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# Personal and moral intensity determinants of ethical decision-making

## 148 A study of accounting professionals in Nigeria

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### Abstract

**Purpose** – The purpose of this paper is to examine the influence of personal and moral intensity variables on specific processes, namely, ethical recognition, ethical judgment and ethical intention, involved in the ethical decision making (EDM) of accounting professionals.

**Design/methodology/approach** – A structured questionnaire containing four vignettes of ethical dilemmas is used in the paper to obtain data from 329 accounting professionals. The data are analyzed using Pearson correlation matrix, independent sample *t*-test, one-way analyses of variance and multiple regression estimation techniques.

**Findings** – The findings of the paper suggest that age, economic status, upbringing, moral idealism and relativism, magnitude of consequence and social consensus are significant determinants of the EDM process of accounting professionals.

**Practical implications** – The paper provides evidence to guide accounting regulatory bodies on ways to strengthen extant measures that ensure strict compliance with ethics codes among accounting professionals in Nigeria.

**Originality/value** – The paper provides support for Kohlberg's cognitive reasoning and moral development theory and Rest's EDM theoretical model, which will aid the development of a structured curriculum for accounting ethics instruction in Nigeria, as hitherto, there is yet to be a provision for a stand-alone ethics course in the undergraduate accounting programs in Nigeria.

**Keywords** Nigeria, Ethical decision-making, Moral intensity, Accounting professionals, Ethical dilemmas

**Paper type** Research paper

### 1. Introduction

At the Group of 20 (G-20) leaders' summit held in Hangzhou, China, in 2016, lead discussions centered on corruption, financial integrity and economic governance. At the meeting, there was a tender on the need for an ardent commitment to improving financial integrity and transparency, which will in turn restore trust in businesses, institutions and governments (Byrne, 2016; Kirtley and Choudhury, 2016). In accord with the International Federation of Accountants (IFAC), the G-20 leaders called on the accountancy profession to take a proactive action in promoting financial integrity, accountability and economic governance, which are requisite for sustainable, long-term economic growth. The expediency of this salient call to the profession aligns with its role in achieving financial integrity and transparency in the global economy (IFAC, 2015; Kirtley and Choudhury, 2016).

In reality, in spite of its significant contribution to the global economy, the accounting profession has suffered stern criticisms following alleged cases of unethical practices by accounting professionals (Griffin, 2015). As documented by scholars and in many anecdotes, the acts of unethical accounting practices have led to the collapses and distresses of many world-leading companies (Bakre, 2007; Ogunleye, 2015). Examples of companies that have suffered financial scandals due to unethical accounting practices include Enron, WorldCom, Toshiba, Alberta Motor Association and a host of additional cases of corporate distresses (Russell and Rusnell, 2016; Herbert *et al.*, 2016). In Nigeria, unethical accounting practices have also led to corporate distresses (e.g. Cadbury Plc,



Lever Brothers and Dunlop Nigeria Plc.) and theft of public funds (Bakre, 2007; Ajibolade, 2008; ISAAC, 2015; Ajibolade and Oboh, 2017).

Globally, the pervasive cases of corporate scandals and the alleged roles played by accounting professionals have made the nobility of the accounting profession to suffer major setbacks and pressure for ethics in the profession has increased significantly (Ajibolade, 2008; Ogunleye, 2015; Musbah *et al.*, 2016). Critical accounting scholars have argued that accounting professionals collude with the managements and directors of companies to manipulate and overstate companies' accounts to derive private economic gains (Bakre, 2007; Griffin, 2015). A body of documented evidence has shown that unethical accounting practices have caused a ubiquitous rise in the degree of tax evasion, money launderings, corporate frauds and theft of public funds (Bakre, 2007; Sikka, 2009, 2017; Otusanya, 2010; Ogunleye, 2015; Griffin, 2015; Oboh and Ajibolade, 2018). While the revenues lost due to unethical accounting practices are hard to estimate, Sikka and Lehman (2015) reported that they are estimated to be running at around \$2.6 trillion annually.

In the bid to addressing the issues of unethical accounting practices in the private and public sectors and to guide accounting practices and corporate affairs globally, some legislations such as the Sarbanes–Oxley Act of 2002 in the USA and other IFAC pronouncements were made (Armstrong *et al.*, 2003; Dey and Rushe, 2009; IFAC, 2016; Herbert *et al.*, 2016). However, despite these legislations, there are still global recurrences of accounting irregularities and financial scandals with dire consequences on national economies (Griffin, 2015; IESBA, 2015). Recently, as a way of augmenting existing legislations in addressing some of the ethical concerns in the accounting profession, the International Ethics Standards Board for Accountants (IESBA) and the International Auditing and Assurance Standards Board (IAASB) released new standards for responding to non-compliance with laws and regulations (IESBA, 2016). While these pronouncements by the IESBA and the IAASB are veritable to guide accounting professionals in responding to ethical issues when faced with dilemmatic situations, scholars have argued that rules and regulations alone are insufficient in sustaining resilient ethical disposition among accountants (Bernardi and Bean, 2006; Bean and Bernardi, 2007).

Arguably, in themselves, ethics codes cannot capture all the ethical concerns that they need to capture. No matter how precisely formulated nor how many separate qualifications, special circumstances and unusual exceptions are added to them, there will always be an undefined number of cases of ethical dilemmas that ethics codes may not address (Mintz and Morris, 2008). Besides, ethics rules and regulations always require intelligent interpretation, of which good judgment and a sound appreciation of the circumstances are indispensable (Cheffers and Pakaluk, 2007). Accordingly, there is a need for more empirical evidence in understanding the ethical decision-making (EDM) process of accounting professionals, which in line with extant ethics guidelines may aid the process of instilling, internalizing and enhancing the ethical disposition of accounting professionals.

Another justification for this paper is that, in Nigeria, the financial scandals and high corruption profiles in the private and public sectors have made the nation's economic diversifications and strong growth projections not to translate into any significant decline in poverty levels. About 62 percent Nigerians (over 111.6m) still live in indigence (CIA, 2017). Besides, over a 20-year period (1996–2016), Transparency International (TI) has consistently ranked Nigeria among the most corrupt nations in the world (Ajibolade and Oboh, 2017; Ajibolade *et al.*, 2016; Fagboro, 2015). In their recent report released in 2017, TI ranked Nigeria as the 40th most corrupt nation among 176 countries and 21st among 46 Sub-Saharan African countries. Over time, accounting scholars in Nigeria (e.g. Bakre, 2007; Adeyeye *et al.*, 2010; Otusanya and Lauwo, 2010; Otusanya and Uadiale, 2014; Ogunleye, 2015; Oboh and Ajibolade, 2018) have argued that accountants cannot be totally exonerated from the corruption epidemic that has plagued the Nigerian society. As argued by Adeyeye *et al.* (2010) and Otusanya (2011), financial misconducts and frauds

perpetrated by companies and theft of public funds by public officeholders cannot be possible without the active involvement of accounting professionals.

This paper therefore examines the effect of personal and moral intensity variables on the EDM process of accounting professionals in Nigeria with the aim of providing empirical evidence that may help in improving their decision-making process regarding dilemmatic ethical issues. Specifically, the paper examines the effect of gender, age, upbringing, economic status, personal moral philosophy (idealism and relativism) and moral intensity variables on the EDM process of accounting professionals. While gender and age have received considerable research attention (mostly from the developed countries), there is a sparse evidence regarding the roles of upbringing and economic status in the EDM process (Craft, 2013; Lehnert *et al.*, 2015; Oboh and Ajibolade, 2018). Although, the study of Musbah *et al.* (2016) provided some evidence on the EDM determinants of management accountants in Libya, the current study provides further evidence from another developing country where the issue of corruption is more pervasive.

In Nigeria particularly, despite the corruption challenges, the response toward addressing the issues of unethical accounting practices has not received the most desired research attention. This paper therefore adds to the sparse evidence on accounting ethics in Nigeria. In addition, as the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN) seek ways to enhancing the ethical dispositions of their members, the evidence from this paper will guide these professional accounting bodies in strengthening extant measures put in place to ensure strict compliance with ethics codes among their members. The paper also provides support for Kohlberg's cognitive reasoning and moral development (CMD) theory and Rest's EDM theoretical model, which will aid the development of a structured curriculum for accounting ethics instruction in Nigeria, as hitherto, there is yet to be a stand-alone ethics course in the undergraduate accounting programs in Nigeria (Ajibolade, 2008; Ogunleye, 2015).

