

# Factors influencing ethical judgements of accounting practitioners: some Malaysian evidence

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## Abstract

**Purpose** – The purpose of this paper is to examine the extent to which demographic factors and corporate ethical value impact on ethical decisions of Malaysian accounting practitioners.

**Design/methodology/approach** – A questionnaire survey was carried out to elicit opinions from accounting practitioners on corporate ethical values and ethical judgements. Regression analysis was performed on 201 completed and useable questionnaires.

**Findings** – The regression analysis shows that corporate ethical value is a significant factor determining ethical judgements. Age is also a significant factor, with older accounting practitioners being stricter in their ethical stance. To a lesser extent, gender is also significant, with females exhibiting higher ethical judgements than males.

**Research limitations/implications** – The regression model reports an adjusted *R*-squared of 19.2%, which suggests further work in this area is necessary to identify other determinants for (un)ethical judgements. A qualitative approach such as interviewing corporate players may shed light on other possible factors.

**Practical implications** – The findings suggest that regulatory efforts have contributed towards a more ethically imbued corporate environment. The Malaysian Code on Corporate Governance (2012), which recommends corporations to have formalized ethical standards and women on corporate boards, appears to have positive influence on creating a more ethical working climate. In addition, the enactment of the Minimum Retirement Age Act (2012) also proves relevant in further promoting ethical judgements.

**Originality/value** – The study highlights the applicability of the theory of moral development to an Asian developing country, and that gender, age and corporate ethical values are complementary in influencing ethical judgements of accounting practitioners in Malaysia.

**Keywords** Corporate ethical values, Ethical judgements, Accounting practitioners, Gender, Age, Malaysia

**Paper type** Research paper

## 1. Introduction

The occurrence of corporate collapses around the world has opened eyes in many quarters to the need to inculcate an ethically imbued workforce. The corporate collapse of Enron, Lehman Brothers and Parmalat, to name a few, highlights the importance of ethics in making corporate decisions. The “rules versus principles” approach more or less contributed to this corporate malfeasance because transactions were effected according to the rules, but the ethical impact may have been overlooked. In other words, when corporate decisions were made, ethical considerations might have been secondary or even ignored. The “grey areas” of accounting, which allow accounting practitioners to exercise their judgement in recording the transactions, may also have played a part in some of these unethical corporate decisions.

In Malaysia, the importance of ethics can be seen in both academic and business fraternities. Although some may disagree with ethics being taught at tertiary level because they believe that



ethics cannot be taught, inclusion of an ethics course has been found to have a significant positive impact on students' ethical judgements (e.g. Douglas *et al.*, 2001; Gautschi and Jones, 1998; Martinov-Bennie and Mladenovic, 2015; Mohamed Saat *et al.*, 2010). Although the subject has been included in many university curricula, either as a "standalone" or integrated in various courses, to instil high integrity among accountants, ethics and corporate governance were made compulsory for the accounting undergraduate programmes offered by public universities in Malaysia in 2007. A study by Mohd Ghazali (2015) documented the significance of ethics instruction received the tertiary level in influencing ethical judgements of Malaysian accountants, a finding that supports the Malaysian government's decision to require ethics and corporate governance as a core course in the accounting programmes.

On the corporate side, the Malaysian Code on Corporate Governance (MCCG, 2012), in Principle 1 on roles and responsibilities, recommends that the board formalizes ethical standards through a code of conduct and ensure its compliance. The revised MCCG (2012) is aimed at strengthening the roles and responsibilities of the board of directors and emphasizes ensuring that companies conduct themselves in compliance with laws and ethical values. It may be expected that employees in companies that have established a code of practice in the workplace will be better guided in discharging their day-to-day duties and responsibilities. However, empirical evidence on the extent of the impact of an ethical environment or corporate ethical values on ethical judgements is sparse, including in Malaysia. It is, therefore, timely to assess if the recommendation on formalized ethical standards has resulted in an ethical corporate environment and thereby influenced accounting practitioners' ethical judgements positively.

