

Conference Paper

Student Views of Ethics Position in Business (Comparison Among Students of Accounting, Management, and Economic Development Department)

Sunaryanto, Bety Nur Achadiyah, Mohamad Arief Rafsanjani, Ahmad priyono, Dini kurnianti, and Erna Yuliani

Universitas Negeri Malang

Abstract

Generally, normative ethics has two main categories, namely teleology and deontology. Teleology covers all views expressing a care to the expected consequences of an action, while deontology focusing on the need to follow a certain rule. This study aimed in exploring the views of students toward the position of ethics in business using those two main categories. This study compared three groups of students from three departments: accounting, management and economic development. This study also focused on the effect of study period toward student's views related with the position of ethics in business. By using one way ANOVA and independent t test, it can be implied that there was a significant difference of student's views toward the position of ethics in business among students from accounting, management, and economic development. Moreover, the Tukey test showed that there was a significant difference of student views toward the position of ethics in business between accounting and management students ($\text{sig } 0.018 < 0.05$), while there was no significant difference of student's views toward the position of ethics in business between accounting and economic development students ($\text{sig } 0.992 > 0.05$). Differently, there was a significant difference of student's views toward the position of ethics in business between management and economic development students ($\text{sig } 0,013 < 0.05$). In details, the result of this study also implied that there was no significant difference of student's views toward the position of ethics in business among students of year 2014 and 2016, from all three departments. It implied that the study period did not affect the student's views toward the position of ethics in business.

Keywords: ethic, teleology, deontology

Corresponding Author:
 Sunaryanto
 sunaryanto.fe@um.ac.id

Received: 23 January 2018
 Accepted: 5 April 2018
 Published: 23 April 2018

Publishing services provided by
 Knowledge E

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Selection and Peer-review under the responsibility of the 1st IRCEB Conference Committee.

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1. INTRODUCTION

Business ethic has been a highlight, either among practitioners or academics. Among academics, ethical behaviour should have been integrated as a part of life since they are moral example for they have a great role in education. One of common ethic in the society is normative ethic. This ethic sees personal's good and bad behaviour based on living norms among society. According to Snoeyenbos, et al (1983), normative ethic has two common categories. The first category includes a view expressing being care of expected consequence of an action. This view is often called as "*teleology*" or "*from the ends*". The second category includes a view expressing being care of necessity to follow a certain rule and is commonly called as "*deontology*" or "*of necessity*". This research explores students' views of Economic Faculty toward business ethic. The students, in this case, represent academics.

Various research toward students' views on ethic has been conducted abroad. Jeffrey (1993) used *Defining Issues Test* (DIT) in measuring students' moral education. The research concluded that senior students have in average higher DIT (have a better moral) than the junior ones. Clikeman and Henning (2000) conducted a research about socialization of profession ethic code regarding profit management on accountant students in one of American universities. It concluded that accountant students are less agree with profit management in the last years than in the early years. The similar research was also done by Marriot and Marriot (2003), researchers from England. The research concluded that accountant students have positive behaviour toward accountant profession in the early years and declines in the last years of their study.

"*Normative Ethic*" theory saying that personal's preference in ethic is basically decided by one of two things; the intention of achieving the best consequence (*teleology*), or the urge to follow a certain rule without being care about the consequence (*deontology*). Ethic is about statement of right or wrong deciding personal's behaviour is based on moral or not. This ethical statement presented in the form of ethical principles are normatively used to guide someone's behavior being in moral. Conducts such as telling lies, stealing, threatening, breaking someone's property are categorized as unethical and immoral. While being honest, keeping promises, helping each other, and respecting others' rights and obligations are ethically and morally expected to be everyone's behaviour.

Business ethic is an embodiment of series of normative ethic principles inside business behaviour. In this case, business ethic functions as a guide in determining corporation's conduct in running its business whether it is right or wrong. As known that social

life sees dishonesty as unethical behavior. Therefore, a corporation that covers its mistakes or products/services may bring loss to the consumers is considered unethical. So, ethical behaviour in business is basically taken from daily life practices in which business may not determine right or wrong conducts without staking on society's norms. Although, a corporation may get out of ethical demands covering under rules and regulations, society will still criticize and demand to court to have ethical behaviour in running business.