The other sections of this paper are arranged as follows: Section 2 presents the review of prior literature on EDM related to accounting and business including discussions on the theoretical framework and formulation of hypotheses. Section 3 describes the research data and methods, while the results and discussions are presented in Sections 4 and 5, respectively. Section 6 presents the conclusion, while the implication, limitations and suggestions for future research are presented in Section 7.

## 2. Literature review and hypotheses development

According to Bowie and Schneider (2011), ethics is the branch of moral philosophy, which consists of systematizing, defending and recommending concepts of right and wrong behaviors. It seeks to resolve issues of human morality by describing concepts such as good and evil, right and wrong, virtue and vice and justice and crime (Shafer-Landau, 2012). Generally, the theories of ethics have been grouped by philosophers into metaethics, normative ethics and applied ethics, which have helped scholars to comprehend the complexity and dimensions of moral philosophies in societies and organizations (Fieser, 2001; Panza and Potthast, 2010).

According to Sinhababu (2015), metaethics focuses on the metaphysical and psychological issues in humans. It explores the sources, foundations and nature of ethical principles. On the other hand, Shafer-Landau (2012) noted that normative ethics is concerned with the practicality of regulating moral conduct in society, which has been grouped into virtue, duty and consequentialist theories (Fieser, 2001). A classic example of a normative principle is the Golden Rule, which says; "as ye would that men should do to you, do ye also to them likewise" (Luke 6:31, King James Version). Furthermore, applied ethics is concerned with examining specific controversial ethical issues as they relate to professions and organizations (Tännsjö, 2011), of which accounting ethics entails (Mintz and Morris, 2008).

### 2.1 *Ethical issues in the accounting profession in Nigeria*

According to Kigbu (2010), professionalism in accounting is the display of expertise and excellence in recording financial transactions and related activities. Generally, the intellectual characteristics required of an accounting professional are intelligence, objective judgment, creativity, intuition, integrity, high ethical standard and having respect for others. In Nigeria, accounting professionals are those designated as chartered (or certified in the case of ANAN) and licensed to practice accounting by an authorized professional accounting body with a chartered status. Usually, a membership handbook containing a set of rules and regulations and a standard code of ethics guides these accounting professionals in the discharge of their professional responsibilities to the profession and to the public (Bakre, 2007; Otusanya, 2010). The two major professional accounting bodies charged with the responsibilities of accounting practices in Nigeria are the ICAN and the ANAN (IFAC, 2017; Otusanya and Lauwo, 2010). According to Bakre (2007), the Federal Parliament Act No. 15 of 1965 gave the ICAN the charter status and monopoly to regulate the accountancy profession in Nigeria and to make provisions to take disciplinary actions against its erring members. However, on account of the several criticisms leveled against ICAN regarding its failure to measure up with its charter status and monopoly (i.e. failing to ensure ethical professional conduct among its members), the Nigerian Government was forced to occasionally intervene in the professionalization and practice of accountancy in Nigeria. The outcome of one of such interventions was what granted the same power of self-regulation of accountancy in Nigeria to ANAN by Act No. 76 of 1993 on August 25, 1993 (ANAN, 2017; Bakre, 2007).

By representation, ICAN and ANAN are both members of the Financial Reporting Council of Nigeria, which is charged with the responsibilities of developing and publishing accounting and financial reporting standards to be observed in the preparation of financial statements of public entities in Nigeria and for related matters (FRCN, 2018). They (ICAN and ANAN) both collaborate with other stakeholders in the audit and financial reporting standard-setting processes and with anti-corruption agencies to promote good standards, professionalism and integrity in the accountancy profession (IFAC, 2017). However, both ICAN and ANAN claim to have robust codes of ethics to guide their members in the performance of their professional duties, which include issues of integrity, objectivity, due diligence, confidentiality and professional behavior. However, critical accounting scholars have argued that accounting professionals, disregarding code of ethics, deliberately engage in unethical accounting practices for private economic gains, and that both ICAN and ANAN have maintained compromising stance in disciplining erring members (Bakre, 2007; Otusanya, 2010; Otusanya and Lauwo, 2010; Ogunleye, 2015; Oboh and Ajibolade, 2018). Accordingly, in order to survive in the modern competitive accountancy market environment, ICAN and ANAN must convince their Nigerian clientele that they are determined to ensuring high ethical standard among their members and to continue to act in the interest of the Nigerian public (Bakre, 2007). The next subsections present detailed discussions on Rest' EDM theoretical model and Kohlberg's CMD theory.

### 2.2 *Rest theoretical model of EDM*

The EDM model was developed by James Rest in 1979 based on Kohlberg's CMD theory to describe individuals' cognitive stages when faced with ethical dilemmas (Craft, 2013). The model involves four distinct psychological processes, which are: ethical recognition; ethical judgment; ethical intention; and ethical behavior (see Figure 1). Although, the EDM model follows a sequential order, Rest (1986) argued that each stage is conceptually different.

As displayed in Figure 1, ethical recognition is the first stage in Rest’s model. This stage is central in initiating the EDM process. It involves an individual’s ability to recognize that a potential decision or action could affect the welfare, interests and expectations of someone else directly or indirectly in a way that may conflict with one or more ethical principles (Rest, 1982, 1986). Following this stage is the ethical judgment stage, which is the determination of the ethically appropriate course of action among potential alternatives (Schwartz, 2016). The third stage, which is the ethical intention stage, is the subjective probability that a given behavioral alternative will be performed (Musbah, 2010), while ethical behavior, which is the fourth and final stage, is where an individual engages in a proper action because of his/her intentions (Rest, 1986).

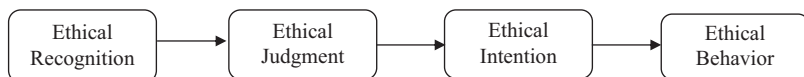
This paper examines the first three of the four stages of Rest’s model. The fourth stage was exempted because its measurement has been found to be practically difficult and subject to bias (Musbah *et al.*, 2016). Besides, most behavioral theories share a belief that the single best predictor of an individual’s behavior is his/her intention to engage in the behavior, which is the decision to act or not act in a particular way (see Ajzen and Fishbein, 2005; Ajzen, 2011). The findings from prior studies suggest that personal and situational variables associate with at least one or two stages of Rest’s model (Craft, 2013).

### 2.3 CMD Theory

The CMD theory was propounded by Kohlberg in 1958. The theory holds that moral reasoning is the basis for ethical judgment and behavior (Kohlberg, 1973; Weber, 1991). According to Kohlberg (1973), the CMD theory has three morality levels, namely, pre-conventional, conventional and post-conventional levels. Each morality level consists of two different stages and each stage being more adequate at responding to moral dilemmas than its predecessor. At the pre-conventional level of morality, individuals are responsive to cultural rules and labels of “good” and “bad,” “right” or “wrong,” especially when expressed in terms of physical or hedonistic consequences of action (punishment, rewards and exchange of favors). This morality level consists of Stage 1, punishment and obedience orientation and Stage 2, instrumental relativist orientation (Mintz and Morris, 2008).

At the conventional level of morality, individuals become aware of the interest of others and their duties to society. They seek to maintain the expectations of their families, groups or nation, which is perceived as valuable in its own right, regardless of immediate and obvious consequences. This morality level consists of Stage 3, good boy–nice girl orientation and Stage 4, law and order orientation (Kohlberg, 1973; Mintz and Morris, 2008). At the third level of morality, which is the post-conventional level, moral values and principles are defined in the light of legitimacy and application separable from the authorities of the groups or persons holding these principles. Like the first two levels, the post-conventional level consists of Stage 5, social-contract legalistic orientation and Stage 6, universal ethical principle orientation (Kohlberg, 1973; Weber, 1991).

In some prior business and accounting ethics studies, the CMD theory has served as the theoretical underpinning in understanding the decision-making process of professionals regarding ethical issues at the workplace. The theory has aided researchers in identifying and examining factors associated with the moral development and disposition of individuals (Mintz and Morris, 2008; Craft, 2013). In applying the CMD theory, it may be that the EDM process of accounting professionals would differ as a result of advances in age. This proposition is based



Source: Rest (1979)

Figure 1.  
Ethical decision-making (EDM) model

on the suggestion of the CMD theory that individuals change from one level of morality (a lower level) to another level of morality (a higher level) because of certain changes in individual demographics and environmental conditions (Trevino, 1986).

Also, the magnitude of consequence and social consensus of an unethical decision may influence the EDM process of accounting professionals. That is, some accounting professionals may not engage in unethical accounting practices, not because they are ethical in themselves, but because of the magnitude of consequences and societal disapproval of such unethical actions. For instance, as suggested by the CMD theory and the deterrence theory, the fear of punishment (fear of sanction, loss of job or retraction of practicing license) may prevent some accounting professionals from engaging in unethical accounting practices (Kohlberg, 1973; Weber, 1991; Braithwaite and Makkai, 1991; Buckley *et al.*, 1998).

