singer, 1998).

An individual's judgment of a moral situation is greatly affected by the consideration of the individual on the magnitude of consequences, probability of effect, and social consensus (Lincoln and Holmes, 2011). However, further investigation on the influence of the probability of effect is needed as previous researchers concluded that the relation of the probability of effect is undetermined. For example, Frey (2000) found a significant prediction of moral judgment from the factor probability of effect. Contrary to this, the study of Singer (1998) observed that the probability of effect has less relative influence.

For moral intention, studies mentioned that concentration of effect, proximity, and temporal immediacy have less influence on an individual's moral intention (Barnett, 2001; Frey, 2000). These factors were all noted as strong predictors of moral intention. An individual's intention to act in morally charged situations is significantly affected by the magnitude of consequences, probability of effect, and social consensus. Further, an association exists between proximity and an individual's intention to act but is lesser than the dimensions mentioned above.

One of the factors of moral intensity by Jones (1991) is proximity. Jones (1991) defined it as "the feeling of nearness (social, cultural, psychological, or physical) that the moral agent has for the victims (beneficiaries) of the evil (beneficial) act in question." For the moral decision-making process to begin, one must recognize the moral issue (Jones, 1991). According to Hunt and Vitell (2006), some people are more ethically sensitive than others, and some never recognize the presence of an ethical dilemma. Due to variations in how people recognize ethical dilemmas that contribute to their ethical behavior, the question arises: Why do some people, but not others, recognize when an ethical issue exists in a decision situation? (Sparks & Hunt, 1998). According to Barnett and Valentine (2004), issue contingencies, such as proximity, explain a significant portion of the differences in why people recognize ethical dilemmas differently.

Because greater proximity is likely to increase the moral intensity, it should be related to a greater sensitivity to ethical issues (Barnett & Valentine, 2004). There were mixed results shown from previous studies of proximity concerning ethical recognition. For instance, Lincoln and Holmes (2011) found that proximity strongly predicted moral awareness. Barnett and Valentine (2004) found that proximity did not receive empirical support, thus, deemed unrelated to the respondent's recognition of ethical issues.

Proximity affects not only one's ethical recognition but also their ethical judgment. After recognizing ethical issues, individuals enter the second step, an ethical judgment concerning related ethical issues raised (Valentine & Godkin, 2019). There has been a lack of support for the effect of proximity on ethical judgment. One explanation would have to do with the fact that the study of McMahon and Harvey (2006) and most that preceded this used a between-subjects design where subjects were only exposed to scenarios written with a low moral intensity or high moral intensity (or "neutral" moral intensity in the control condition), depending on the condition to which they were randomly assigned (McMahon & Harvey, 2006). Mixed results were also shown in the relationship between proximity and ethical judgment. According to Lincoln and Holmes (2011), proximity was a weak predictor of moral judgment and considered a less important factor. Since proximity has a weak relationship with ethical judgment, its association with ethical decision-making remains unclear (Lincoln & Holmes, 2011). The same goes for some research where it was found that the proximity factor was the weakest and did not significantly affect ethical judgment (Barnett & Valentine, 2004; McMahon & Harvey, 2006; Sweeney & Costello, 2009). On the other hand, Palacios et al. (2017) found that proximity indirectly impacts judgment through cost-benefit, leading to a higher ethics perception.



Furthermore, the relationship between proximity and ethical intention was also studied. After an ethical judgment is made, the formulation of an intention to act ethically based on assessing the 'right choice' compared to the Rest of the alternatives proceeds as the next step in Rest' (1986, as cited in Sweeney & Costello, 2007) ethical decision-making framework. According to Barnett and Valentine (2004), only a handful of studies have empirically addressed the relationship between issue contingencies, which proximity is a part of, and behavioral intentions. Some of the different studies that tackled the relationship of the variables mentioned above are from Barnett and Valentine (2004), which concluded that marketer's perception of more excellent proximity to those potentially affected by a given action is positively related to their expressed intentions to engage in a similar action while Valentine and Godkin (2019) found out that proximity was negatively related to ethical intention suggesting that the relationship is not persistent or noteworthy. Despite the negative relationship of proximity to ethical intention, as a whole, more vigorous moral intensity is associated with decision-making that is more ethical (Valentine & Godkin, 2019).

Jones (1991) defines the concentration of effect as “an inverse function of the number of people affected by an act of given magnitude.” In their study, Sweeney and Costello (2009) stated that Jones (1991) “theorized that if any component increases, it is generally expected that the overall level of moral intensity will also increase, and vice versa, assuming all remaining components are constant.” There is a higher concentration of effect when an unethical act harms fewer people (Carlson et al., 2002), increasing the moral intensity. However, “moral intensity is situation-specific; that is, the significance of each component varies by scenario” (Goles et al., 2006). Hence, the effect concentration can be insignificant even if the situation indicates a high concentration. However, Carlson et al. (2002) found that the ethical perception of the

concentration of effect or probability of effect was unaffected by changes in the features of the issues.