A survey conducted in United States (2005) found that 52% of labourers in corporation have done unethical deeds, at least once in the form of: being angry with or threatening other labourers; telling lies to friends, consumers, suppliers, society, even superiors to avoid punishment; highlighting more private's preference than corporation's; breaking rules, even rules of health and work safety; telling lies about working hours; hiding and stealing corporation's property; telling inappropriate words, degrading others or doing sexual harassment, doing discrimination on religion, race, sex etc. Things interested to answer is: *why should business run under ethic? Is not ethical behaviour in line with profit earning?*

There are basic reasons why business should run under ethic (Lawrence and Weber 2008). The first reason is, it should be run ethically to fulfill stakeholders' interests. Opinion poll in 2001 (JulietbAltham, 2001) mentioned people from nine of ten countries surveyed chose to run the life based on high ethical standard to increase people's quality of life. It is different from common view of business that prioritizing on profit, ability to pay for tax, following rules, and creating work field. When the society get used to good and ethical lives, business in return will also managed well and ethical (*good corporate governance*).

The second reason is positive effect of business ethic toward corporation profitability in the future. A research done by *Institute for Business Ethics* in England in 1998 showed three important indicators of corporation business growth (EVA, MVA, and PER) by higher numbers on ethical corporation than unethical one. Even more, profit ratio/turnover 18% is higher when management gives commitment to obey the rules and norms than the one which is not commitment to the rules (Izraeli and Schwartz, 1998: 1045-1055).

Some social reseraches showed positive relation between behaviour of socially being responsible and profit rate. Evenmore, the research did not find correlation between business ethic and burden of earning profit. Kenneth Blanchard and Norman Vincent Peale dalam Keraf (1998) found that treating employees well has increased corporation profit up to 20% or has decreased product price up to 20%.

This research showed that corporation that is socially responsible and take transaction on stock market commonly earn higher than other corporations. Those all researches showed that using right business ethic did not decrease profit, instead contributed to earnings. For example: a study for two years conducted by *The Performance Group*, a consortium consisting of Volvo, Unilever, Monsanto, Imperial Chemical Industries, Deutsche Bank, Electrolux, and Gerling found that developing environmentally friendly products and environmental compliance may increase earning per share, boost profitability, and guarantee easiness in getting contracts and agreement of investment.

In 1999, *Business and Society Review* journal mentioned that 300 big corporations proved of having commitment based on ethic code could increase market value added two up to three points than the ones which did not. Even, the research before done by DePaul University in 1997 found that corporations that formulated commitment by running ethical principles have better financial performance (based on annual revenue) than the ones did not.

Running business based on ethic commonly becomes basic rules set up by the government for business people. This becomes the third reason why business should be run ethically based on the laws. One of the examples is implementation of provision Sarbanes-Oxley Act for all American corporations in the world. This provision was released by American government in 2002 after various financial scandal engaging big corporations such as Enron, Tyco, and WorldCom.

The fourth reason of business ethic importance is to avoid big loss in the society and stakeholders as the consequence of corporation action. A corporation that disposed of waste to the river will give a big loss to the people living near the river. Besides, it can cause victim among the people near by. Therefore, many government rules set up to avoid fatal loss for many parties. Thomas Hobbes, a philosopher synthesized that society without ethic, distrust, and unlimited personal interest will create war among human that will build brutal life. In this kind of society, it is impossible to do business activities and the whole business will collapse. Therefore, business cannot stand without ethic. So, the most importance of business interest is promoting ethical behaviour to its members and society.

The fifth reason of ethic importance is the firm business competition, business people are aware of consumers are the king. Therefore, the main point to get earnings and stand in the competitive market is to get consumers' trust. This is not easy to obtain in the midst of free and open market, various products and services are offered by competitive price and quality. Once consumers felt deceived, they would turn to other

producers. Thus, the main thing business people must do is to show good and ethical image of its business to keep the consumers' trust.