It may also be argued that an accounting professional will make ethical decisions not because the law coerces him/her, but for the interest of others and the society, which is guided by fairness, societal norms, legal and religious codes. Accordingly, the social consensus of an unethical decision and the personal moral philosophy of accounting professionals may influence their decision-making processes regarding ethical issues. That is, an accounting professional may make ethical decisions as an obligation to be committed to the laws and to act in conformity with social expectations. These arguments are also supported by the deontological or duty theory, which is strictly stereotype based on prescribed rules (Fieser, 2001).

In addition, as suggested by the CMD theory, an accounting professional may be motivated to uphold basic rights, values and legal contract of society. At this point, besides what is constitutionally and democratically agreed upon by the society, the right may be a matter of personal values and morality. That is, an accounting professional may respond in resolving ethical issues based on his/her personal moral philosophy. Akin to Kohlberg's submissions, this paper therefore seeks to examine the extent to which the EDM process of accounting professionals is influenced by their gender, age, upbringing, economic status, personal moral philosophy and the perceived moral intensity of an unethical decision. This investigation is also supported by the psychological issues of metaethics, which suggest that human morality is not mere abstractions, but social inventions motivated by certain factors and conditions (Braithwaite and Makkai, 1991; Buckley *et al.*, 1998; Fieser, 2001; Fraser, 2014). Prior studies from developing countries that have applied the CMD theory in accounting ethics research include Ajibolade (2008), Ogunleye (2015), Musbah *et al.* (2016) and Oboh and Ajibolade (2018).

#### 2.4 *Prior empirical literature on EDM*

Over three decades, several business and accounting ethics studies (e.g. Forte, 2004; Valentine and Rittenburg, 2007; Marques and Azevedo-Pereira, 2009; Demosthenous and Krambia-Kapardis, 2010; Oboh and Ajibolade, 2018) have been conducted in relation to Rest's EDM model, and some personal and situational variables have been found to affect at least one or two stages of the model (Craft, 2013; Lehnert *et al.*, 2015). In this paper, the variables examined are personal variables (gender, age, economic status, upbringing and personal moral philosophy) and moral intensity dimensions (magnitude of consequence and social consensus). The subsequent subsection presents a detailed review of prior studies that have examined these variables as they associate with the stages of Rest's EDM model.

*2.4.1 Gender and EDM.* With Gilligan's (1982) socialization theory predicting differences in values between male and female (Jaffee and Hyde, 2000), and the structural theory predicting a non-effect of gender differences on values (Musbah *et al.*, 2016), results on gender differences and influence on EDM process have been inconsistent (O'Fallon and Butterfield, 2005; Demosthenous and Krambia-Kapardis, 2010; Craft, 2013). In the study of O'Fallon and Butterfield (2005), there were more studies that reported non-significant difference in ethical values and decision making between males and females, but where they were found, females

are more ethically predisposed than males. In the study of Abdolmohammadi *et al.* (2003), data were collected from 90 newly employed auditors from Big Five accounting firms in America to examine the extent to which selection-socialization help in explaining accountants' weak ethical reasoning. The results suggested that regardless of gender, sensing or thinking cognitive style is associated with relatively low levels of ethical reasoning. This therefore suggests that gender is not a significant determinant of ethical reasoning among auditors. In the study of Dellaportas (2006), gender was found to have no significant effect on moral judgment and no significant difference in moral judgment between male and female accounting students was found as well. Contrary to Dellaportas (2006), Herington and Weaven (2008) found a significant difference in moral reasoning ability between male and females, and that females participants were higher in their level of moral reasoning ability than males.

In the study of Sweeney *et al.* (2010), females were found to have higher intentions of engaging in an unethical act than males. That is, females may respond more to unethical pressure and select the unethical act as the best available method of coping with unethical pressures. Ogunleye (2015) examined accounting ethics and financial practices of accountants in Nigeria and found that female accountants were more ethically disposed than their male counterparts. In the study of Bobek *et al.* (2015), gender influence was significantly related to males' decision making than females. Nathan (2015) reported that the ethical standards of female participants were less affected by societal influences compared to that of their male counterparts in South Africa. Musbah *et al.* (2016) examined the role of individual and organizational variables and moral intensity dimensions in Libyan management accountants' EDM. The results from the study indicated a slight significant relationship between gender and EDM, and that male accountants displayed more ethical traits than their female counterparts.

Apparently, the results on gender influence on EDM have been mixed and inconclusive. While more studies reported statistically insignificant differences in EDM between male and female genders, Kohlberg's CMD theory suggests that the psychological makeup of an individual may influence his/her moral development and decision-making process. That is, male and female possess different psychological makeup, which may influence their individual values and moral development, and in turn influence their decision-making process regarding ethical dilemmas. This argument is based on both the traditional morality, which is modeled after rules (being male-centered) and the convention morality, which is modeled on the disposition of care and less rules (being female-centered) (see Kroeger-Mappes, 1994; Fieser, 2001). Given therefore this perspective of gender influence on EDM, this paper hypothesizes that:

*H1.* Gender has a significant influence on the EDM process of accounting professionals.

*2.4.2 Age and EDM.* As to age and EDM, Kohlberg's CMD theory has been the basis for many empirical studies such as Forte (2004), Ogunleye (2015), Musbah *et al.* (2016) and Oboh and Ajibolade (2018). The CMD theory suggests a positive influence of age on cognitive moral development because, as individuals advance in age, they move from one level of morality to another (Kohlberg, 1973; Weber, 1991; Borkowski and Ugras, 1998). However, regarding age influence on EDM, the results have also been mixed and inconsistent (Ford and Richardson, 1994; Loe *et al.*, 2000; O'Fallon and Butterfield, 2005; Craft, 2013; Lehnert *et al.*, 2015). In the study of Forte (2004), the moral reasoning ability of managers was examined and no statistically significant relationship was found between an individual's age and perceived organizational ethical climate types, indicating that age has no significant impact on an individual's moral reasoning. Also, VanSandt *et al.* (2006) found age not to be a significant moderator between ethical work climate and moral awareness. Valentine and Rittenburg (2007) examined the EDM process of men and women executives in international business situations. The results showed that ethical



judgment and ethical intentions were positively related to age, suggesting that enhanced ethical judgment and intentions are associated with advances in age.

Evidence from the study of Krambia-Kapardis and Zopiatis (2008) suggests that age correlated with ethical behavior among Cypriot business managers. The study also found significant differences in ethical behavior based on age, indicating that older managers were more ethically sensitive than younger managers. Marques and Azevedo-Pereira (2009) examined ethical ideology and ethical judgments in the Portuguese accounting profession. Although, no significant difference in ethical judgments based on age was found among Portuguese accounting professionals, the results suggested that age significantly determined the ethical judgment and values of accounting professionals in Portuguese. In examining the effect of age on ethical sensitivity and judgment, Eweje and Brunton (2010) found little evidence to support age effect on ethical sensitivity, but found strong evidence to suggest that age does affect ethical judgment. No conclusion, however, was reached whether older students were more ethically oriented than younger students. Walker *et al.* (2012) found age to be related to ethical judgment and that older participants were less accepting of the ethically questionable scenarios than younger participants. Evidence from the study of Ogunleye (2015) suggests that age significantly influences the ethical perception and predisposition of accountants in Nigeria.

In the study of Lehnert *et al.* (2015), 12 studies on the relationship between age and EDM were reviewed. Of these studies, seven reported no significant relationship, while one reported a mixed finding. The remaining four studies that reported significant relationship, three reported that older people tend to behave more ethically than younger people. In the study of Musbah *et al.* (2016), a slight significant relationship was reported between age and EDM among Libyan management accountants. Like gender, the results on age and EDM have been mixed and inconclusive (O'Fallon and Butterfield, 2005; Craft, 2013; Lehnert *et al.*, 2015). However, in line with Kohlberg's CMD theory, this paper hypothesizes that:

*H2.* Age has a significant influence on the EDM process of accounting professionals.