Several studies investigated the correlation between Jones's moral intensity components and Rest's ethical decision-making process (Carlson et al., 2002; Goles et al., 2006; Lincoln & Holmes, 2011; Musbah et al., 2014; Sweeney & Costello, 2009). According to Lincoln and Holmes (2011), most studies on moral awareness show that social consensus and the magnitude of consequences are strong predictors of moral awareness, while the concentration of effect is not.

Carlson et al. (2002) showed that the concentration of effect did not significantly influence the moral judgment in all three scenarios: self-oriented, others-oriented, and organization-oriented. Lincoln and Holmes (2011) also stated that studies suggest that proximity, temporal immediacy, and concentration of effect are not strong determinants of an individual's moral judgment and moral intention. Also, Lincoln and Holmes (2011) and Musbah et al. (2014) did not include the effect concentration in evaluating the components of moral intensity. Lincoln and Holmes (2011) stated that it is "because other research has failed to find empirical support for its [concentration of effect] inclusion in the moral intensity construct."

According to Goles et al. (2006), studies suggested that the significance of each component varies depending on the characteristics of the scenario. This explains why the probability and concentration of effect were inconsistent in their significance in given scenarios. Goles et al. (2006) also added that another possible explanation, which he based on the study of Jones in 1991, is that "there exists a cognitive bias in risk perception that often leads people to underestimate potential future risky or harmful implications of a situation and that it may have weakened the recognition of these two components."

**Multidimensionality of moral intensity**

While the components of moral intensity provided various findings individually, some research exists to question whether they are uni-dimensional (Valentine and Silver, 2001) or multi-dimensional (Singhapakdi et al., 1996). Sweeney and Costello (2009) affirm its multidimensionality in their research. The exploratory factor analysis they conducted yielded two factors for moral intensity for each of the four scenarios. They were identified as perceived social pressure and potential harm, similar to Singhapakdi et al. (1996). Thus, in testing, if the moral intensity components are positively correlated with ethical decision-making, the components will be loaded using the two factors identified, and we are to test the following hypotheses:

H2<sub>a</sub>, H2<sub>b</sub>, H2<sub>c</sub> Perceived social pressure positively correlates with ethical recognition, judgment, and intention.

H3<sub>a</sub>, H3<sub>b</sub>, H3<sub>c</sub> Perceived potential harm positively correlates with ethical recognition, judgment, and intention.

**Ethical orientation and ethical decision making**

Several researchers studied ethical orientation based on Forsyth's (1980) component of ethical orientation – Idealism and Relativism (see (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993). Idealism believes that doing what is ethical can produce desirable results with the perception that harming others can always be avoided (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993). Idealism is concerned with the welfare of others (Johari et al., 2017). Thus, a less idealistic person will most likely perceive undesirable outcomes than desirable ones. On the contrary, relativism rejects universal moral rules to guide behavior (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993). A relativistic individual is less sensitive

to the welfare of others and perceives that harming others may be necessary at times for the greater good. This approach is more skeptical because ethics can be viewed in various ways and criticizes the adoption of universal guiding principles (Shaub et al., 1993).

Ethical orientation is one of the many factors studied by researchers that affects and provides guidelines for an individual's ethical decision-making process (see Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993). Empirically, several studies utilized the Ethics Position Questionnaire (EPQ) developed by Forsyth in 1980 to help explain various decisions made by individuals and identify a person's ethical orientation (see Chan & Leung, 2006; Marques & Pereira, 2009; Vitell et al., 2003).

With regards to ethical orientation and ethical recognition, according to Chan and Leung (2006), accountancy students differ in their sensitivity to recognizing and identifying embedded ethical issues and their perception of the importance of ethical issues identified. Prior studies (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993) on auditors indicate that ethical orientation does not significantly relate to an individual's ability to recognize ethical issues in a professional context. Nevertheless, idealism is said to have a positive correlation to moral identification. This means that highly idealist auditors are more likely to identify unethical conduct. Thus, they should find it easier to commit to the goals and guidelines of the profession (Shaub et al., 1993). Relativism, on the other hand, is negatively correlated with moral identification. Thus, relativistic auditors were less likely to detect ethical issues in the professional scenario. Such findings are consistent with Chan and Leung (2006), Johari et al. (2017), and Shaub et al. (1993). Prior empirical studies found that ethical orientation directly relates to ethical sensitivity (Chan & Leung, 2006; Johari et al., 2017; Shaub et al., 1993).