Examining the impact of demographic factors on ethical judgements is also relevant, as it may give some indication of whether internal variables such as gender, age, current position and educational qualification have a stronger influence than external environment. The MCCG (2012) in its recommendation 2.2 specifically requires that the board ensures women are sought as part of its recruitment exercise and the gender diversity policies is disclosed in the annual reports. Given the government's agenda of increasing women's participation at the managerial level in the corporate sector, the findings of this study will provide some evidence on whether this policy on women's involvement in managerial decisions will help promote an ethical business culture. Likewise, the findings on other personal attributes may provide some information on whether the government's policies on retirement age and education should be revised. In particular, the enactment of the Minimum Retirement Age Act (2012), which increases minimum retirement age for private sector employees from 55 to 60 effective 1 July 2013, indirectly affects graduate employment if existing employees continue in the workforce without additional job opportunities created for the younger generation.

The aim of this paper is to examine the extent to which demographic factors and corporate ethical value impact on ethical decisions of Malaysian accounting practitioners. The paper is based on the expectation that if regulatory efforts to enhance corporate ethical stance have succeeded in transforming companies into ethical corporate citizens, employees in companies with high ethical values would evaluate questionable situations more strictly. The contribution of this study is in weighing the relative influence of personal attributes or inbuilt characteristics and organizational value on ethical judgements of accounting practitioners in Malaysia.

The research questions (RQs) of the study are as follows:

RQ1. Do demographic factors influence ethical judgements of accounting practitioners?

RQ2. To what extent do corporate ethical values influence ethical judgements of accounting practitioners?

The findings show that corporate ethical value is a significant variable determining ethical judgements. Accounting practitioners in companies that are perceived to have higher ethical

values are also ethical in deciding on questionable scenarios. Age is also a significant factor, with older accounting practitioners being stricter in their ethical stance. To a lesser extent, gender is also significant, with females exhibiting higher ethical judgements than males. These results indicate the importance of creating an ethical climate in organizations. Employers should play a more proactive role in ensuring that all transactions and processes in the organizations are carried out in an ethical manner. Although many companies have formulated their own code of practice or code of ethics, it is not enough by just making these codes known to employees: top management must lead by example. This finding also implies that the revised [MCCG \(2012\)](#) on formalizing ethical standards has succeeded in creating a more ethical corporate environment. It appears that inclusion of the gender balance agenda in the [MCCG \(2012\)](#) has some positive impact on ethical judgements. The significance of females implies that employing more females would not only contribute towards achieving the government's goal of increasing female participation at the managerial levels in the corporate sector, additionally may also assist in ensuring ethical corporate decisions. At the same time, trainings should be provided for all other employees, more so for males, to increase their ethical awareness on corporate conduct. The significance of age provides some evidence that the government's decision on increasing minimum retirement age could contribute towards having a more ethical corporate environment. However, the government must ensure that enough job opportunities are available for fresh graduates to avoid unemployment and related social issues. In addition, the significance of age and gender shows that [Kohlberg's \(1973, 1981\)](#) theory of moral development transcends cultural difference. Asian developing countries, including Malaysia, have been characterized as high-power distance and collectivist ([Hofstede, 1980](#)). It appears that with regards to gender and age, cultural traits do not matter. The overall results highlight that demographic factors, in this context, gender and age, and corporate ethical values are complementary in influencing ethical judgements.

The remainder of the paper is organized as follows: [section 2](#) discusses relevant literature and develops the hypotheses based on the review and theoretical framework. The research method outlining the sample selection and collection and the research instrument is provided in [section 3](#). This is followed by the findings and analysis in [section 4](#). Conclusions, limitations and suggestions for future research are provided in [section 5](#).

## 2. Literature review and hypotheses development

### 2.1 Theoretical framework

The theory of moral development proposed by [Kohlberg \(1973, 1981\)](#) provides a basis for understanding moral judgements. According to [Kohlberg \(1981\)](#), individuals experience a three-level development process, which is associated with levels of moral reasoning. At the most basic level (usually children), individuals tend to follow rules to either obtain rewards or avoid punishments. As individuals mature, self-internalized principles of morality will determine one's decision to comply or otherwise. Drawing on [Kohlberg \(1981\)](#), [Shaub \(1994\)](#) suggests that age, level of education and experience should facilitate the development of moral reasoning. That is because as one gets older, more educated and exposed to challenging working environment, the experiential process would have some influence on the individual's ethical behaviour. [Gilligan \(1982\)](#) extends the concept of moral development by considering gender differences. Specifically, [Gilligan \(1982\)](#) argues that the development stages for females are somewhat different from males. Females appear to develop different moral orientation than males with females moving towards concern for others, while males moral reasoning centres on the principles of justice. Based on this gender moral difference theorization, it may be expected that gender has some impact on ethical judgements.