*2.4.3 Economic (income) status and EDM.* Economic or income status is one personal variable that has received little attention in business and accounting ethics studies (Loe *et al.*, 2000; Lehnert *et al.*, 2015). In the reviews of Ford and Richardson (1994) and Loe *et al.* (2000), no study was found to have investigated the influence of economic status on EDM process. In O'Fallon and Butterfield's (2005) review, only one study was reported in relation to economic or income status. In the reviews of Craft (2013) and Lehnert *et al.* (2015), no study on income status nor pay satisfaction was reviewed. This actually underscores the need for more empirical research in this regard. However, in the study of Tang and Chiu (2003), the results suggested that high-income employees in Hong Kong may have a low level of the love of money and a high level of pay satisfaction. They argued that employees with a high level of pay satisfaction are less likely to engage in evil and unethical behavior in organizations. This therefore may be interpreted to suggest that income status plays a role in an individual's EDM process with low-income earners being more likely to engage in unethical behavior to augment their incomes.

In the study of Guyot *et al.* (2011), among the 13 individual variables that were examined on EDM process, income status did not survive the stepwise regression in any of the four regression tests as independent predictor variable. That is, income level or status did not significantly predict the EDM process of business students at a rural Midwestern University and at Historically Black College and University, USA. Similarly, in the study of Choudhury *et al.* (2012), no significant association was found between income level and EDM process among business students at a National University in India. Actually, there are indications supporting the idea that an individual's income status or earnings may influence his/her EDM process (Sardžoska and Tang, 2009). Lambsdorff (1999) had earlier argued that since

employees in the public sector are mostly underpaid compared to those in the private sector, they may be forced to augment their incomes through unethical means. This therefore suggests an association between economic status and EDM process. To investigate this claim further, this paper hypothesizes that:

H3. Economic status has a significant influence on the EDM process of accounting professionals.

*2.4.4 Upbringing (level of discipline) and EDM.* Like economic status, upbringing experience (level of discipline – strict, not too strict or not strict) and environment (rural, urban or semi-urban) are among the personal variables with little research attention in the field of business and accounting ethics. “Upbringing” or home training as a variable is assumed to play significant role in influencing individuals’ EDM process and behavior (Castle, 1996; Elliott, 2006; Ilmi, 2011). In the 22 chapter of Proverbs and verse six (King James Version), it says, “train up a child in the way he should go: and when he is old, he will not depart from it.” From this passage, it could be interpreted to suggest that upbringing or home education or training is a vital part of the moral development process of individuals. That is, before an individual begins to make contact with the society, or be aware of statutory and societal laws, the home is the first school where moral values and virtues are inculcated into the individual, and the parents, siblings and other relatives are the informal tutors (Vasiliou, 1996; Rydstrom, 2001).

According to many anecdotal reports, Arthur Andersen’s mother had a significant influence in modeling his moral beliefs and conducts. She had schooled him in a Scandinavian axiom – “Think straight, talk straight.” As documented, the moral values Arthur learnt from his mother during his growing up days guided him into building one of the world’s largest accounting firms before the Enron scandal in 2002 that led to the collapse of the firm (Boyd, 2004; Trevino and Blown, 2004). To a considerable extent, the morality of an individual has a link to his/her upbringing experience and environment. In educational psychology, it is generally accepted that all children are defined as blank slates (*tabula rasa*) that are in need of moral inscription. Both teachers and a child’s family members are acknowledged as essential means by which children can be imprinted with right moral values and thus, socialized (Rydstrom, 2001).

This argument is also supported by Kohlberg’s CMD theory, which holds that an individual’s morality changes with advances in age and experience (Kohlberg, 1973), which moral education, formal or informal, plays a vital role in internalizing moral values and virtues (Baier, 1974; Cooper, 1985). For example, at the pre-conventional level of morality, which all humans start from in cognitive moral development, an individual’s morality is guided by the strong parental emphasis on punishment for wrong deeds and/or reward for good deeds. The individual then grows up to view morality based on the attached consequences – punishment or reward. If at growing up an individual had a strict upbringing experience of “right” or “wrong” actions, the individual may have a sense of judgment on ethical issues based on the degree of punishment meted to every unethical deed or benefit rewarded for choosing to be ethical (Kohlberg, 1973; Weber, 1991).

According to John McDowell (cited in DeSouza, 2013), drawing on Aristotle’s *Nicomachean ethics*, argued that individuals acquire an ethical character during their upbringing, a process that involves the molding of motivational and evaluative propensities which results in the formation of the practical intellect and the concomitant acquisition of practical wisdom. Usually, the virtuous character that is acquired does not consist merely of habitual inclinations, but of a sensitivity to certain kinds of reasons for acting, which both motivational and evaluative propensities are shaped. McDowell further argued that practices, dispositions and virtues are acquired during upbringing, an idea, which supports

the conjecture that upbringing is a significant background factor that contributes in shaping an individual's morality. Although, while there are theoretical supports suggesting that an individual's upbringing plays a significant role in his/her EDM process (Vasiliou, 1996; Rydstrom, 2001), there is a sparse empirical evidence in the field of business and accounting in this regard. In the review of hundreds of business and accounting ethics literature by Ford and Richardson (1994), Loe *et al.* (2000), O'Fallon and Butterfield (2005), Craft (2013) and Lehnert *et al.* (2015), no study was reported on the role of upbringing experience (level of discipline, environment, family beliefs and status, etc.) as a personal variable in the EDM process.

The few available empirical studies conducted in relation to upbringing and EDM include Guyot *et al.* (2011), which used business students' precepts to predict EDM in the USA. In the study, among 13 individual variables examined, upbringing was among the four variables that significantly predict the students' EDM process. Similarly, Choudhury *et al.* (2012) examined the impact of social and demographic variables on the EDM of business students in India. The results of the study also indicated that upbringing was among the three individual variables that significantly predict international business students' EDM process. In the study of Rashid and Ibrahim (2008), a call was made for future research to examine new variables, of which upbringing was among the list of variables that required research attention. There is a need for more business and accounting ethics studies to form an opinion on the influence of upbringing in the EDM process. Therefore, as a response to this need for empirical research regarding upbringing, this paper hypothesizes that:

*H4.* Upbringing has a significant influence on the EDM process of accounting professionals.

*2.4.5 Personal moral philosophy and EDM.* Ethical ideologies, values or moral philosophies are concerned with the roles of specific philosophical ethical orientations, such as deontology, teleology, utilitarianism, rights, justice, idealism and relativism, and how they are applied in the EDM framework (Loe *et al.*, 2000; Craft, 2013; Lehnert *et al.*, 2015). Among these philosophical moral orientations, idealism and relativism are the most researched (Singhapakdi *et al.*, 2000; O'Fallon and Butterfield, 2005; Craft, 2013; Musbah *et al.*, 2016). Moral idealism is the philosophical belief that holds that what is ethical is ethical irrespective of situations, circumstances or any influence, while moral relativism is the philosophical belief that holds that moral values and ethical principles are relative to individuals, culture and societal norms (Forsyth, 1980; Mintz and Morris, 2008). This paper limits its investigation of personal moral philosophy to idealism and relativism to ensure focus. Besides, while empirical evidence abounds in the developed countries, there is a dearth of evidence in developing countries.

In the study of Elias (2002), possible determinants of the ethics of earnings management behavior were explored. The results indicated that, while idealism related positively, relativism related negatively to ethical perception of earnings management among accountants. In the same study, the results indicated that high idealists judged the earnings management actions as more unethical, while high relativists judged them as more ethical. In the review of O'Fallon and Butterfield (2005), most studies found that idealistic individuals tended to be more ethical than relativistic individuals. Singh *et al.* (2007) provided empirical evidence, indicating differences in relativism and moral intensity across Chinese and US marketing practitioners. In the same study, it was reported that idealism significantly predicts perceived moral intensity for both Chinese and US marketing practitioners.

Marques and Azevedo-Pereira (2009) examined ethical ideology and ethical judgments in the Portuguese accounting profession. The results suggested that ethical judgment did not differ significantly based on ethical ideologies (personal moral philosophy) among the respondents. However, the study suggested that relativism may have a stronger effect on

ethical judgment than idealism. In the study of Karacaer *et al.* (2009), the effects of personal moral philosophy on auditor's EDM in Pakistan and Turkey were examined. The results indicated that, on the average, personal moral philosophy influences EDM. Callanan *et al.* (2010) examined whether an individual's ethical ideology, as measured by degree of relativism and degree of idealism, is actually linked with EDM when individuals are presented with specific ethical choices. The study found a link between ethical relativism and ethical choices, suggesting that individuals with a greater relativistic orientation were more likely to make unethical choices than individuals with a low degree of relativism. They also found that individuals with a higher degree of idealism were more likely to choose a more ethical option than those with a low degree of idealism. Valentine and Bateman (2011) explored the influence of idealism and relativism, perceived moral intensity in a decision-making situation and social context on the recognition of an ethical issue and ethical intention. The study found that idealism was associated with increased ethical issue recognition, and relativism was associated with decreased ethical intention.