Ethical orientation and ethical judgment, on the other hand, as addressed by Schlenker and Forsyth (1977) and Forsyth (1980), an individual's ethical ideology is a factor capable of explaining differences in moral judgments (as cited in Marques & Pereira, 2009). However, empirical study suggests different results. In the study of Marques and Pereira (2009), idealism and relativism were not significant determinants of ethical judgment. Furthermore, relativism had a more substantial effect on ethical judgment, contrary to the findings of moral sensitivity. However, Marques and Pereira (2009) deduced that the ethical scenarios used from the EPQ were not unethical enough to trigger ethical orientation as a significant factor in ethical judgments due to the inconsistent answers of the respondents.

On the contrary, in the study of Ballantine and McCourt (2011), Douglas et al. (2001), and Johari et al. (2018), there is a significant direct effect of idealism in ethical judgment in situations of high moral intensity but not relativism. There is no significant relationship between relativism and moral judgment in whatever circumstances (Ballantine & McCourt, 2011; Douglas et al., 2001; Johari et al., 2018). It is important to note that Ballantine and McCourt (2011) also found some inconsistencies, such that the two scenarios were not significant for idealism. Thus, Ballantine and McCourt (2011) concluded that idealism could not be reported as a significant predictor of ethical judgment for final-year undergraduate accounting students. Interestingly, Vitell et al. (2003) counter previous results. It is found that idealism and relativism do not significantly correlate with ethical judgment (Vitell et al., 2003). Overall, one possible conclusion of such inconsistency in results and findings is that for high moral intensity situations, the moral intensity may dominate one's moral perspective to the extent that ethical orientation is no longer significant in determining ethical judgment (Vitell et al., 2003). However, the samples of Vitell et al. (2003) vary from the previously mentioned studies, such

that Vitell et al. (2003) respondents were marketing managers, unlike the other reviewed research, which had accountants (Douglas et al., 2001; Marques & Pereira, 2009), accountancy students (Johari et al., 2018) and undergraduate auditing courses (Ballantine & McCourt, 2011) as respondents.

The influence of ethical orientation idealism on moral sensitivity and moral judgment of auditors and accountants can be seen in previous studies (see (Ballantine & McCourt, 2011; Douglas et al., 2001; Johari et al., 2017; Marquez & Pereira, 2009; Shaub et al., 1993). The challenging part of forming ethical mores is acting ethically once an ethical issue is identified (Guffey & McCartney, 2008). However, measuring the ethical behavior of individuals may be complex and intimidating as people vary in actions taken. Thus, this study will only consider Rest's (1986) three out of four components: moral sensitivity, moral judgment, and moral intention. Guffey and McCartney (2008) identified a relationship between accounting students' perceived importance of ethical issues and their likelihood to act unethically in light of the academic setting. According to Guffey and McCartney (2008), "the more serious the issue is perceived to be, the less willing the individuals are to act in an unethical manner, and vice versa." This is consistent with the study of Shim et al. (2017), except the study focused on two ethical orientations: deontology (taken as idealism in the CSR context) and consequentialism (as relativism). Such findings were also in line with McManus and Subramaniam (2009), which suggest that ethical orientation is another attribute that affects early career accountants' perception of moral intensity and, to a lesser extent, the choice of ethical behavior. Guffey and McCartney (2008) suggest that a two-step approach strategy to ethical decision-making among students should be implemented: one, identify and communicate the ethical issues that are of

importance to the institution, and two, manipulate environmental contexts such that students will see these issues as being important.

On the contrary, Vitell et al. (2003) found that idealism does not directly influence behavioral intentions. However, the hypothesis that relativism will be negatively related to behavioral intention was partially supported, indicating that a marketing professional with a relativistic perspective may agree with a questionable alternative as an acceptable course of action (Vitell et al., 2003). Cohen et al. (2001), as cited in Guffey and McCartney (2008), found that accounting professionals perceive some actions to be more unethical than business students.

The limitation of all the literature reviewed was that most of the studies were conducted in the auditing context (Johari et al., 2017; Shaub et al., 1993), marketing (Vitell et al., 2003), and professional accountants (Douglas et al., 2001; Marques & Pereira, 2009). Thus, this study will examine whether the findings will result in accountancy and business students and establish a clear relationship between ethical orientation and the three components of Rest's moral intensity. Therefore, the following hypotheses are proposed.

H4<sub>a</sub>, H4<sub>b</sub>, Ethical orientation idealism is positively correlated with ethical recognition,  
H4<sub>c</sub> ethical judgment, and ethical intention.

H5<sub>a</sub>, H5<sub>b</sub>, Ethical orientation relativism is positively correlated with ethical recognition,  
H5<sub>c</sub> ethical judgment, and ethical intention.

