



THE RELATIONSHIP BETWEEN PERSONAL TRAITS AND ACCOUNTING STUDENTS PERCEPTION ON ETHICS AND LOVE OF MONEY: CASE OF MALAYSIAN GOVERNMENT-LINKED UNIVERSITY

Elinda Esa & Abdul Rahman Zahari

College Business Management & Accounting, National Energy University, Malaysia

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Abstract

Ethical crises occur in all professions, affecting not only those already in the profession, but also those preparing to enter it. The accounting profession experienced controversial the deepest crisis in its history with the discovery that accountants had acceded in historic fictitious financial reporting by corporate giants such as Enron, WorldCom, Tyco, Parmalat and others. The long term destruction inflicted on these professions is still being felt. However the view among those preparing to enter their particular profession, e.g. they are enrolled in a police academy, seminary, college or higher learning institution, is a crucial significance. Since the accounting students will be the future members of the accounting profession and are prone to be involved literally in the corporate scandals, their ethical behavior can be used to measure ethical conduct. Thus, using primary data collection through questionnaire survey on accounting students in one of the Malaysian government-linked university and partial least square (PLS) tool, the aims of the study is to investigate the influence of personality traits towards love of money (perception to money) and ethics.

1. INTRODUCTION

In recent years, ethical issues have gained more attention due to the fact that accounting profession has been emerging into an entity which is more than just a book keeping and reporting system (Nofsinger & Kim, 2003; Jones & Abraham, 2007). In fact, according to Yasemin *et al.* (2009) accounting today is not easy as a systematic process of recording, classifying, summarizing and reporting transactions, but its relate to complex cycle of data processing with potential manipulation of information received and to be released. Complimentary to this, ethics is defined as the principles and standards of moral behavior that is accepted by society, "right" as opposed to "wrong" (Bovee *et al.*, 2006). Additionally, Morf *et al.* (1999) in their study have defined ethics as a moral obligation, responsibility and social justice of all parties involved in the decision process. Accounting ethics perhaps is defined as the need to apply moral standards by accounting professions.

Corresponding author's

Name: Elinda Esa

Email address: Elinda@uniten.edu.my

In today's business environment, the role of accountants is important. Decisions are made by the managers and the decision makers will be decided mainly based on the information that have been provided by the accountants. Since the truthfulness of the decisions will depend on the reliability of accounting information, thus the ethical judgments' has gained considerable attention recently. As related to the current issues, there are lots of accountants in the firms has been cheating especially in disclosing information in their financial statement and that is called unethical.

Ethical judgment are really important in order to make sure that the accountants have disclosed the true information in their financial statement. There are several major of corporate failures such as Enron, Arthur Anderson and WorldCom have made an ethical issue as a paramount concern to those who working in business and accounting (Robertson, 2008), Thus, the codes of ethic has been used to convey the accounting responsibilities and ethics among the accounting.

Borkowski and Ugras (1998) in their study revealed that the ethical perceptions are related to the several factors that are unique to each individual. In line with this understanding, the current study examined a psychological variable that has gained an acceptance in the psychological literature which is individual's love of money. Psychologically, the unethical behavior according to many psychologist for instance Kendra (2009) has high association with the degree of love for money or individual perceptions towards money. Individual who look at money as very important for their life is vulnerable to cheating and act unethically.

Tang and Chen (2008) in their study revealed that there are significant relationship between love of money and job satisfaction, job turnover and the quality of life in general. Since the accounting students will be the future members in the accounting profession and are prone to be involved literally in the corporate scandals, their ethical behavior can be used to measure ethical conduct. Thus, the study will examine the accounting student's love of money and their ethical perceptions based on several questionable accounting actions. The study also emphasized on their demographic and personality traits towards the love of money and the impacts on their ethical perceptions.

In Malaysia, causes related to the ethical behaviour in the organization especially in accounting profession is quite abundant. The most prominent example is Perwaja Steal which was happened in year 1986 pertaining to the fraud issues in the financial statement. Furthermore, there are many cases where accounting profession is likely to make creative accounting or multiple accounts such as case of Fountain View Development Bhd. formerly known as Plantation & Development (Malaysia) Bhd. RM 450.2 million worth of transactions made between 1997 to 2001 found by the independent auditors that results the company as an insolvent (New Straits Times, 2003). Considering the business world is often jolted by significant example of unethical behavior that contributed to the corporate and audit failures and cheating since college is a strong predictor of cheating in the workplace as claimed by Lawson (2004). It is important to study the view of accounting students regarding cheating inside and outside the classroom. Furthermore, Klein *et al.* (2007) found that business students had more heedless attitudes regarding cheating compared to others.