In the study of Marta *et al.* (2012), the results suggested that the positive effect of corporate ethical values on ethical intentions is greater for managers with low idealism and high relativism. Shukla and Srivastava (2016) examined the relationship between ethical ideology, socio-demographic characteristics and turnover intention. The study found that ethical ideologies (idealism and relativism) related negatively with turnover intention and that ethical ideology predicts turnover intention in the organization. In the study of Musbah *et al.* (2016), the results indicated that moral idealism was the strongest predictor of EDM for management accountants in Libya, while moral relativism related negatively to EDM. Generally, it is agreed among business ethics theorists that moral philosophies play significant roles in influencing an individual's EDM process (Singhapakdi *et al.*, 2000; Lehnert *et al.*, 2015). For example, Musbah *et al.* (2016) noted that individuals within organizations would implement ethical guidelines or rules based on their personal moral philosophies when they are confronted with situations having an ethical content. In the review of Loe *et al.* (2000), majority of business ethics studies reported that moral philosophy is related to EDM and individuals may decide upon using different philosophies based upon experience or based upon industry. According to O'Fallon and Butterfield (2005), results on ethical idealism and relativism have been consistent. Marta *et al.* (2012) and Lehnert *et al.* (2015) found that most business ethics studies reported that idealism is positively related to EDM and relativism is negatively related to EDM. Accordingly, this paper hypothesizes that:

*H5a.* Moral idealism will positively influence the EDM process of accounting professionals.

*H5b.* Moral relativism will negatively influence the EDM process of accounting professionals.

**2.4.6 Moral intensity and EDM.** Moral intensity is another theme in the call for further research (Craft, 2013). This theme was introduced into empirical literature by Thomas Jones in 1991 after adopting Rest's (1986) EDM model to build a new construct known as "moral intensity" (Jones, 1991; Loe *et al.*, 2000; Craft, 2013). The moral intensity construct according to Jones (1991) captures the extent of issue related moral imperative in a situation. That is, the characteristics of the moral issue itself in a situation. As argued by Jones (1991), existing theoretical ethics models suggest that individuals will decide and behave in the same manner regardless of the nature of the moral issue involved, and so, the effect of the characteristics of the moral issue itself on EDM and behavior in organizations was ignored, which the moral intensity construct addressed.

The concept of moral intensity comprises of six dimensions, which are: magnitude of consequences; social consensus; probability of effect; temporal immediacy; proximity; and concentration of effect. Although, the moral intensity construct consists of six dimensions, Jones (1991) noted that each dimension is an independent variable that can significantly influence EDM process. He further noted that moral issues vary in terms of their moral

intensity and the effect of moral intensity is likely to vary substantially from issue to issue, with a few issues achieving high levels and many issues achieving low levels.

Since its introduction into academic discourse, the moral intensity construct has received considerable attention in business and accounting ethics research works (O'Fallon and Butterfield, 2005; Craft, 2013; Lehnert *et al.*, 2015). Research has examined the influence of each of the dimensions of moral intensity on ethical recognition, ethical judgment and ethical intention, and found that the stages of EDM were significantly and positively influenced (Musbah *et al.*, 2016). At first, Loe *et al.*'s (2000) review reported only two studies that examined moral intensity construct, of which both indicated that moral intensity significantly influenced EDM. Later on, in O'Fallon and Butterfield's (2005) review, 32 studies related to moral intensity and EDM process were reported, and a consistent result was found in all the studies, with the exception of one. In the study of Craft (2013), 22 studies related to moral intensity and EDM process were reviewed: 5 on ethical recognition; 12 on ethical judgment; and 5 on ethical intention. In all these studies, moral intensity dimensions significantly influenced EDM process.

Although, Jones' (1991) moral intensity construct has six dimensions or components, this paper particularly examines only two of the six dimensions – magnitude of consequence and social consensus. These two dimensions of moral intensity have actually received considerable attention than the other four (probability of effect, temporal immediacy, proximity and concentration of effect) in business ethics studies (Lehnert *et al.*, 2015). However, the evidence of their influence on EDM has been more of studies conducted in the developed countries (Musbah *et al.*, 2016). Evidence from developing countries is somewhat very sparse. Besides, Jones (1991) in his bid, called for empirical studies to examine the moral intensity construct to provide empirical evidence of the validity of the construct as it influences EDM process. Hence, examining these two dimensions of moral intensity in a different socio-cultural and political environment like Nigeria, a developing country, where corruption has pervaded the society, would significantly add new evidence to business ethics literature.

Some examples of prior studies conducted in the USA that have examined one or two dimensions of moral intensity and EDM process and found significant positive associations include the studies of Granitz (2003), Leitsch (2004), McMahon and Harvey (2007), Wasieleski and Hayibor (2008), Haines *et al.* (2008), Miyazaki (2009) and Mencl and May (2009). Others include comparative studies between the USA and Ireland (Sweeney *et al.*, 2010) and between Pakistan and Turkey (Karacaer *et al.*, 2009). Studies that are more recent include Bobek *et al.* (2015) in the USA, Musbah *et al.* (2016) in Libya and Shawver and Miller (2017) in the USA.

In Africa, examples of the very few studies on moral intensity include the study of Nathan (2015) in South Africa, who found that societal and environmental factors, including lack of consequences, self-interest and justification negatively affect the moral standards of prospective chartered accountants. Ogunleye (2015) also reported that situational factors significantly affect the ethical perception and predisposition of accountants in Nigeria. In Libya, Musbah *et al.* (2016) found moral intensity dimensions (magnitude of consequences, social consensus and temporary immediacy) to be significant predictors of EDM. Generally, there is a consensus among business ethics academics that moral intensity dimensions positively relate to EDM process. Accordingly, this paper hypothesizes that:

- H6a.* The magnitude of consequence of an unethical decision will significantly influence the EDM process of accounting professionals.
- H6b.* The social consensus of an unethical decision will significantly influence the EDM process of accounting professionals.

In summary, as noted from the review of literature, there are indications that personal and situational variables affect the EDM process of accounting professionals. However, some results are mixed and inconsistent and some are somewhat complex and inconclusive. With the support of Kohlberg's CMD theory and Rest's EDM theoretical model, this paper developed a predictive model (see Figure 2) to show the possible influence of personal and moral intensity variables on EDM process. As shown in Figure 2, among the personal variables examined in this paper, upbringing and economic status are the new additions to extant literature. This paper focuses on the influence of each of the personal and moral intensity variables on ethical recognition, ethical judgment and ethical intention. The paper, however, did not examine the relationship among the stages of EDM as shown by the dotted arrows.

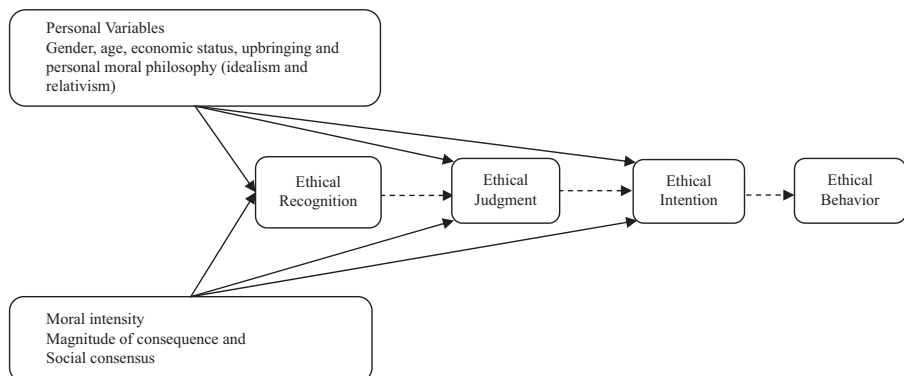
### 3. Research data and methods

#### 3.1 Research design, population, sample and sampling technique

Primary data were collected via a cross-sectional survey from accounting professionals who are members of the two oldest and foremost professional accounting bodies in Nigeria – the ICAN and the ANAN (IFAC, 2017). The recent records of ICAN membership showed that the Institute has about 41,774 certified members (ICAN, 2017), while that of ANAN showed about 20,049 certified members (ANAN, 2017), giving a population of 61,823 accounting professionals. Yamane's (1967) sample formula[1], which has been established in empirical research as a substantive and valid method of determining sample size (Singh and Masuku, 2014; Iyida, 2015), was used to determine the sample size of 397 accounting professionals.