The sixth reason is that modern corporations are aware that employees are not to be exploited to earn much profit, instead they are important corporation assets that determine its sustainability in the competitive market. This fact urged modern corporations to pay attention to employee's rights and interests and tried to keep them feel comfortable working inside by giving them reasonable payment, good appreciation, good behaviour, comfortable situation and fair treatment for all employees. The last reason of keeping business ethic in open market system is government's neutral position to guarantee effectively all parties' rights and interests. The most effective way is running good and ethical business by avoiding any steps that may cause loss to the parties connected to the business.

According to the description above, the problems of this research are:

1. How are the views of Accounting, Management, and Economic Development Students Toward Business Ethics Position?
2. How Does Study Period Affect Students of Economic Faculty's Views Toward Business Ethic Position?

2. METHODOLOGY

This research is quantitative research using descriptive and inferential statistics to get the conclusion. Descriptive statistics used are mean, deviation standard, minimum and maximum. While inferential statistics use normality test, homogeneity test, one way ANOVA and independent t test using level of significance $\alpha = 0,05$. The research design based on relationship between variables is:

The research population is all students of Economic Faculty of Malang State University in the academic year of 2016/2017. The sample of the research is:

The data used is primary data which was obtained through questionnaire that was quantified by Likert scale with category. To build reliability of the questionnaire, test of validity and reliability was conducted.

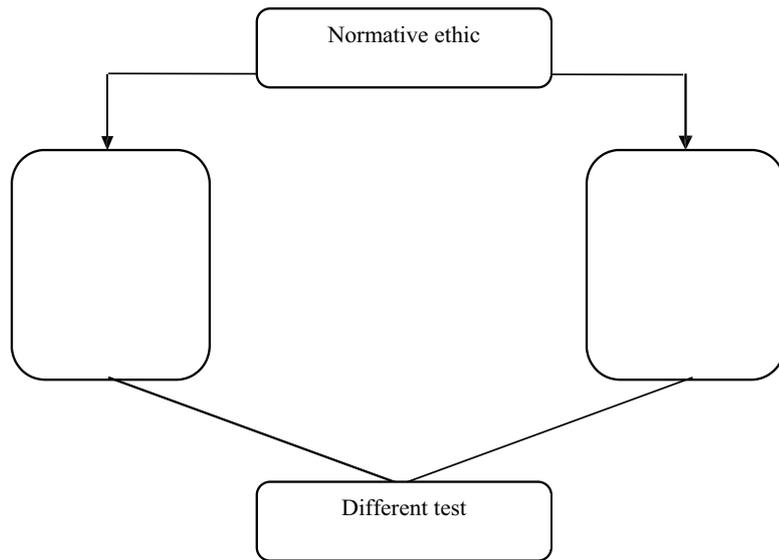


Figure 1: Research design.

TABLE 1: Sample.

No.	Major	Year	Number
1.	Accounting	2016	50
		2014	50
2.	Management	2016	50
		2014	50
3.	Economic Development	2016	50
		2014	50
Total			300

Source: FE UM, 2017

3. RESULT AND DISCUSSION

3.1. The result of Instrument of Validity and Reliability Test of 50 Respondents

3.1.1. Validity Test

Items of instrument are considered valid when r arithmetic $>$ r table. *Corrected Item-Total Correlation* column is r arithmetic for each questionnaire item, r table for testing instrument of 50 respondents is 0.2787. Result of the test of the above table showed that all instrument items have r arithmetic $>$ r table. The conclusion is the instrument used in this research is valid.

TABLE 2: Measurements in Social Consequence and Rules Categories.

No	Category	Phylosophy	Description	Question Number
1	Social consequences (teleology)	Utilitarianism	Goodness for many people is the only measurement of right and wrong	1
		Selfishness	Starve and eviction are prices to pay for advancement	2
		Selfishness	Something making me interested is something good for society	3
		Selfishness	Natural morality is for common good, but should be guided by personal's interest	4
		Selfishness	The social advancement is an undesigned impact of personal's interest in economic pursuit, not an impact of corporation activities	5
2	Social rules (deontology)	Justice	Justice will stand when profit distributed in line with principles in which individuals are free and rational receiving the impact of their interests without any knowledge about what they should obtain in distribution process.	6
		Justice	The key of ethic is justice	7
		Rights	Employees have the rights that must be respected	8
		Rights	Respecting and protecting the rights are the key of ethic	9
		Rights	Refusing someone's basic rights such as autonomy, privacy, and dignity is not ethical	10

Source: Baugher and Weisbord, 2009

3.1.2. Reliability Test

An instrument is considered valid if the test result showed $\text{Alpha} > 0.7$. The test result showed that Cronbach's $\text{Alpha } 0.899 > 0.7$. Therefore, it can be concluded that this research interest is reliable.