The remainder of the paper is organized as follows. The next section reviews relevant literature. This will be followed by an explanation of the study's research method and sample selection. Finally, findings and analysis are the provided before concluding the paper with limitations and suggestions for future research.

2. LOVE OF MONEY, ETHICS AND PERSONALITY

Nowadays, money has become a very important need in life. Gbolahan and Patricia (2005) found that money is a motivator when it shows a positive relationship between job performance and money ethics. Although money would be a motivator for performance, it also would enhance emotions such as envy and greed, and could distort the relationship between human being (Walker & Frimer, 2007). According Tang and Kenneth (2004), whoever valued money more actively will tend to work harder and enjoy their achievement when they succeed in any task given. Furthermore, Tang (1992)

introduced the theory of “love of money”, which measures a person’s feeling towards money. Money used by managers as a driving force for their subordinates to sustain, motivate, attract and achieve company’s goals (Milkovich & Newman, 2002). However, dissatisfaction of payment will cause undesirable impact such as low turnover, stock theft, low commitment and unethical actions as what explained by (Cohen & Spector, 2001; Greenberg, 1993; Tang & Chiu, 2003a; Tang *et al.*, 2004). Additionally, Tang and Chiu (2003a) found in their study in Hong Kong, there is a significant influence between unethical actions and love of money.

The relationship between unethical behaviour and love of money has been researched further in many countries. The love of money is the root of evil, is one of the common belief (Tang & Chiu, 2003b). They also argued that a person’s money ethic gives a direct impact on unethical actions. Sloan (2002) in his study stated the love of money is actively related to the theory of “greed”. He also added that it is one of the social disease in society and gives a lot of bad impact. The love of money is not necessarily good or evil. It is a feeling that conceptually and empirically and deserve further research by researcher. This is because it will help us to understand, control the evil and to predict one’s behaviour.

Tang (1992), has found six factors in the love of money such as good, evil, achievement, respect, budget and freedom. Older people believe that the function of money was come from their effort and ability and younger people are less security-minded than older people (Furnham, 1984). This shows that age is connected with the budget of money. Furnham (1984) also found that there is a connection between sex and budget of money which is female are more traditionalist and precautions to maintain safety than male.

According to Rubenstein (1981), achievement in USA is measured by money and income. Pfeffer and Langton (1993) argued that when the individual get high income, they tend to have a high level of pay satisfaction that shows the money is a sign of their achievement. Individual will experience the low level of job and life satisfaction to those who think the money is represent one’s achievement (Tang, 1992). Thus, income is connected to the achievement of money.

Money had a direct influence on unethical behavior. Tang and Chiu (2003a), argued that the love of money is the root of all evil is associated with the concept of ‘greed’ which bring negative impact to the individual and this reflects to the money is evil. Tang (1992) also stated that freedom and respect are connected with political values and argued that political man is very interested on freedom while economical man is interested in what is useful to them.

Brian (2008) has stated that money is good that it could take us to buy homes, cars, clothes, foods and other things that good in life. Researcher found that money will flow to those who are used the money in a productive ways and at the same time money will flow away to those who are used the money in unproductive ways which is who used it poorly. Thus, this factor is related to the love of money.

In the same way, prior literatures has proven that the personality traits and gender has had significant relationships with the attitudes towards money and subsequently leads to unethical behavior. Personality as defined by McFerran *et al.* (2010) is a physiological classification that indicate some uniqueness of behavior to the individual life across time and situation. Moreover, Walker and Frimer (2007) revealed that in determining moral action, personality elements has had explanatory power. As well as Trevino and Brown (2004) revealed a relationship between personality and unethical behavior outcome in workplace such as theft and deviation from norms.