## 2.2 Literature review and hypotheses development

Ethical judgement has been defined as deciding which course of action is ethically correct (Rest, 1986) and an individual's assessment of the level or extent to which certain decision is ethical or unethical (Sparks and Pan, 2010). Carlson *et al.* (2002) further defines ethical decision-making as the process by which individuals use their moral reasoning to ascertain the ethicality of a particular situation. Additionally, prior research has also suggested that the interplay between individual and organizational variables influence decision on ethical dilemmas (Musbah *et al.*, 2016; Trevino, 1986).

Research on ethics is still a fertile area, as much is yet to be unveiled regarding ethical judgements. Recent research on ethical judgement includes examining consumers behaviour (Le and Kieu, 2019; Moraes *et al.*, 2020; Tjiptono *et al.*, 2017), ethical judgements of public sector auditors (Ismail and Yuhanis, 2018), external auditors (Nasution and Ostermark, 2020) and accountants (Awang and Ismail, 2018; Oboh *et al.*, 2020). While Le and Kieu (2019) reported the significance of age, income and job levels in influencing consumers' ethical behaviour, Tjiptono *et al.* (2017) document significant difference in the ethical behaviours of consumers in Indonesia and Thailand, attributing the findings to the cultural variations in the two countries. Interestingly, both studies did not find gender to be influencing ethical behaviour of consumers. Nasution and Ostermark (2020) did not find age, gender and education to be influencing ethical judgements of auditors in Indonesia. Similar observations were reported by Oboh (2019), where age and gender did not significantly influence ethical judgements of accounting professionals in Nigeria. These findings perhaps suggest that workplace demand or pressures may override personal characteristics or values once an individual enters the professional environment. Nonetheless, the non-significance of age in influencing ethical judgements contradicts Hopkins and Deepa (2018) who reported a significant positive relationship between age and ethical judgement. The mixed findings documented in prior studies suggest that more research needs to be carried out to gain further insights and understanding of factors influencing ethical judgements.

Demographic variables included in this study are represented by gender, age, current position and educational qualification. The theory of moral development proposed by Kohlberg (1973, 1981) and Gilligan (1982) suggests that gender, age, level of education and working experience have an impact on ethical judgements. Employing this theory in the present study will give some indication of whether the theory, which is based on western and developed countries, is also applicable to a developing Asian country. Western individualistic cultures emphasize personal rights, while Asian developing countries, which have been classified as collectivist cultures (Hofstede, 1980), stress the importance of society and community. It may be inferred that the individualistic culture is closely related to Kohlberg (1981), which emphasizes the concept of justice when making moral choices, while the collectivist cultures supports Gilligan (1982) theorisation of female moral orientation based on principles of caring for others. Given the contrasting cultural attributes of developed and developing countries, it would be interesting to assess if a theory that originates in the west is also relevant in other jurisdictions. The ensuing sub-sections discuss the relevant literature and subsequently develop the hypotheses.

**2.2.1 Gender.** Kohlberg's (1973, 1981) theory of stages of moral development, which emphasizes on the relationship between moral development and moral behaviour suggests that an individual experiences stages in the reasoning process, and that the moral reasoning of males has often been in advance of that of females. However, Gilligan (1982) argues that females experience different stages of development, and that the moral orientation for females emphasizes on ethics of caring and concern for others. Hence, in relation to ethical judgements, gender can be expected to have some influence due to the different moral orientation between males and females.

Empirical evidence on the significance of gender in influencing ethical judgements is mixed. While a number of studies have reported its non-significance (e.g., Davis and Welton, 1991;

Kidwell *et al.*, 1987; McCabe *et al.*, 2006; Nasution and Ostermark, 2020; Oboh, 2019; Radtke, 2000; Shawver and Clements, 2015; Swaidan *et al.*, 2003; Wang and Calvano, 2015), other studies had observed otherwise. For example, Ameen *et al.* (1996), Bateman and Valentine (2010), Ibrahim and Angelidis (2009), Lund (2008), Oumlil and Balloun (2009) and Weeks *et al.* (1999) have reported that females generally have higher ethical values than their male counterparts. Other studies on gender diversity have reported the significance of female directors in enhancing corporate social disclosure (Arayssi *et al.*, 2016; Issa and Fang, 2019; Hossain *et al.*, 2017). By contrast, Musbah *et al.* (2016) have documented the significance of gender, with males showing more ethical consideration than females.