### **Framework**

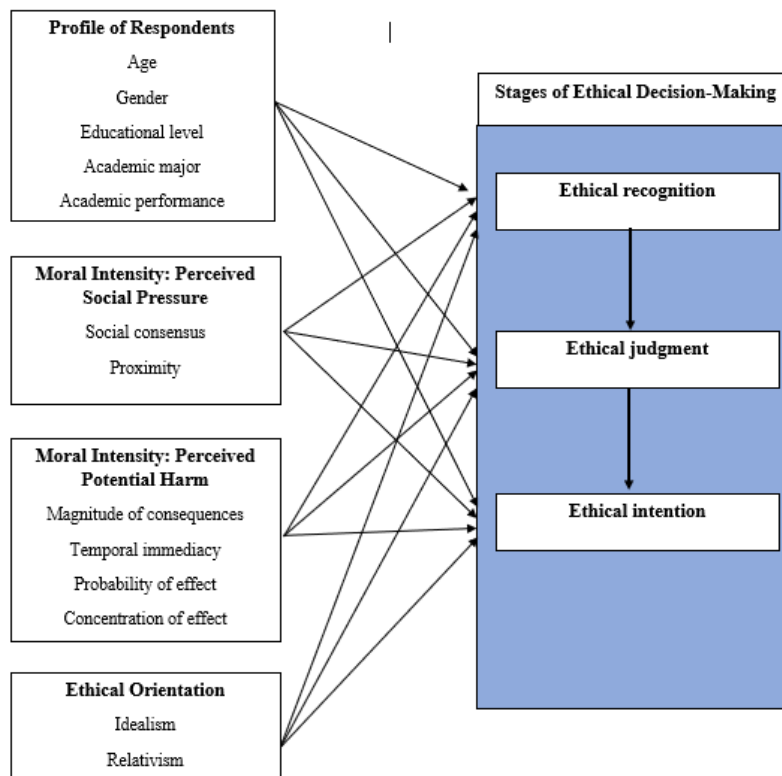
The ethical decision-making model that was adopted in this study hypothesized that individual variables (educational level, academic major, academic performance, age, and gender), moral intensity dimensions (perceived social pressure and perceived potential harm),

and ethical orientation (relativism and idealism) have relationships with the first three stages of ethical decision making (recognition, judgment, and intention) as constructed by Rest (1986).

Based on the literature review, this study's theoretical framework was established. The correlation of the individual factors, moral intensity components, and ethical orientation to the first three stages of the ethical decision-making process is depicted in this paradigm.

**Figure 1**

*The Framework of the Study*



The study's findings will significantly benefit all students, accountancy students in particular, as they are the main subject of this study. Evaluating the students' ethical behavior will help them assess themselves and improve their academic performance and good moral



character. This study will also help professors evaluate their students properly. It will signal the need to improve ethics education for accountancy undergraduates and their ethicality before practicing the profession. This study will also benefit future researchers who propose using the factors as a reference to replicate the findings in other samples within the accounting field to confirm results and learn from them.

## **Methodology**

### **Research design**

This study was both descriptive and explanatory research. It aimed to describe the population of the study and further test for inferences between independent and dependent variables. For the explanatory research, quantitative was the most appropriate method, considering that several researchers like Sweeney and Costello (2009) and Musbah (2010) have applied the same. Likewise, the questionnaire utilized for this study, from the study of Sweeney and Costello (2009), used the same research methods, with the part on ethical orientation, which was also adopted from the study of Musbah (2010).

### **Respondents and sampling procedure**

The researchers wanted to conclude the factors that affect accounting students' ethical decision-making. The survey questionnaire was floated to accounting and non-accounting undergraduate students in all year levels currently enrolled during the first semester of Academic Year 2021-2022 at the Saint Louis University, Baguio City, Philippines - School of Accountancy, Management, and Computing Information Studies (SAMCIS). The researchers utilized a convenience sampling technique in this study. A total of 452 accounting and non-accounting students became part of the respondents to assess differences and relationships between the variables. The respondents were chosen for easier access to data as the researchers

are currently enrolled in this University. Participation by respondents in this study was voluntary, and students received assurances that the online survey was confidential and will not be disseminated beyond research purposes.

### **Instrument**

One of the objectives of this study was to identify what individual characteristics affect an accounting and non-accounting student's moral intensity and ethical decision-making process. This information formed Block A of the questionnaire, referring to the profile of the respondents. The profile of the respondents included age, gender, educational level, academic major, and academic performance (GWA) that affect a student's response to the factors of moral intensity and the specific scenarios concerning work-related ethical dilemmas.