3. HYPOTHESES DEVELOPMENT

The current study examined whether the personality traits of accounting students will influence their love towards money and ethics. Many papers have been written and discussed about the influence of

personality toward the level of love towards money (e.g. Perry *et al.*, 1990; Iyer & Eastman 2006). Therefore the hypotheses are:

- H1: There is a significant influence between personality traits and ethics.
- H2: There is a significant influence between personality traits and the money is good.
- H3: There is a significant influence between personality traits and the money is evil.
- H4: There is a significant influence between personality traits and the achievement of money.
- H5: There is a relationship between personality traits and the respect of money.
- H6: There is a relationship between personality traits and the budget of money.
- H7: There is a relationship between personality traits and the freedom of money.

4. RESEARCH METHODOLOGY

4.1. Sample and data collection

The sample in this study consists valid respondent of 127 students (84.7%) from one of the Malaysian government-linked university. The non-probability purposive sampling was employed, where only accounting students were chosen and those who were not involved were excluded from the sample.

4.2. Measures and assessment of goodness of measurement

The data for this study were gathered through questionnaires that adopted from previous literatures by Tang (1992) and Uddin and Gillet (2002). The data collection instrument is a structured questionnaire which contains four sections. In order to measure the love of money, the original money ethics scale developed by Tang (1992) was used. This section consists questions on money which involve several factors of perceptions on money such as money is good, money is evil, achievement of money, freedom of money, respect of money and budget of money. Short scenarios by Uddin and Gillet (2002) also were used to measure the ethical perception. Scenario 1 dealt with earning management, scenario 2 and scenario 3 dealt with clear violations of generally accepted accounting principles (GAAP) and scenario 4 dealt with a violation of the conservatism principle. Additionally, personality traits questions adopted from Jenkins *et al.* (1971) study also were used.

Data was analyzed using partial least square (PLS) techniques in testing the hypotheses. Additionally, the goodness of measures was examined by using two fundamental criteria such as validity and reliability. First, to examine how well the results obtained from the use of the measure appropriate with the theories that the test is designed, construct validity was used (Sekaran & Bougie, 2010). Then, convergent validity was used to test the degree which multiple items to measure the same concept are in accordance. Next, discriminate validity was proceeded. The discriminate validity was examined through correlations between the measures of potentially overlapping constructs. Additionally, Cronbach's alpha coefficient was used to examine the inter item consistency among measurement items.

5. RESULTS AND FINDINGS

The profile of respondents is shown in Table 1. A total of 150 questionnaires were distributed and 127 were received. The questionnaires received were all usable. Thus, the final sample size used for data analysis was 127. The study sample comprises 33.1% male and 66.9% female students. Majority of them is in the range of age 18 to 21 years old (73.2%) and the junior grades was 93.7%. Moreover, with respect to the cumulative GPA, majority of them above the CGPA of 3.1 to 4.0 (74.8%) and majority of the respondents were chosen public accounting as a career path with 52.8%.

Table 1: Description of respondents

Item	Description	Frequency (n = 127)	Percentage
Gender	Male	42	33.1
	Female	85	66.9
Grades	Junior (1st and 2nd year)	119	93.7

	Senior (3rd and 4th year)	8	6.3
Age	18 to 21 years old	93	73.2
	22 to 25 years old	32	25.2
	26 to 29 years old	2	1.6
	3.0 to 3.5	32	25.2
Current GPA	3.1 to 3.5	45	35.4
	3.6 to 4.0	50	39.4
	Public Accounting	67	52.8
Future career	Industry	12	9.4
	Government/Non-Profit	11	8.7
	Internal Auditing	27	21.3
	Other	10	7.9