Examining the influence of gender on ethical judgements in Malaysia is timely and relevant for two reasons. Firstly, the government announced that women's participation in top management in the corporate sector should be at least 30% by 2016. Secondly, the MCGG (2012) in its recommendation 2.2 specifically requires that the board ensures women are sought as part of its recruitment exercise and the gender diversity policies is disclosed in the annual reports. It would, therefore, be relevant to see if measures taken to increase women's, participation in corporate management are justifiable in terms of creating a more ethical workforce. The following hypothesis is proposed:

- H1. There is a significant relationship between gender and ethical judgements of Malaysian accounting practitioners.

**2.2.2 Age.** Kohlberg's (1973, 1981) theory of moral development also suggests that age influences the maturation process differently, with older people expected to have higher conscience and ethical principles. Older people should, therefore, be more morally inclined than younger people. That is because the longer a person lives, the higher chance he/she will be engaged/involved in various activities, which implies the more experiences he/she has in dealing with situations. The experience or skills acquired throughout his/her employment could provide a basis upon which he/she will decide on a questionable scenario. It may be expected that as individuals become older, their conscience and wisdom make them become less tolerant to questionable activities, and hence, their evaluation of ethical dilemmas becomes stricter.

Empirical results supporting the theory of moral development where older people exhibit more ethical decisions include Aldrich and Kage (2003), Conroy and Emerson (2004), Deshpande (1997), Hartikainen and Torstila (2004) and Vitell *et al.* (1991). Desplaces *et al.* (2007) found age to be positively and significantly associated with moral competence, while Emerson *et al.* (2007) observed younger respondents to be more accepting of questionable situations. A study by Hopkins and Deepa (2018) reported a significant positive relationship between age and ethical judgement. Similarly, older consumers were observed to be more likely engaged in ethical behaviour in Vietnam (Le and Kieu, 2019). However, there have also been studies that found no association between age and ethical judgements (e.g. Forte, 2004; Nguyen *et al.*, 2008; Nasution and Ostermark, 2020; Oboh, 2019). In view of the prior studies, which generally found evidence consistent with the theory of moral development, the following hypothesis is proposed:

- H2. There is a significant positive association between age and ethical judgements of Malaysian accounting practitioners.

**2.2.3 Current position.** Current position refers to the present job designation. It is generally expected that a higher position comes with more responsibilities. It is, therefore, imperative that senior positions, which usually involve more decision-making, are held by trustworthy and ethical persons. Generally, a person holding a high position in an organization is one with a wealth of experience, which means he/she must have gone through a series of business dealings and issues. Having participated in various corporate engagements would expose

him/her to some questionable scenarios that require the exercise of judgement. Hence, it may be expected that people in higher position through their vast working experience would be better equipped to deal with questionable business situations.

Prior studies documenting the significance of working experience include [Kidwell \*et al.\* \(1987\)](#) who reported longer work experience to be associated with more ethical responses. Likewise, [Weeks \*et al.\* \(1999\)](#) observed significant difference in ethical judgements across career stages, with practitioners in later career stages displaying higher ethical judgement. This is in contrast to [Nasution and Ostermark \(2020\)](#) who documented less ethical judgements among higher-ranked auditors in Indonesia. A similar observation was reported in Egypt where junior auditors exhibited higher level of ethical reasoning than senior auditors ([Abdelhak \*et al.\*, \(2019\)](#)). The authors attributed the findings to the possibility of the pressure faced by higher-ranked auditors in retaining a client, which may affect the auditors' moral judgements. However, there were also studies that found work experience does not influence ethical judgement (e.g. [Desplaces \*et al.\*, 2007](#); [Ziegenfuss and Singhapakdi, 1994](#)). A study by [Akaah \(1996\)](#) also revealed no difference between lower- and higher-ranked marketing professionals in their ethical judgements. The following hypothesis is proposed:

*H3.* There is a significant relationship between job position and ethical judgements of Malaysian accounting practitioners.

*2.2.4 Educational qualification.* [Swaidan \*et al.\* \(2003\)](#) suggest that higher level of qualifications may improve one's ability to make ethical decisions. It may be expected that individuals with higher levels of qualification are exposed to more ethics-related cases in the courses they take at each level of study. Therefore, higher levels of qualification would equip individuals with the necessary knowledge to make ethical decisions. Additionally, one would expect a higher level of qualification to be associated with older or more matured individuals. Hence, higher level of qualification should have an impact on ethical judgements.