Identical to the study of Sweeny and Costello (2009), which was an inspiration to conduct this research, the researchers have chosen and adapted the questionnaire for Block B alongside Musbah (2010) for Block C to examine the research hypotheses. As such, Blocks B and C showcase the main meat of the research. Block B presented mini-cases on ethical issues in decision-making activities. Each mini case comprises scenarios concerning ethical dilemmas: approving prohibited expenditures by the company, manipulating financial statements, cutting the flow of capitalized expenditure policy, and supporting risky sales for the company. The scenarios have already predetermined actions that the respondents shall examine. After that action, 12 statements were answered using a seven-point Likert scale: strongly disagree, disagree, slightly disagree, neither agree/disagree, slightly agree, agree, and strongly agree. Each of the statements corresponds to an individual evaluation. Statement nos.1&3 was based on the study of Singhapakdi et al. (1996), which calculates the recognition of ethical dilemmas and intention. Statement 2 was taken from May & Pauli (2002), which evaluates the ethical

considerations, while Statements 4-9 were adapted from the study of Singhapakdi et al. (1996), focusing on the components of moral intensity: the magnitude of the consequences, social consensus, probability of effect, temporal immediacy, proximity, and the concentration of effect.

The last part of the questionnaire, block C, presented compromising situations. The respondent indicated the extent to which they agreed with the statement using a 5-point Likert scale with five as strongly agree, four as agree, three as uncertain, two for disagree, and one for strongly disagree.

Since the questionnaire is adopted mainly from the study of Sweeney and Costello (2009), no validity test was done, likewise with ethical orientation, which was also adopted from the study of Musbah (2010).

### **Data gathering procedures**

Compared to other techniques such as laboratory tests and interviews, surveys have been the most commonly used method in business ethics research (Ford & Richardson, 1994; Randall & Gibson, 1990). In this study, an online survey-based analysis was used. The survey was chosen for several practical reasons in this study. First, it was considered appropriately consistent with the positivistic research philosophy while achieving research goals regarding generalization. Recognizing the relationship between the research variables while conducting the prescribed multivariate analysis was also one of the reasons (Bryman & Bell, 2007; Collis & Hussey, 2009). Second, the ability to analyze large amounts of data; third, it has been widely used as a primary data collection method in business ethics research in general and ethical decision-making studies in particular (Ford & Richardson, 1994; Randall & Gibson, 1990); and finally, the researcher's limited time and resources. As a result, this study's most appropriate data-gathering strategy was

a questionnaire that included scenarios. The online survey was distributed to google classrooms and Facebook groups from October 5 to 13, 2021.

### **Ethical consideration**

Ethical considerations were implemented in this research. Respondents' participation was sought with informed consent prior to participation. The researchers ensured that all participants received informed consent. The voluntary participation of respondents in the study was essential. Moreover, respondents were allowed to withdraw from the study at any stage if they wished to do so.

### **Treatment of data**

Before collecting responses from the sample, a reliability test was conducted with 116 students of Saint Louis University during the 1st semester of AY 2021-2022. The respondents for the pilot study were students of SLU but non-SAMCIS students.

Block B and C of the questionnaire utilized multiple item measures for ethical orientation and moral intensity; thus, the scale reliability for those variables was determined by calculating the Cronbach coefficient alpha (Cronbach, 1951). According to Pallant (2001), a Cronbach coefficient alpha of 0.7 or greater should be followed. Contrary to this contention, Nunnally (1967) (as cited by Peterson, 1994) stated that a coefficient alpha of between 0.5 and 0.6 is an acceptable level of reliability in the preliminary stages of development.

An acceptable individual alpha coefficient emerged for each of the scenarios in block B. Scenario 4 had a coefficient alpha of 0.794. Scenarios 1, 2, and 3 had coefficient alphas of 0.662, 0.683, and 0.684, respectively. The global alpha score for all scenarios that were summed yielded 0.794, which implied an internal consistency in the scale used.

Similarly, block C, which measured ethical orientation, also yielded an acceptable alpha coefficient of 0.898.

Afterward, the responses were collected from the sample. The statistical Package for the Social Sciences (SPSS) software tested the raw data. In the first phase, we obtained descriptive statistics to present the composition of respondents and factor analysis to group the moral intensity components into their unobserved characteristics. In the second phase of analysis, correlation analysis was conducted. This phase utilized a univariate analysis. The third phase involved a hierarchical multiple regression analysis (hierarchical regressions to assess the impact of the moral intensity components and ethical orientation on each step of ethical decision-making. This stage was a multivariate analysis that was done hierarchically. In the last phase, we tried to expound on the subjects' responses based on their demographic profile by comparing their means using a t-test and a one-way ANOVA. This helped the researchers find significant differences in the moral reasoning of the respondents based on their profiles.

## **Discussion of Results**

### **Demographics**

All but the ethical intention in scenario four indicated that responses in the three stages of ethical decision-making were not significantly different when grouped by age. It signifies that students' ethical-decision making is unaffected by their age. The result agrees with Kuntz et al.'s (2013) study, which concluded that age did not significantly impact ethical decision-making.