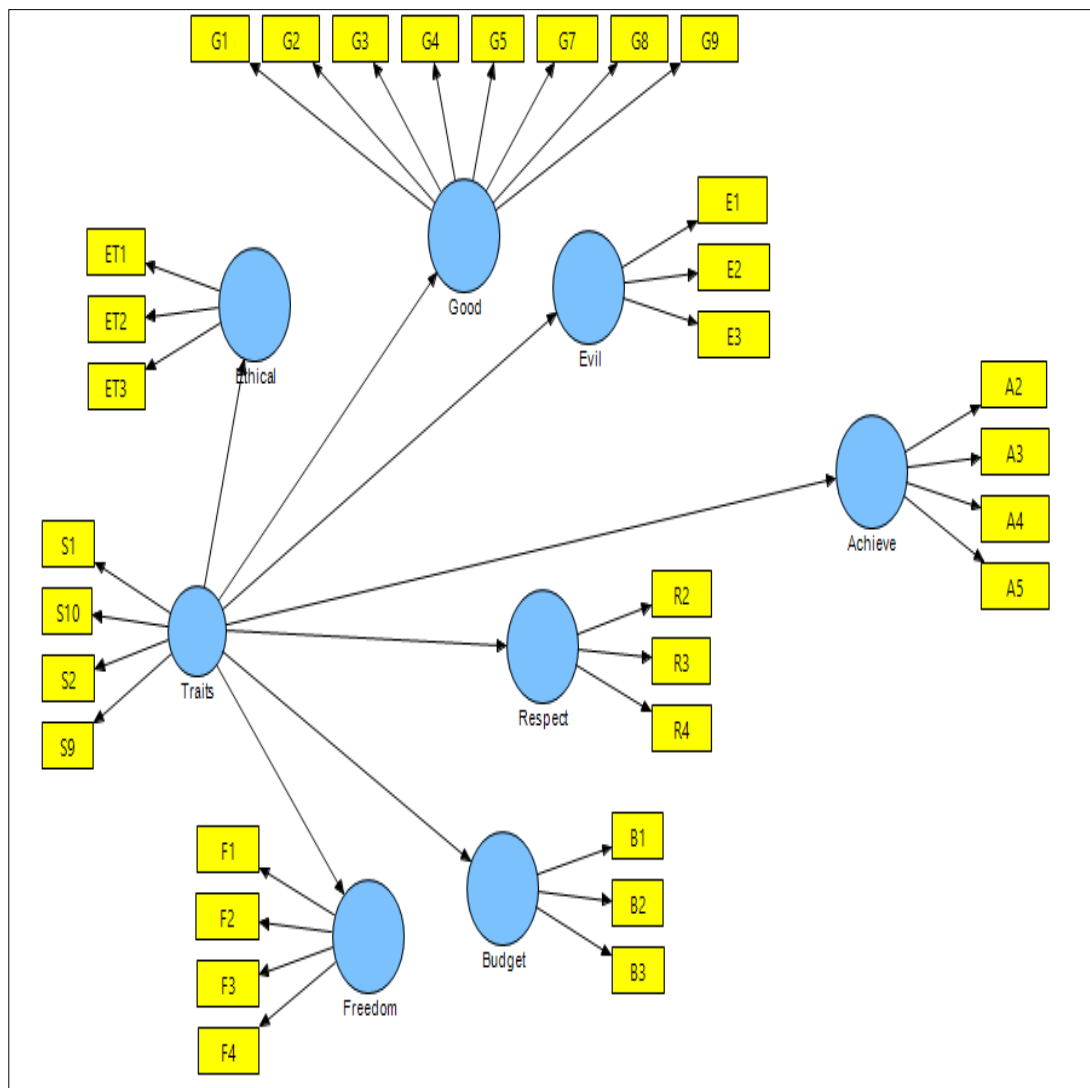


Figure 1: Research model

There are two fundamental criteria used to test the goodness of measures i.e. validity and reliability. As shown in Table 2 below, thirty two items of construct loading is higher than 0.5. However, twelve items were deleted due to low loading. As suggested by [Hair et al. \(2010\)](#), the used of factor loading, recommended composite reliability and average variance extracted to test the convergent validity.

The loadings for all items exceeded the suggested value of 0.5. The composite reliability values ranged from 0.879 to 0.938 and have surpassed the recommended value of 0.7 Hair *et al.* (2010), the average variance extracted (AVE) also represented the value higher than 0.5 which ranged from 0.518 to 0.710. In general, the results show that all the eight constructs namely personality traits, ethical perceptions, good, evil, achievement, respect, budget, and freedom are all valid measures of their respective constructs.