Empirical findings on the relationship between educational qualification and ethical judgements are inconclusive. A number of prior studies found no significant relationship between educational qualification and ethical judgements (e.g. [Deshpande, 1997](#); [Forte, 2004](#); [Kidwell \*et al.\*, 1987](#); [Le and Kieu, 2019](#); [Marques and Pereira, 2009](#); [Nasution and Ostermark, 2020](#); [Ziegenfuss and Singhapakdi, 1994](#)). A significant relationship was, however, observed by [Swaidan \*et al.\* \(2003\)](#), where more educated customers were less tolerant of questionable activities, and [Deshpande \*et al.\* \(2008\)](#), where specialized skilled employees were less likely to exhibit ethical behaviour.

In Malaysia, to be called an accountant, an individual must be registered with the Malaysian Institute of Accountants (MIA). To be registered with the MIA, an individual needs to hold either one of the qualifications listed in the Accountants Act 1967. Members of the MIA are subject to the institute's By-Laws on Professional Ethics, which require them to act in the public interest, exhibiting the highest standards of professionalism and professional conduct in discharging their duties. It may, thus, be expected that because an individual requires a higher level of qualification (e.g. a university degree) to meet the eligibility criteria for professional accountancy membership in Malaysia and thus be required to abide by the body's code of practice, he or she will adopt a stricter ethical stance. The following hypothesis is proposed:

*H4.* There is a significant positive relationship between educational qualification and ethical judgements of Malaysian accounting practitioners.

*2.2.5 Corporate ethical value.* [Douglas \*et al.\* \(2001\)](#) suggest that organizational culture can help modify an individual's value within the organization. If the organization is perceived to be ethical in carrying out the day-to-day activities, this may deter employees from acting in an unethical manner. In this respect, top management plays a crucial role in ensuring that high



ethical values are being practised at all levels in the organization. If top management leads by example, employees will be motivated to follow suit in not engaging in unethical behaviour. In other words, the organizational environment can have an impact on employees' conduct and actions.

Empirical evidence on the relationship between corporate ethics value and ethical judgements is limited. While [Ziegenfuss and Singhapakdi \(1994\)](#) found no significant association between corporate ethical values and ethical perceptions of internal auditors in the USA, [Douglas et al. \(2001\)](#) found an indirect impact of perceived organizational ethics on ethical judgements. In a later study by [Deshpande et al. \(2008\)](#), it was reported that employees were less likely to compromise ethical values if managers were perceived to act ethically. Additionally, [Walumbwa et al. \(2011\)](#) revealed that, in China, ethical leadership was positively and significantly related to employee performance. These findings highlight the importance of management's commitment to creating an ethical corporate environment and its impact on performance. [Gils et al.'s \(2017\)](#) study on the USA and UK also showed the importance of an ethical organizational climate in ensuring moral decision-making. The following hypothesis is proposed:

- H5. There is a significant relationship between corporate ethical value and ethical judgements of Malaysian accounting practitioners.

### 3. Research method

#### 3.1 Sample and data collection

A questionnaire survey was carried out to elicit opinions from accounting practitioners on corporate ethical values and ethical judgements [1]. The questionnaires were sent to 742 non-financial companies [2], addressed to the Finance Division [3]. A total of 201 completed and useable questionnaires were received by the end of March 2015.

#### 3.2 Research instrument

To assess organizations' ethics and values, ten questions adopted from [Jin et al. \(2007\)](#) were posed to respondents. The questions take the score from 1 = strongly disagree to 7 = strongly agree. The majority of the questions in this section are in negative form: [4] hence, a lower score indicates a more ethical environment within the company.

To measure ethical judgement, five questionable vignettes were adopted from [Cohen et al. \(2001\)](#) to gauge the ethical stance of accounting practitioners. For each vignette, respondents were to choose from 1 = always acceptable to 7 = never acceptable. Therefore, a higher score would imply a stricter ethical stance. A vignette-based method has been adopted in prior studies to measure ethical judgements (e.g. [Hopkins and Deepa, 2018](#); [Musbah et al., 2016](#); [Nasution and Ostermark, 2020](#); [Obloh, 2019](#); [Obloh et al., 2020](#); [Waldron and Fisher, 2017](#)).