In addition, the samples drawn using proportionate stratified sampling method based on the population of each professional accounting body are 268 ICAN members and 129 ANAN members. Of the 397 copies of questionnaire administered, 352 (88.66 percent) copies were filled and returned (ICAN: 237 and ANAN: 115), of which 329 (82.87 percent) copies were found usable for analysis (ICAN: 224 and ANAN: 105). This response rate is considered satisfactory because, on the average, in many business ethics studies the response rate has been found to range from about 21 to 80 percent (Bampton and Cowton, 2013; Musbah *et al.*, 2016).

The reason for the high response rate reported in this paper may be due to the confidentiality of the survey instrument. The respondents were duly assured in a cover letter of the confidentiality of their responses and the purpose of the paper. It may also be as a result of the sampling technique adopted (simple random technique), respondents group (accounting professionals in the public and private sectors) and methods of questionnaire



**Figure 2.**  
Personal and  
moral intensity  
determinants of EDM

distribution (personal contact as against web and mail) (see Bampton and Cowton, 2013; Randall and Gibson, 1990). The questionnaire was administered to the respondents in their offices with the help of five research assistants. Some copies were also given to contact persons in large organizations, who distributed to the respondents (ICAN and ANAN members only) in those organizations and ensured due collection of the filled copies at the specified period (two weeks).

### 3.2 *Research instrument and measurement of variables*

Prior empirical ethics studies provided measures for the variables of this paper. Validated questions and pre-tested measurement scales were adopted in designing the questionnaire, thus establishing construct validity (Davis *et al.*, 2001). Three pre-tested vignettes of ethical dilemmas were adapted from Flory *et al.* (1992), which were originally created by the Institute of Management Accountants in the USA. These vignettes have been widely used in several accounting and business ethics studies over three decades of research and have been certified as valid and reliable for measuring ethics variables (Leitsch, 2004; Musbah *et al.*, 2016). However, to fit these vignettes into the context and domain of this paper – Nigeria, considerable evaluations, reviews and modifications were made. Particularly, the names of the characters, places and organizations in each vignette were changed. In addition, one vignette was developed for the paper, which concerns different ethical issues commonly found at the workplace in many organizations in Nigeria (see Appendix 1). The four vignettes were used to measure EDM stages (ethical recognition, ethical judgment and ethical intention) and moral intensity variables (magnitude of consequence and social consensus).

The first vignette involves issues of approving a questionable expense report. The second involves issues of manipulating company books. The third contains issues of creative accounting practices, while the fourth is on issues of extending questionable credit. As in prior studies, ethical recognition was measured by asking the respondents whether the situation in each vignette involved an ethical problem. Ethical judgment was measured by asking the respondents whether they agreed with the decision of the decision maker in each vignette, while ethical intention was measured by asking the respondents whether they would make the same decision if they were the decision maker in each vignette (reversed-coded).

Magnitude of consequence was measured by asking the respondents whether the overall harm (if any) as a result of the action of the decision maker would be very small (reversed-coded). Social consensus was measured by asking the respondents whether most people would agree that the action of the decision maker is wrong (Leitsch, 2004; Singhapakdi *et al.*, 1996; Musbah *et al.*, 2016). The respondents were asked to indicate their level of agreement on a five-point Likert scale (from “strongly agree” (5) to “strongly disagree” (1)). A mean score equal or above the average of 3 signifies high ethical sensitivity, ethical judgment and strong tendency toward EDM.

Personal moral philosophy (idealism and relativism) was measured using scales adopted from Forsyth’s (1980) Ethics Position Questionnaire (EPQ). Several business ethics studies have used the EPQ to measure either personal values or personal moral philosophy and it has been certified as valid. Adopting these scales helped in certifying the construct validity (Kothari and Garg, 2014). Therefore, a test re-test was not required (Musbah *et al.*, 2016). As suggested by Mitchell and Jolley (2007) and Kothari and Garg (2014), the instrument was scrutinized by a panel of experts, whose critiques of the draft aided the final version. In addition, a pilot study was conducted to pre-test the questionnaire on 20 chartered accountants (ICAN certified) consisting of 5 PhD holders in accounting and 15 accounting postgraduate students (eight doctoral and seven master students), and feedback comments were used to revise the questionnaire.

Furthermore, Cronbach's  $\alpha$  was computed to establish a degree of reliability of the instrument. Generally, for an instrument to be adjudged reliable, a Cronbach's  $\alpha$  coefficient of 0.7 or greater should be obtained (Field, 2009). However, a Cronbach's  $\alpha$  coefficient between 0.5 and 0.6 is also an acceptable level of reliability (Nunnally, 1978). The results of the reliability test indicated the  $\alpha$  coefficients for idealism and relativism to be 73 and 78 percent, respectively, which are similar to the values obtained by the originator (see Forsyth, 1980). Other variables are measured using single-item scales, which do not require a Cronbach's  $\alpha$  coefficient test. A summary of the measurement of the variables is presented in Table I.

3.3 Model specifications and data analysis method

To test the proposed effect of personal and moral intensity variables on EDM stages, the following models were developed:

$$ER_i = \beta_{10} + \beta_{11}GEN_i + \beta_{12}AGE_i + \beta_{13}UPBRING_i + \beta_{14}ES_i + \beta_{15}MI_i + \beta_{16}MR_i + \beta_{17}MC_i + \beta_{18}SC_i + \varepsilon_i, \tag{1}$$

$$EJ_i = \beta_{20} + \beta_{21}GEN_i + \beta_{22}AGE_i + \beta_{23}UPBRING_i + \beta_{24}ES_i + \beta_{25}MI_i + \beta_{26}MR_i + \beta_{27}MC_i + \beta_{28}SC_i + \varepsilon_i, \tag{2}$$

$$EI_i = \beta_{30} + \beta_{31}GEN_i + \beta_{32}AGE_i + \beta_{33}UPBRING_i + \beta_{34}ES_i + \beta_{35}MI_i + \beta_{36}MR_i + \beta_{37}MC_i + \beta_{38}SC_i + \varepsilon_i, \tag{3}$$

where ER, EJ and EI are the ethical recognition, ethical judgment and ethical intention respectively; GEN the gender; AGE the age; UPBRING the upbringing; ES the economic status; MI the moral idealism; MR the moral relativism; MC the magnitude of consequence and SC the social consensus.  $\beta_{10}$ ,  $\beta_{20}$  and  $\beta_{30}$  are the intercepts for the models (Models 1, 2 and 3), while  $\beta_{11} \dots \beta_{18}$ ,  $\beta_{21} \dots \beta_{28}$  and  $\beta_{31} \dots \beta_{38}$  are the regression coefficients for each model and  $\varepsilon$  is the error term. Descriptive statistical analysis was performed to present a summary of the respondents' personal demographics and to provide general description of EDM stages. Furthermore, scatterplots and histograms were used to assess the assumptions of normality of data distribution, linearity and homogeneity of variances.

Variables	Measurement and scale
Gender	Socio-demography: Male and female
Age	Socio-demography: < 30 years, 30– < 40 years, 40–50 years and > 50 years
Economic status	Socio-demography: Low-income earners (< ₦1.5m/annum) Middle-income earners (₦1.5–₦5m/annum) High-income earners (> ₦5m/annum)
Upbringing	Level of parental discipline as measured by strictness of upbringing: Very strict, strict and not too strict/not strict at all
Moral idealism	Adopted (see Forsyth, 1980)
Moral relativism	Adopted (see Forsyth, 1980)
Magnitude of consequence	Adapted (see Flory <i>et al.</i> , 1992; Yanga and Wu, 2009; Musbah <i>et al.</i> , 2016)
Social consensus	Adapted (see Flory <i>et al.</i> , 1992; Yanga and Wu, 2009; Musbah <i>et al.</i> , 2016)
Ethical recognition	Adapted (see Flory <i>et al.</i> , 1992; Yanga and Wu, 2009; Musbah <i>et al.</i> , 2016)
Ethical judgment	Adapted (see Flory <i>et al.</i> , 1992; Yanga and Wu, 2009; Musbah <i>et al.</i> , 2016)
Ethical intention	Adapted (see Flory <i>et al.</i> , 1992; Yanga and Wu, 2009; Musbah <i>et al.</i> , 2016)

**Table I.**  
Summary of  
variable measurement



The serial correlation between errors was assessed with the Durbin–Watson test (see Table VII and Figures A1–A3).