3.1.3. Normality Test

- a. Test distribution is normal
- b. Calculated from data
- c. Lilliefors Significance Correction.

TABLE 3: Item-Total Statistics.

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
VAR00001	92.0833	142.631	.502	.920	.895
VAR00002	92.1875	140.411	.579	.925	.892
VAR00003	92.2292	140.563	.594	.894	.892
VAR00004	91.6042	139.776	.696	.937	.890
VAR00005	92.0833	141.355	.617	.897	.892
VAR00006	91.8542	137.914	.676	.942	.890
VAR00007	92.4792	143.617	.390	.849	.898
VAR00008	91.5208	145.702	.434	.830	.896
VAR00009	92.6250	140.324	.504	.762	.895
VAR00010	92.2292	141.244	.468	.883	.896
VAR00011	92.1458	142.553	.519	.920	.894
VAR00012	92.2292	139.372	.604	.937	.892
VAR00013	92.0833	139.355	.660	.844	.890
VAR00014	91.6042	141.648	.663	.822	.891
VAR00015	91.8958	141.457	.504	.836	.894
VAR00016	91.7917	138.296	.671	.907	.890
VAR00017	92.1875	141.985	.452	.798	.896
VAR00018	91.7708	146.351	.339	.792	.899
VAR00019	92.6042	143.053	.361	.727	.900
VAR00020	92.2083	140.764	.455	.808	.896

TABLE 4: Reliability Statistic

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.899	.904	20

The data has normal distribution if the result showed Asymp. Sig. (2-tailed) > 0.05. The result of the test above showed that the data taken from the three majors having Asymp. Sig. (2-tailed) > 0.05, that can be concluded that the data collected in this research are normally distributed.

TABLE 5: One-Sample Kolmogorov-Smirnov Test.

		Accounting	Management	Economic Development
N		100	100	100
Normal Parameters ^{a,b}	Mean	90.6800	87.2100	90.8300
	Std. Deviation	8.65370	9.41769	8.82839
Most Extreme Differences	Absolute	.116	.082	.088
	Positive	.063	.067	.088
	Negative	-.116	-.082	-.067
Test Statistic		.116	.082	.088
Asymp. Sig. (2-tailed)		.142 ^c	.394 ^c	.255 ^c

3.1.4. Homogeneity Test

TABLE 6: Test of Homogeneity of Variances.

Students' view toward ethic position			
Levene Statistic	df1	df2	Sig.
.313	2	297	.732

From the result above it can be seen that the significance is 0.732. Since the significance is beyond 0.05, it can be concluded that three data categories of students' understanding on ethic based on major have the same variant (the data variant taken from three different majors are the same/pass homogeneity test).

3.2. Descriptive Analysis

3.2.1. Descriptives

3.2.2. Descriptive Statistics

3.3. The Views of Accounting, Management, and Economic Development Students Toward Business Ethics Position

TABLE 7: Students' view toward ethic position.

	N	Mean	Deviation Standard	Minimum	Maximum
Accounting	100	90.6800	8.65370	65.00	107.00
Management	100	87.2100	9.41769	31.00	108.00
Economic Development	100	90.8300	8.82839	70.00	110.00
Total	300	89.5733	9.09801	31.00	110.00

TABLE 8: Dependent Variable: Students' view toward ethic position.