#### 3.3 Regression models

The regression models are as follows:

$$EJ = \beta_0 + \beta_1 \text{ Gender} + \beta_2 \text{ Age} + \beta_3 \text{ CP} + \beta_4 \text{ EQ} + \varepsilon \quad \text{Model 1}$$

$$EJ = \beta_0 + \beta_1 \text{ Gender} + \beta_2 \text{ Age} + \beta_3 \text{ CP} + \beta_4 \text{ EQ} + \beta_5 \text{ CEV} + \varepsilon \quad \text{Model 2}$$

[Table 1](#) shows operationalization of all variables included in the analysis.

### 4. Findings and analysis

#### 4.1 Descriptive statistics

[Table 2](#) [panel a] shows the descriptive statistics of continuous variables included in the analysis. The mean score of almost 5.5 signifies that accounting practitioners on average

Variable	Definition	Measurement
<i>Dependent variable</i>		
$EJ^*$	Ethical judgement	Mean scores of five vignettes adopted from <a href="#">Cohen et al. (2001)</a>
$\beta_0 \dots \dots \beta_5$	Regression coefficients	
<i>Independent variables</i>		
Gender	Gender	1 if male; 2 if female
Age	Age	1 if < 20 years 2 = 20–29 years 3 = 30–39 years 4 = 40–49 years 5 = 50–60 years 6 = > 60 years
CP	Current position	1 = Executive 2 = Manager 3 = Chief financial officer 4 = Chief executive officer 5 = Others
EQ	Educational qualification	1 = Diploma 2 = Bachelors 3 = Masters 4 = Professional qualification 5 = PhD 6 = Others
CEV	Corporate ethical value	Mean scores of ten questions adopted from <a href="#">Jin et al. (2007)</a>
$\varepsilon$	Error term	

**Note(s):** \*Questionable vignettes were posed to gauge the ethical stance of accounting practitioners. For each vignette, respondents were to choose from 1 = always acceptable to 7 = never acceptable. Therefore, a higher score would imply a stricter ethical stance

**Table 1.**  
Variables included in  
the analysis

Panel a: continuous variables						
	Label	Min	Max	Mean	Skewness	Kurtosis
Ethical judgement	EJ	1	7	5.49	−0.906	0.823
Age	Age	1	6	3.39	0.156	−0.617
Corporate ethical value	CEV	1	6	3.09	0.008	−0.786
Panel b: categorical variables						
Gender	Gender	1 = male		2 = female		
Number		84 (44%)		107 (56%)		
Current position	CP	1 = Executive	2 = manager	3 = CFO	4 = CEO	5 = Others
Number		73 (38%)	61 (31%)	40 (21%)	2 (1%)	18 (9%)
Educational qualification	EQ	1 = Diploma	2 = Bachelors	3 = Masters	4 = Professional	5 = Others
Number		26 (13%)	81 (41%)	24 (12%)	64 (32%)	3 (2%)

**Table 2.**  
Descriptive statistics

regarded questionable situations as not acceptable. The mean score of 3.39 for age implies that the respondents were on average between 30 and 39 years old. The mean score of 3.09 for corporate ethical value indicates that on an average, respondents were of the opinion that their organizations operate in a fairly ethical environment. The skewness is between −1.96



and + 1.96, while kurtosis is between –3 and +3, which suggest that the data are normally distributed (Gujarati, 2003, p. 147).

As for the categorical variables, panel b shows that the composition of male and female is comparable with males constituting 44% of the total and females 56%. A majority of the respondents hold at least the post of manager (53%), while 85% have at least a bachelor’s qualification.

4.2 Correlation analysis

To assess for collinearity, Pearson correlation analysis was performed on all independent variables. Table 3 below shows that the highest correlation is between educational qualification and current position ( $r = 0.426$ ). The positive association indicates that the higher the qualification of the accountant, the higher is the job position. As the collinearity is below the cut-off point of 0.7 (Tabachnick and Fidell, 2001, p. 84), multicollinearity seems not to exist between the independent variables. The results, therefore, can be interpreted with more reliability.

Additionally, and as expected, age is positively associated with current position ( $r = 0.378$ ) and educational qualification ( $r = 0.320$ ). Age is negatively associated with corporate ethical value ( $r = -0.244$ ), which implies that older accounting practitioners are employed in more ethical corporate environments. Corporate ethical environment is also negatively associated with job position ( $r = -0.357$ ) and education qualification ( $r = -0.327$ ), suggesting that we can expect accounting practitioners with higher positions and qualifications in more ethical corporate environments. Gender is negatively associated with age and job position, which indicates that males are generally older and hold higher positions than female accounting practitioners.