Independent sample *t*-test and one-way between-groups analyses of variance (ANOVA) were performed to examine differences in the EDM process of accounting professionals. In addition, Pearson correlation was performed to establish relationship between the independent and dependent variables, while multiple regressions were used to estimate Models 1, 2 and 3. These statistical analyses are commonly used when the goal is explanation and/or prediction of the interaction of two or more variables (Field, 2009). In deciding whether to support or not to support a hypothesis depends on the probability values of the test statistics for ethical recognition, ethical judgment and ethical intention. A hypothesis is supported if the outcome is significant in at least one of the three stages of EDM, but if the outcome is not significant in all of the stages, the hypothesis will not be supported.

## 4. Results and discussions

### 4.1 Descriptive statistics

The summary of the respondents' personal demographics is presented in Table II.

	Frequency	%
<i>Gender</i>		
Female	92	28.0
Male	237	72.0
Total	329	100
<i>Age bracket (years)</i>		
< 30	34	10.4
30– < 40	131	39.8
40–50	110	33.4
> 50	44	13.4
Total	319 <sup>a</sup>	100
<i>Professional membership</i>		
ICAN	224	68.1
ANAN	105	31.9
Total	329	100
<i>Education</i>		
First-degree (BSc, HND)	191	58.1
Master degree (MSc, MBA)	132	40.1
PhD (or equivalent)	6	1.8
Total	329	100
<i>Economic status</i>		
Low-income earners (< ₦1.5m/annum)	81	24.6
Middle-income earners (₦1.5–₦5m/annum)	156	47.4
High-income earners (> ₦5m/annum)	89	27.1
Total	326 <sup>a</sup>	100
<i>Upbringing</i>		
Very strict	66	20.1
Strict	189	57.4
Not too strict/not strict at all	72	21.9
Total	327 <sup>a</sup>	99.4

Note: <sup>a</sup>Missing values

**Table II.**  
Respondents  
demographics

From Table II, there are more male (237 (72 percent)) respondents than females (92 (28 percent)), which simply reflects the general gender demography in the accounting profession in Nigeria. On the age grouping, Table II shows that 34 (10.4 percent) of the respondents are less than 30 years, 131 (39.8 percent) falls within 30 and 39 years, 110 (33.4 percent) are within 40–50 years and 44 (13.4 percent) are aged 50 and above. This simply suggests that majority of the respondents are within the age group of 30–50 years (241:77.2 percent).

As to types of professional membership, 224 (68.1 percent) are members of the ICAN and 105 (31.9 percent) are members of the ANAN. With respect to the educational attainment of the respondents, Table II shows that 191 (58.1 percent) are first-degree holders (BSc, HND), 132 (40.1 percent) are second-degree holders (MSc, MBA) and 6 (1.8 percent) are PhD (or equivalent) holders. This simply indicates that the respondents are a group of learned and exposed individuals. Concerning the economic status of the respondents, Table II shows that 81 (24.6 percent) are low-income earners, 156 (47.4 percent) are middle-income earners and 89 (27.1 percent) are high-income earners. It is also seen in the table that 255 (77.5 percent) respondents had a “strict” and “very strict” upbringing, while 72 (2.9 percent) had a “not too strict/not strict at all” upbringing.

Generally, the respondents’ demographic composition presented in Table II largely validates their responses to the ethical issues raised in the questionnaire. That is, the data were obtained from individuals qualified to respond adequately to the questionnaire items with in-depth knowledge and intelligibility.

Furthermore, the combined measure (ground mean scores) of the four vignettes was used to assess the respondents’ abilities to recognize an ethical problem and make ethical judgment, as well as their intentions toward making ethical decisions in dilemmatic situations. The results of the analysis are presented in Table III. From the table, it is seen that male respondents appear to be more ethically sensitive and are more predisposed toward making ethical judgments and decisions. It is also seen that respondents within ages 30–39 appear to be more ethically sensitive, while those aged 40 and above are more

	ER <i>M</i> (SD)	Combined measures	
		Ethical decision-making stages	
		EJ <i>M</i> (SD)	EI <i>M</i> (SD)
<i>Gender</i>			
Female	4.43 (0.553)	3.98 (0.670)	3.74 (0.855)
Male	4.49 (0.578)	4.00 (0.644)	3.77 (0.849)
<i>Age (years)</i>			
< 30	4.43 (0.588)	3.81 (0.707)	3.51 (0.872)
30– < 40	4.51 (0.550)	3.97 (0.628)	3.74 (0.859)
40–50	4.48 (0.581)	4.06 (0.636)	3.84 (0.828)
> 50	4.38 (0.564)	4.06 (0.564)	3.96 (0.711)
<i>Economic status</i>			
Low-income earner	4.35 (0.603)	3.85 (0.641)	3.56 (0.825)
Middle-income earner	4.45 (0.593)	3.94 (0.679)	3.68 (0.857)
High-income earner	4.61 (0.474)	4.21 (0.556)	4.08 (0.780)
<i>Upbringing</i>			
Very strict	4.51 (0.597)	4.04 (0.683)	3.81 (0.831)
Strict	4.53 (0.491)	4.03 (0.636)	3.82 (0.835)
Not too strict/not strict at all	4.26 (0.692)	3.84 (0.641)	3.55 (0.879)

**Table III.** Analysis of EDM stages based on personal variables

**Notes:** *n* = 329. ER, ethical recognition; EJ, ethical judgment; EI, ethical intention; MC, magnitude of consequence; *M*(SD), mean(SD). Scale: Max. = 5; Min. = 1

predisposed in making ethical judgments and decisions. It is further seen from the table that high-income earners and respondents with “very strict” and “strict” upbringing appear to be more ethically sensitive and are more predisposed in making ethical judgments and decisions.

#### 4.2 Inferential statistics (test of hypotheses)

As recommended by statisticians (see Field, 2009), data diagnostic tests were performed to satisfy the basic assumptions for a regression analysis and other parametric tests. Apart from the categorical variables, all other predictor and outcome variables met the assumption of variable type. The assumption of data independence is satisfied as all the values of the dependent and independent variables were obtained from separate entities. The assumptions regarding multicollinearity, independent errors (see Table VII), data normality, homoscedasticity and linearity (see Figures A1–A3) were also satisfied. Accordingly, independent sample *t*-test, one-way ANOVA, Pearson correlation and multiple regression analyses were performed to test the hypotheses of the study.

Pearson correlation matrix was used to establish relationship between the explanatory variables and EDM stages (ethical recognition, ethical judgment and ethical intention). Table IV presents the results of the analysis. From the table, no significant relationship is seen between gender and ethical recognition, ethical judgment and ethical intention ( $p > 0.05$ ). There is a significant and positive relationship seen between age and ethical judgment ( $p < 0.05$ ,  $r = 0.111$ ) and ethical intention ( $p < 0.05$ ,  $r = 0.140$ ), and none for ethical recognition ( $p > 0.05$ ). A significant and positive relationship is also seen between economic status and ethical recognition ( $p < 0.01$ ,  $r = 0.164$ ), ethical judgment ( $p < 0.01$ ,  $r = 0.202$ ) and ethical intention ( $p < 0.01$ ,  $r = 0.222$ ).

In addition, from Table IV, it is seen that upbringing correlated positively with ethical recognition ( $p < 0.01$ ,  $r = 0.145$ ), and not with ethical judgment and ethical intention ( $p > 0.05$ ). Moral relativism is seen to correlate negatively with ethical recognition ( $p < 0.01$ ,  $r = -0.175$ ), ethical judgment ( $p < 0.01$ ,  $r = -0.153$ ) and ethical intention ( $p < 0.01$ ,  $r = -0.313$ ), while moral idealism correlated positively with ethical recognition ( $p < 0.01$ ,  $r = 0.227$ ) and ethical judgment ( $p < 0.01$ ,  $r = 0.197$ ), and not with ethical intention ( $p > 0.05$ ). There is also a significant and positive relationship seen between magnitude of consequence and ethical recognition ( $p < 0.01$ ,  $r = 0.377$ ), ethical judgment ( $p < 0.01$ ,  $r = 0.395$ ) and ethical intention ( $p < 0.01$ ,  $r = 0.618$ ).

A significant and positive relationship is likewise seen between social consensus and ethical recognition ( $p < 0.05$ ,  $r = 0.118$ ), ethical judgment ( $p < 0.01$ ,  $r = 0.207$ ) and ethical intention ( $p < 0.01$ ,  $r = 0.154$ ). Table IV further shows that ethical recognition correlated positively with ethical judgment ( $p < 0.01$ ,  $r = 0.321$ ) and ethical intention ( $p < 0.01$ ,  $r = 0.330$ ), and ethical judgment correlated positively with ethical intention ( $p < 0.01$ ,  $r = 0.615$ ), which simply suggests that there is a significant and positive relationship among the stages of EDM.