Major	Year	Mean	Deviation standard	N
Accounting	2014	91.4200	7.08862	50
	2016	89.9400	9.99675	50
	Total	90.6800	8.65370	100
Management	2014	88.5800	7.85868	50
	2016	85.8400	10.65864	50
	Total	87.2100	9.41769	100
Economic Development	2014	91.0400	6.95161	50
	2016	90.6200	10.44302	50
	Total	90.8300	8.82839	100
Total	2014	90.3467	7.37034	150
	2016	88.8000	10.51557	150
	Total	89.5733	9.09801	300

TABLE 9: Students' view toward ethic position.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	838.927	2	419.463	5.210	.006
Within Groups	23910.460	297	80.507		
Total	24749.387	299			

3.3.1. ANOVA

The result of one way Anova test is significance 0.006 smaller than alpha 0.05. Therefore, it can be concluded that there is significant difference of students' view toward ethic position in bisnis among students of accounting, management, and conomic development. Since the result showed Ho is rejected (Ha is accepted/there is a difference). Post-hoc test was conducted using Turkey test to find wich category which is different from the two others.

3.4. Multiple Comparisons

Dependent variable: students' view toward ethic position

TABLE 10: Turkey HSD.

(I) Major	(J) Major	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Accounting	Management	3.47000*	1.26891	.018	.4811	6.4589
	Economic Development	-.15000	1.26891	.992	-3.1389	2.8389
Management	Accounting	-3.47000*	1.26891	.018	-6.4589	-.4811
	Economic Development	-3.62000*	1.26891	.013	-6.6089	-.6311
Economic Development	Accounting	,15000	1.26891	.992	-2.8389	3,1389
	Management	3.62000*	1.26891	.013	.6311	6.6089

*. The mean difference is significant at the 0.05 level.

The result of Turkey test above showed that:

- Students of accounting and management have significant difference on the view toward ethic position in business (sig 0.018 < 0.05).
- Students of accounting and economic development do not have significant difference on the view toward ethic position in business (sig 0.992 > 0.05).
- Students of management and economic development have significant difference on view toward ethic position in business (sig 0.013 < 0.05)

3.5. The Effect of Study Period of Economic Faculty Students toward Business Ethic Position

3.5.1. Students of Accounting (between school year of 2014 and 2016)

TABLE 11: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Views of Accounting Students toward Ethic Position in Business	Equal variances assumed	4.332	.040	.854	98	.395	1.48000	1.73311	-1.95930	4.91930
	Equal variances not assumed			.854	88.332	.395	1.48000	1.73311	-1.96401	4.92401

The result of test using independent t-test showed that students of accounting of 2014 and 2016 have no significant difference on the view toward ethic position in business (sig > 0.005).

3.5.2. Students of Management (between school year of 2014-2016)

The result of test using independent t-test showed that management students of 2014 and 2016 have no significant difference on view toward ethic position in business (sig > 0.005).

3.5.3. Students of Economic Development (between school year of 2014 and 2016)

The result of test using independent t-test showed that management students of 2014 and 2016 have no significant difference on view toward ethic position in business (sig > 0.005).

TABLE 12: Independent Samples Test.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Views of Management Students toward Ethic Position in Business	Equal variances assumed	.296	.588	1.463	98	.147	2.74000	1.87278	-9.97647	6.45647
	Equal variances not assumed			1.463	90.122	.147	2.74000	1.87278	-9.98054	6.46054

TABLE 13: Independent Samples Test.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Views of Economic Development Students toward Ethic Position in Business	Equal variances assumed	14.712	.000	.237	98	.813	.42000	1.77416	-3.10076	3.94076
	Equal variances not assumed			.237	85.298	.813	.42000	1.77416	-3.10732	3.94732

4. CONCLUSION

There was a significant difference of student's views toward the position of ethics in business among students from accounting, management, and economic development. Moreover, the Tukey test showed that there was a significant difference of student views toward the position of ethics in business between accounting and management students (sig 0.018 < 0.05), while there was no significant difference of student's views toward the position of ethics in business between accounting and economic development students (sig 0.992 > 0.05). Differently, there was a significant difference of student's views toward the position of ethics in business between management and economic development students (sig 0,013 < 0.05). In details, the result of this study also implied that there was no significant difference of student's views toward the position of ethics in business among students of year 2014 and 2016, from all three departments. It implied that the study period did not affect the student's views toward the position of ethics in business.

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