4.3 Regression analysis

The results in Table 4 highlight the significance of three out of the four demographic variables in influencing ethical judgements. The adjusted  $R$ -squared of 13.9% shows that the

Table 3.  
Pearson correlations

	Gender	Age	CP	EQ	CEV
Gender	1				
Age	-0.265**	1			
CP	-0.216**	0.378**	1		
EQ	-0.129	0.320**	0.426**	1	
CEV <sup>#</sup>	0.035	-0.244**	-0.357**	-0.327**	1

**Note(s):** \*\* Correlation is significant at the 0.01 level (two-tailed); <sup>#</sup> the questions measuring CEV are in negative form, with response choices taking scores from 1 = strongly disagree to 7 = strongly agree. Example of a question measuring CEV: *Managers in my company often engage in behaviours that I consider to be unethical*. Because the questions are in negative form, a higher score indicates a less ethical environment

Table 4.  
Multiple regression  
results – model 1

	Beta	<i>t</i> -value	Significance	Tolerance	VIF
Constant		7.210	0.000		
Gender	0.141	1.983	0.049**	0.914	1.094
Age	0.256	3.357	0.001***	0.794	1.260
CP	0.112	1.418	0.158	0.743	1.346
EQ	0.163	2.134	0.034**	0.789	1.267

**Note(s):** Coefficients are shown as significant at 1%\*\*\* or 5%\*\* level

four independent variables explain almost 14% of the variations in ethical judgements. Age is statistically significant at the 1% level, while educational qualification and gender are statistically significant at the 5% level. The positive significant associations signify that older, more highly qualified and female accounting practitioners are stricter in their ethical stance.

Table 5 shows that inclusion of an additional variable, i.e. corporate ethics and values, results in a higher explanatory power (from 13.9 to 19.2%). The regression model with an adjusted *R*-squared of 19.2% indicates that the five independent variables (i.e. gender, age, current position, educational qualification and corporate ethics and values) explain 19.2% of the variability in ethical judgements of accounting practitioners. The two variables of corporate ethics and values and age are significant at the 1% level in influencing ethical judgements, while gender is marginally significant (at the 10% level). The negative association between corporate ethics and values and ethical judgements implies that accounting practitioners in corporations with higher ethical values are more stringent in deciding on questionable situations. The positive association between age and ethical judgements indicates that older accounting practitioners are less acceptable to questionable scenarios. The positive marginal association between gender and ethical judgements appears to suggest that to a certain extent, females are stricter than males when faced with ethical dilemmas.

#### 4.4 Discussion on findings

The significant positive association between age and ethical judgement is consistent with majority of prior studies, including Aldrich and Kage (2003), Conroy and Emerson (2004), Deshpande (1997), Hartikainen and Torstila (2004), Hopkins and Deepa (2018), Le and Kieu (2019) and Vitell *et al.* (1991). The finding provides support to Kohlberg's theory of moral development, which suggests that as individuals mature, the experience process would influence the individual's tolerance level on questionable scenarios, resulting in less acceptability of unethical practices.

The finding on the significance of corporate ethical value in influencing ethical judgement lends support to Gils *et al.* (2017). It would appear that organizational culture, which promotes ethical values, may influence individuals to be more ethical in their decision-making. The finding is also consistent with the suggestion that the interaction between organizational and individual variables impact on ethical judgements (Musbah *et al.*, 2016; Trevino, 1986).

Gender is marginally significant in model 2 (significant at 5% level in model 1), with females exhibiting less tolerance to unethical situations. The result is consistent with Ameen *et al.* (1996), Bateman and Valentine (2010), Ibrahim and Angelidis (2009), Lund (2008), Oumlil and Balloun (2009) and Weeks *et al.* (1999), which reported that females generally have

<i>R</i> -squared		21.4%			
Adjusted <i>R</i> -squared		19.2%			
	Beta	<i>t</i> -value	Significance	Tolerance	VIF
Constant		7.972	0.000		
Gender	0.122	1.767	0.079*	0.909	1.100
Age	0.229	3.073	0.002***	0.785	1.274
CP	0.047	0.596	0.552	0.703	1.422
EQ	0.112	1.484	0.140	0.761	1.314
CEV	-0.262	-3.605	0.000***	0.824	1.214

**Note(s):** Coefficients are shown as significant at 1%\*\*\* or 10%\* level

**Table 5.**  
Multiple regression  
results – model 2

higher ethical values than their male counterparts. The results point to the relevance of gender diversity in the workplace. The finding suggests that the presence of females in the organization may enhance ethical practices.