Albeit most of the scenarios showed no significant difference, ethical intention in scenario 4 suggested the opposite. The ANOVA test showed a statistically significant difference between the different age groups for ethical intentions. This means that age affects one's desire to act ethically when confronted with an ethical issue. Thus, the result is inconsistent, which posed

ambiguous thoughts on the significant difference in ethical recognition, ethical judgment, and ethical intention when respondents are grouped based on age. A study supports this, "age, just like gender, also produces contrasting results" (Craft, 2013).

The result of this study revealed that gender had an impact on some variables of ethical decision-making (ethical recognition and ethical judgment). This contradicts the study of Costa et al. (2016) and Sweeney & Costello (2009), where they could not prove gender to be statistically significant in decision-making. However, Silver and Valentine (2001) agree with the research findings, who saw that women were more ethically oriented than men. This study found that females' mean ethical recognition and mean ethical judgment scores were significantly higher than males. However, regarding ethical intention, the mean ethical intention scores of males were significantly higher than females. This agrees with the study by Cohen et al. (1998), indicating that men had a higher intention of acting than their female counterparts. This can somehow be explained by the theory of Gilligan (1982), where men act under justice-based morality, which means they act, no matter what it is, to avoid inequality, unlike women who value relationships and minimize hurt. Thus, even though females recognize moral issues and possible deliberate actions in a situation, males tend to act.

For educational level, a mixed finding can also be observed. In Scenarios 3 and 4 of ethical recognition, second-year students identify ethical dilemmas better than first-year students. No significant difference among students at all levels was observed in ethical judgment and intention. The study contradicts the study of Thomas (2012), where it was concluded that senior accounting students have higher deliberative reasoning than first-year students due to their frequent use of post-conventional modes. Due to these contrasting results, it is still unclear whether or not educational level affects the ability of students to make ethical decisions.

Regarding academic majors, the findings revealed significant differences in the participants' responses in all scenarios for ethical recognition, with accounting students scoring higher than non-accounting students. Accounting students were better at identifying ethical dilemmas than non-accounting students. This could be due to accounting students' familiarity with such dilemmas discussed during their accounting subjects. The result agrees with a past study that found that accounting students were more likely to have higher ethical profiles than non-accounting students, as evidenced by their ability to identify ethical dilemmas (Sweeney & Costello, 2009).

For ethical judgment, accounting majors have higher scores than non-accounting students in all scenarios, but the differences were only significant for scenarios 1-3. While for ethical intention, non-accounting students scored higher than accounting students in all scenarios, the differences were only significant for scenarios 1-3. The accounting majors were better at judging which action was most ethical, but non-accounting students showed more desire to act ethically. This could be because students' judgment and intentions in such instances are independent of the course they are taking, or it could be due to other external factors. Thus, the findings of this part of the research contradict some studies (e.g., Alleyne et al., 2013; Weber & Urick, 2017).

Regarding academic performance, 7 out of the 12 scenarios under the three decision-making stages showed significant differences in respondents' responses. This agreed with the study conducted by Dunegan (2010), who concluded that students with high GPAs are more likely to engage in complex decision-making and look for inferred meaning in decision scenarios. Hence, students' ability to make ethical decisions was influenced by their academic performance. It was also supported by a study where these scholars stressed the influence and impact of academic performance on decision-making properties (Segon & Booth, 2015)

**Moral intensity dimensions**

The results suggest that ethical recognition and ethical judgment are significantly affected by perceived social pressure in all scenarios, while the ethical intention is significantly influenced in scenarios 1, 3, and 4 but not in scenario 2. This agrees with the findings of Sweeney and Costello (2009), in which it was stated that it could be due to "certain characteristics of this ethical dilemma [Scenario 2] were so compelling that the presence of one diminishes the importance of others". Consistent with Sweeney and Costello (2009), this study found that social pressure significantly influences ethical recognition and judgment, with social consensus as the most significant component. This supports previous claims that social consensus is important to ethical recognition and ethical judgment among students. In identifying an ethical issue and making judgments, the students consider society's norms, standards, and values. Moreover, results indicate that perceived potential harm significantly affects ethical recognition and judgment only in scenarios 2, 3, and 4 but significantly affects ethical intention in all scenarios. In this study, the significance of the moral intensity dimensions shows varying results in each scenario, which supports the claim of Goles et al. (2006) and the theory of Jones (1991) that the significance of each dimension varies depending on the features of the scenario.