Table 2: Results of measurement model

Model construct	Measurement item	Loading	AVE	CR
Achievement	A2	0.734	0.645	0.878
	A3	0.804		
	A4	0.902		
	A5	0.762		
Budget	B1	0.885	0.710	0.880
	B2	0.859		
	B3	0.779		
Evil	E1	0.879	0.594	0.812
	E2	0.649		
	E3	0.767		
Ethical	ET1	0.816	0.669	0.858
	ET2	0.887		
	ET3	0.744		
Freedom	F1	0.851	0.671	0.891
	F2	0.800		
	F3	0.867		
	F4	0.754		
Good	G1	0.763	0.601	0.923
	G2	0.734		
	G3	0.807		
	G4	0.847		
	G5	0.860		
	G7	0.706		
	G8	0.705		
Respect	R2	0.901	0.708	0.879
	R3	0.854		
	R4	0.764		
	S1	0.720		
Traits	S10	0.714	0.518	0.811
	S2	0.776		
	S9	0.665		

Note: ET1, A1, E4, E5, G6, R1, S3, S4, S5, S6, S7, and S8 were deleted due to low loading

Moreover, the square root of each AVE (shown on the diagonal in Table 3) is greater than the related inter-construct correlations (shown off the diagonal in Table 3) in the construct correlation matrix, indicating adequate discriminant validity for all of the reflective constructs.

Table 3: Discriminant validity of constructs

	Achievement	Budget	Evil	Freedom	Good	Ethical	Respect	Traits
Achievement	0.803							
Budget	0.268	0.843						
Evil	0.232	-0.031	0.771					
Freedom	0.692	0.362	0.202	0.819				
Good	0.541	0.397	0.134	0.519	0.775			
NEW	-0.086	-0.235	0.088	-0.049	-0.141	0.818		

Respect	0.658	0.158	0.150	0.684	0.306	0.009	0.841	
Traits	0.276	0.492	0.096	0.281	0.343	-0.273	0.213	0.720

Note: Values in the diagonal (bolded) represent the square root of the AVE while the off-diagonals represent the correlations

Next is proceeded with the path analysis to test the seven hypotheses created. As depicted on Table 4, the results indicate six hypotheses (H1, H2, H4, H5, H6 and H7) have a significant relationship with the dependent variables. However, H3 is found insignificant. The results of structural model is used the bootstrap procedure with 500 times of resampling.

Table 4: Hypothesis testing

Hypothesis	Relationship	Std. Beta	Std. Error	T-value	Decision
H1	Traits -> Achieve	0.276	0.074	3.734*	Accepted
H2	Traits -> Budget	0.492	0.068	7.196*	Accepted
H3	Traits -> Evil	0.096	0.135	0.711	Rejected
H4	Traits -> Freedom	0.281	0.072	3.902*	Accepted
H5	Traits -> Good	0.343	0.049	6.942*	Accepted
H6	Traits -> Respect	0.213	0.087	2.451*	Accepted
H7	Traits -> Ethical	-0.273	0.086	3.181*	Accepted

Note: *p<0.01

6. CONCLUSION

The current study revealed significant results between personality traits and ethics and love of money perception. Overall, accounting students in one of the government-linked university felt all cases are unethical and students believed and agreed that money is good, represent good budgeting, represent achievement, yields respect, yields freedom and power (H2, H4, H5, H6) and they disagreed that the money was evil (H3). The results indicate that accounting students had a positive attitude towards money. thus, this results supports the notion that the relationship contribute to greater awareness and sensitivity of students pertaining what is ethical and what is not and may behave differently in moral dilemma. To sum up the above findings, the study of ethics during education may enhance the awareness among students about what is ethical and what is not. This ethics subject contribute to the development of moral and ethical principles in future auditors, accountants and accounting staff.

7. LIMITATION AND FUTURE RESEARCH

This study makes a number of contribution to the business ethics literature, but it is important to note some limitation of this study. The conceptualization of the personality traits is only one way of capturing the construct. However, Walker and Frimer (2007) used three different typologies of moral personality. In other word, the results should not be taken as the complete measure of personality traits towards the perception. Additionally, the findings of this paper may not be generalized to all accounting students as the sample composed of only accounting student from one of the government-linked university. The possible directions of future research may perhaps extending a research involving accounting students from all universities. It would also be very significant to analyze the differences of personality towards the love and money and ethics perceptions to enrich the interpretations, awareness and sensitivity of accounting students to issues of cheating, morality and ethics.

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