## 5. Conclusions, limitations and suggestions for further research

The aim of this paper is to examine the relative influence of demographic factors and corporate ethics value on accounting practitioners' ethical judgements. The model, which incorporates gender, age, current position, educational qualification as internal factors and corporate ethical values as the external factors, revealed the significance of corporate ethical values and age, while gender is marginally significant. These findings highlight the importance of creating an ethical environment in the organization, as the result implies that accounting practitioners in companies with a higher level of ethical values are more ethical in their decisions. Likewise, older and female accounting practitioners are also more ethical in their judgements. The current position is not significant in either model, while educational qualification is significant in model 1 but not in model 2. These results suggest that the current position does not matter in influencing ethical judgements of accounting practitioners, while educational qualification does matter when only internal factors are brought into the analysis.

### 5.1 Implications of findings

These results have implications for organizational settings in terms of work culture and employee appointment and retention. Companies should create a conducive working environment where transactions and processes are carried out in an ethical manner. Top management should let it be known to all employees that unethical actions will not be tolerated, and penalties or punishment will be meted out to those who compromise values in favour of unethical gains. In this respect, management commitment in ensuring an ethically imbued workforce is important because ethical business practices are the foundation for a sustainable organization. Having a code of ethics or conduct, which is available to all employees, will further impress upon them the top management's seriousness in creating an ethical work culture. It appears that the revised [MCCG \(2012\)](#) recommendation on companies to have formalized ethical standards has resulted in a more ethical corporate environment. Top management must lead by example so that all levels of staff know and believe that the ethical climate promoted is applicable to everyone in the organization.

With regard to employee appointment and retention, the results suggest that older employees, being experienced and hence wiser, were able to decide more ethically. The significance of age provides some evidence that the government's decision on increasing the minimum retirement age could contribute towards having a more ethical corporate environment. However, the government must ensure that enough job opportunities are available for fresh graduates to avoid unemployment and related social issues.

The inclusion of gender balance agenda in the [MCCG \(2012\)](#) has some positive impact on ethical judgements. The significance of females implies that employing more females would not only contribute towards achieving the government's goal of increasing female participation at managerial levels in the corporate sector, in addition also assist in ensuring ethical corporate decisions. Females are stricter in evaluating questionable scenarios, so this aspect should also be taken into consideration in relation to recruiting and retaining employees.

On the theoretical aspect, the significance of gender and age signifies that the theory of moral development applies across cultures, not just in developed countries where the theory originates. It appears that as individuals mature, more ethical decisions or actions can be

expected. Additionally, gender moral inclination, specifically female intrinsic value of caring and concern, would have some influence on questionable scenarios. The overall results show that demographic factors, in this context gender and age, and corporate ethical values are complementary in influencing ethical judgements.

### 5.2 Suggestions for future research

The regression model reports an adjusted *R*-squared of 19.2%, which means that almost 81% of the factors influencing ethical judgements have not been captured in the analysis. This calls for further work in this area to identify other determinants for (un)ethical judgements. A qualitative approach such as interviewing corporate players may shed light on some of the possible factors. In-depth interviews could potentially assist in understanding the context under which some of these “questionable decisions” were arrived at, thereby further unravelling reasons for such acts. Understanding the reasons may help in devising ways to curb or avoid such unwholesome actions. Additionally, extending the analysis to include professionals from other disciplines would also be insightful, as it may highlight if there are other factors peculiar to specific professions that have an impact on ethical decisions. A cross-country comparison is another possible avenue to determine if national and business culture and the legal system also determine (ethical) business decisions.

### Notes

1. This paper extends a prior study by [Mohd Ghazali and Ismail \(2013\)](#) by examining data post-MCCG (2012) and after the enactment of the Minimum Retirement Age Act (2012). Additionally, the present study adopts more recent questionnaires by [Jin et al. \(2007\)](#) and [Cohen et al. \(2001\)](#).
2. This study is part of a larger research that investigates the influence of ethics on corporate performance. The sample of the study is the non-financial companies.
3. It was decided to send the questionnaires to the Finance Division because the vignettes included in the research questionnaire are accounting-related, hence the need for those with either accounting or finance background to participate.
4. For those positive statements, the responses were reverse-coded so as to be consistent in coding and analyzing the findings.

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