The results reveal that the probability of effect, the magnitude of consequences, temporal immediacy, and social consensus have significant relationships with ethical recognition, ethical judgment, and ethical intention. In line with their research, Barnett (2001), Frey (2000), and Singhapakdi et al. (1996) found that the probability of harm, the magnitude of consequences, temporal immediacy, and social consensus have a significant relationship with ethical judgment; and with ethical intention, as indicated in the study of Singhapakdi et al. (1996). However, this contradicts the claim of Lincoln and Holmes (2011) that temporal immediacy and probability of



effect have a weaker relationship with ethical awareness. This may be explained by the difference in scenarios provided in the questionnaires since this study also claims that the significance of each dimension varies depending on the features of the situation.

The results also suggest that concentration of effect is a weak component for ethical recognition and judgment, similar to Lincoln and Holmes' study in 2011. However, this study suggests that concentration of effect is a significant component of ethical intention, contrary to Lincoln and Holmes's findings (2011). Hence, this contradicts the claim of Carlson et al. (2002) that the ethical perception of the probability of effect or concentration of effect was unaffected by changes in the features of the situation. This study also found proximity is a weak and less important factor, as Lincoln & Holmes (2011) suggested that its association with the ethical decision-making process remains unclear. This was also supported by Sweeney & Costello (2009) since there is a need for a "more comprehensive measure of proximity" to capture the four variables (social, cultural, psychological, and physical proximity), as Jones (1991) pointed out.

### **Ethical orientation**

According to the results, idealism significantly correlates to ethical recognition. This means that accountancy students with high idealism are more likely to recognize unethical conduct. Thus, it is easier for them to commit to goals and guidelines. The result agrees with the study of Chan and Leung (2006), Johari et al. (2018), Johari et al. (2017), and Shaub et al. (1993).

Ethical judgment cannot be absolute since Pearson's correlation coefficients, and probabilities show that idealism correlates with ethical judgment in all scenarios except for scenario 1. However, under the Hierarchical regression results, idealism was only present in scenario 2. This suggests that ethical judgment for high idealism individuals comes into play

only at the expense of losing a job that may drastically affect the comfortable lifestyle of the individual and his family, which is the case for scenario 2. Nonetheless, we cannot wholly consider idealism an insignificant factor in moral judgment. This finding may be inconsistent with Marques and Pereira (2009) and Vitell et al. (2003), who found that idealism has no significant correlation with ethical judgment.

On the contrary, according to Ballantine and McCourt (2011) and Douglas et al. (2001), idealism directly affects the ethical judgment of high moral intensity. It is important to note that the latter studies also came across inconsistencies since two scenarios failed to uphold idealism, similar to this study's case. Results found no direct effect on ethical judgment where the situation calls for approval of questionable expense reports, bypassing expenditures capital policy, or extending questionable expenditure credit, which is the case for scenarios 1, 3, and 4.

Furthermore, idealism is found to have a negative correlation coefficient with ethical intention in all scenarios under Pearson's correlation coefficients and probabilities. Testing further, only scenarios 1 and 2 have a negative correlation under the Hierarchical regression results. This suggests that accountancy students would consider making the same decisions given the unethical conduct in scenarios 1 and 2. Such unethical behavior includes approving questionable expense reports and manipulating company books. Based on these scenarios, an accountancy student would most likely act unethically. All this for the sake of themselves and their immediate family affected by their intent, given the consequences of their actions where they may be put in jeopardy or lose their job, which may significantly affect their family's way of living.

Interestingly, such a result can be considered as the opposite of that of Guffey and McCartney (2008), which suggests that the likelihood to act unethically is based on the perceived

importance of ethical issues where "the more serious the issue is perceived to be, the less willing the individuals are to act in an unethical manner, and vice versa." However, for this study, the more serious the consequences are for the individual and their immediate family, the more they are willing to consider acting unethically. As for cases that do not involve themselves and their immediate family, the moral intention is insignificant, consistent with Vitell et al. (2003).

Meanwhile, relativism correlates with ethical intention but not ethical recognition and judgment. This is partially true from Pearson's correlation coefficient and Hierarchical regression results. This means that moral intention overrides an individual high in relativism's conception to look out for unethical conduct, consider the consequence, and intend not to commit such. This is true for situations where the individual may put himself in jeopardy or lose a job and sacrifice the family's comfortable living, which is the case for scenarios 1 and 2, which are found to be consistent with both tests conducted. The result of this study contradicts the findings of Ruiz-Palomino and Martinez-Cañas (2011), Shim et al. (2017), and Vitell et al. (2003), who found a much weaker link among relativists. Furthermore, there is a gap in the literature to back these findings. Thus, further research should be conducted to confirm or nullify this matter.

The insignificant relationship between moral recognition and relativism also lacks evidence from other literature since other studies reviewed showed a negative correlation, like that of Chan and Leung (2006), Johari et al. (2018), and Shaub et al. (1993). The insignificant finding regarding the correlation between relativism and moral judgment is consistent with that of Ballantine and McCourt (2011), Douglas et al. (2001), and Vitell et al. (2003). Therefore, for this study, moral recognition and moral judgment appear weaker among accountancy students who are more relativistic than those who are less so.

## Conclusions

This study aimed to look at the factors influencing accounting students' ethical decision-making to devise intervention/s on how ethics should be taught to accounting students. The study set out specific aims, 1) to determine the relationship between the individual characteristics (age, gender, educational level, academic major, academic performance) and the moral intensity and ethical decision-making process of the students, and 2) to investigate the influence of the two factors of moral intensity namely perceived social pressure (social consensus and proximity), and perceived potential harm on (magnitude of consequences, temporal immediacy, probability of effect, and concentration of effect) on the ethical decision-making process, and, 4) to address and evaluate if ethical orientation is a factor that could influence the student's ability to identify ethical issues, improve moral judgment, and develop moral intention.

Similar to other studies, the demographic variables also posed inconsistent findings. It was found that age was not a factor affecting the three stages of ethical decision-making compared to academic performance. Gender was only associated with ethical recognition and judgment, while educational level and academic major are only related to ethical recognition and ethical intentions.

It should be noted that although responses were high for ethical recognition and judgment, the same was not always valid for ethical intention, indicating the lack of study materials or teaching methods enforcing the desire to act ethically in unethical scenarios. This was especially true when accountancy students scored higher for ethical recognition and judgment but not for ethical intention compared to non-accountancy students. Similarly, younger students have a higher score for ethical intention than older students who scored high on ethical recognition and ethical judgment.

As for the influence of the components of moral intensity, it was found that perceived social pressure (social consensus and proximity) significantly affects ethical recognition and ethical judgment, with social consensus as the most significant component in this factor. In contrast, perceived potential harm (magnitude of consequences, temporal immediacy, probability of effect, and concentration of effect) significantly influences ethical intention. The concentration of effect is a weak component in this factor.

Social norms and the nearness to the person affected by the unethical situation were significant determinants of how a person identified a dilemma and judged which action to take. However, the observation of whether or not to perform the judged ethical action rested on whether the person felt that inaction would probably cause a severe effect on many people. The focus of ethics education should then be geared toward these areas.

Lastly, as to ethical orientation, it was noted that idealism correlates to ethical recognition while it is not absolute for ethical judgment noting that idealism only comes into play when a person's comfort is on the line. On the other hand, ethical orientation is negatively correlated to idealism, which means that as ethical dilemmas become more severe, high idealist individuals are less likely to act ethically. Meanwhile, relativism correlates with ethical intention but not ethical recognition and judgment. It was further identified that moral recognition and judgment are weaker for high relativistic accountancy students. However, the result lacks literature to back the findings as the opposite was noted in available resources.

Thus, notwithstanding the significance reported concerning idealism, moral recognition, relativism, and moral intention, ethical orientation does not significantly affect an accountancy student's moral decision-making in corporate dilemmas.

### **Limitations and Recommendations for Future Research**

Using appropriate and widely tested scenarios and variables to collect data related to individuals' ethical decisions is a significant strength of this study. In addition, ensuring anonymity and using Google Forms proved beneficial in reducing social desirability and ensuring a high response rate.

However, as with other social research, the study has limitations. Due to the restriction of face-to-face interaction, the study subjects were all from one University. Although the respondents represent the population, the result cannot be generalized to other students from other universities.

Furthermore, there might have been difficult for non-accounting and accounting students to grasp the scenario for their lack of work experience. In addition, using single-item measures in the ethical decision-making stages and moral intensity components may be insufficient; thus, caution should be exercised.

Nevertheless, interesting findings have emerged from ethical orientation, demographics, and the moral intensity dimensions in ethical decision-making. The conclusion noted similarities with earlier works as well as differences. The results pose opportunities for future researchers to explore more on the topic.

For future researchers, the study can be used as an inspiration to delve into the reasons for the variance in responses rather than just focusing on associations between the variables. It would also be interesting to expand the scope of the study and compare the responses of accounting students with that of law students or medical students, as previous research noted that they scored higher on moral reasoning than those from other courses. Extending this study could provide insight for better curriculum development for future accountants because even though

moral recognition is high, judgment is inconsistent and intentionality is not highly impressed on accounting students. This could signal a shift from a theoretical to a practical way of teaching ethics.

Furthermore, future research can utilize the findings in this study to develop and design a curriculum that integrates the variables found to be positively correlated with the students' ethical decision-making. By using the variables found to be positively correlated with ethical decision-making, future researchers can explore the possibility of whether or not ethics can be trained in accountancy students or business students alike. This will enable the development of an integrated model of ethical decision-making curriculum. That way, schools, and universities can expose accountancy students to situations that call for ethical decision-making and implement an effective curriculum that can shape their values and principles as early as possible.

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