Independent sample *t*-test was used to assess differences in EDM based on personal variables involving two categories, while one-way between-groups ANOVA was used for variables with more than two categories. Tables V and VI present the results of the analyses. From the tables, no significant difference is seen in EDM based on gender (Table V) and age (Table VI), while a significance difference is seen in ethical recognition ( $F = 4.581$ ;  $p < 0.05$ ), ethical judgment ( $F = 7.653$ ;  $p < 0.01$ ) and ethical intention ( $F = 9.604$ ;  $p < 0.01$ ) based on economic status. Likewise, a significant difference is seen in ethical recognition based on upbringing ( $F = 6.199$ ;  $p < 0.01$ ), while none is seen in ethical judgment and ethical intention ( $p > 0.05$ ).

Following the satisfactory results of the diagnostic tests, multiple regression analysis was performed to estimate Models 1, 2 and 3. Table VII presents the results of the regression

**Table IV.**  
Pearson  
correlation matrix

Variables	GEN	AGE	ES	UPBRING	MR	MI	MC	SC	ER	EJ	EI
<i>GEN</i>	1										
Pearson correlation		0.205**	0.021	-0.007	-0.033	0.072	-0.040	0.047	0.047	0.013	0.017
Sig. (2-tailed)		0.000	0.706	0.897	0.552	0.194	0.473	0.398	0.392	0.818	0.755
<i>n</i>		319	326	327	329	329	329	329	329	329	329
<i>AGE</i>		1									
Pearson correlation			0.196**	0.199**	-0.037	0.009	0.099	0.039	-0.040	0.111*	0.140*
Sig. (2-tailed)			0.000	0.000	0.510	0.874	0.078	0.492	0.480	0.048	0.012
<i>n</i>			316	317	319	319	319	319	319	319	319
<i>ES</i>			1								
Pearson correlation				0.107	-0.227**	-0.060	0.161**	0.003	0.164**	0.202**	0.222**
Sig. (2-tailed)				0.055	0.000	0.277	0.004	0.962	0.003	0.000	0.000
<i>n</i>				324	326	326	326	326	326	326	326
<i>UPBRING</i>				1							
Pearson correlation					0.016	0.191**	0.056	-0.076	0.145**	0.104	0.104
Sig. (2-tailed)					0.774	0.001	0.311	0.168	0.009	0.061	0.059
<i>n</i>					327	327	327	327	327	327	327
<i>MR</i>					1						
Pearson correlation						0.177**	-0.264**	0.056	-0.175**	-0.153**	-0.313**
Sig. (2-tailed)						0.001	0.000	0.314	0.001	0.005	0.000
<i>n</i>						329	329	329	329	329	329
<i>MI</i>						1					
Pearson correlation							0.098	0.082	0.227**	0.197**	0.064
Sig. (2-tailed)							0.076	0.140	0.000	0.000	0.246
<i>n</i>							329	329	329	329	329
<i>MC</i>							1				
Pearson correlation								0.074	0.377**	0.395**	0.618**
Sig. (2-tailed)								0.181	0.000	0.000	0.000
<i>n</i>								329	329	329	329

(continued)

Variables	GEN	AGE	ES	UPBRING	MR	MI	MC	SC	ER	EJ	EI
<i>SC</i>								1			
Pearson correlation									0.118*	0.207**	0.154**
Sig. (2-tailed)									0.032	0.000	0.005
<i>n</i>									329	329	329
<i>ER</i>									1		
Pearson correlation										0.321**	0.330**
Sig. (2-tailed)										0.000	0.000
<i>n</i>										329	329
<i>EJ</i>										1	
Pearson correlation											0.615**
Sig. (2-tailed)											0.000
<i>n</i>											329
<i>EI</i>											1
Pearson correlation											
Sig. (2-tailed)											
<i>n</i>											

Notes: \*, \*\*, Significant at 0.05 and 0.01 levels, respectively

analysis for ethical recognition, ethical judgment and ethical intention. From the table, it could be seen that ethical recognition is significantly influenced by AGE ( $\beta = -0.139, p < 0.05$ ), UPBRING ( $\beta = 0.107, p < 0.05$ ), MI ( $\beta = 0.163, p < 0.01$ ), MR ( $\beta = -0.116, p < 0.05$ ) and MC ( $\beta = 0.318, p < 0.01$ ), while no significant influence is seen for GEN, ES and SC ( $p > 0.05$ ). The  $\beta$ -values for Model 1 reported in Table VII indicate that AGE and MR have a negative influence, while UPBRING, MI and MC have a positive influence on ethical recognition. Overall, the independent variables significantly explain 23 percent ( $R^2$ ) and 20 percent (adj.  $R^2$ ) variation in ethical recognition ( $F = 11.044, p < 0.01$ ).

Table VII also shows that ethical judgment is significantly influenced by ES ( $\beta = 0.143, p < 0.01$ ), MI ( $\beta = 0.176, p < 0.01$ ), MC ( $\beta = 0.331, p < 0.01$ ) and SC ( $\beta = 0.163, p < 0.01$ ), while no significant influence is seen for GEN, AGE, UPBRING and MR ( $p > 0.05$ ). The  $\beta$ -values for Model 2 reported in Table VII indicate that ES, MI, SC and MC have a positive influence on ethical judgment. Overall, the independent

**Table V.**  
Differences in EDM Stages based on personal variables: *t*-test results

Variables	Ethical decision-making stages		
	Ethical recognition	Ethical judgment	Ethical intention
GEN	0.856	0.231	0.312
df	327	327	327

**Table VI.**  
Differences in EDM stages based on personal variables: ANOVA results

Variables	Ethical decision-making stages		
	Ethical recognition	Ethical judgment	Ethical intention
AGE	0.675	1.585	2.241
ES	4.581*	7.653**	9.604**
UPBRING	6.199**	2.505	2.894
df	325	325	325

**Notes:** \*,\*\*Significant at 0.05 and 0.01 levels, respectively

Variables	Ethical recognition:			Ethical judgment:			Ethical intention:			Collinearity statistics	
	Model 1			Model 2			Model 3			Tolerance	VIF
	<i>B</i>	SE	$\beta$	<i>B</i>	SE	$\beta$	<i>B</i>	SE	$\beta$		
Constant	3.940	0.340		2.969	0.376		1.425	0.426			
GEN	0.095	0.066	0.076	-0.004	0.073	-0.003	-0.033	0.082	0.018	0.936	1.068
AGE	-0.091	0.035	-0.139*	0.028	0.039	0.038	-0.046	0.044	0.048	0.878	1.139
UPBRING	0.094	0.047	0.107*	0.018	0.051	0.019	-0.044	0.058	0.034	0.909	1.100
ES	0.079	0.042	0.101	0.126	0.046	0.143**	-0.106	0.052	0.092*	0.893	1.120
MI	0.191	0.062	0.163**	0.232	0.069	0.176**	-0.035	0.078	0.020	0.897	1.114
MR	-0.097	0.046	-0.116*	-0.069	0.051	-0.073	0.205	0.058	-0.166**	0.845	1.184
MC	-0.216	0.036	0.318**	-0.252	0.040	0.331**	0.545	0.046	0.544**	0.882	1.134
SC	0.066	0.035	0.097	0.125	0.038	0.163**	-0.121	0.044	0.121**	0.972	1.029
<i>F</i> -test	11.044**			12.619**			30.008**				
$R^2$ (adj. $R^2$ )	0.23 (0.20)			0.25 (0.23)			0.44 (0.43)			Average VIF	1.111
D-W	1.825			2.063			1.986				

**Table VII.**  
Regression analysis for the combined measures

**Notes:** GEN, gender; AGE, age; UPBRING, upbringing; ES, economic status; MI, moral idealism; MR, moral relativism; MC, magnitude of consequence; SC, social consensus; ES, economic status; VIF, variance inflation factor; D-W, Durbin-Watson. \*,\*\*Significant at 0.05 and 0.01 levels, respectively

variables significantly explain 25 percent ( $R^2$ ) and 23 percent (adj.  $R^2$ ) variation in ethical judgment ( $F = 12.619, p < 0.01$ ).

Furthermore, it could be seen in Table VII that ethical intention is significantly influenced by ES ( $\beta = 0.092, p < 0.05$ ), MR ( $\beta = -0.166, p < 0.01$ ), MC ( $\beta = 0.544, p < 0.01$ ) and SC ( $\beta = 0.121, p < 0.01$ ), while no significant influence is seen for GEN, AGE, UPBRING and MI ( $p > 0.05$ ). The  $\beta$ -values for Model 3 reported in Table VII indicate that ES, SC and MC have a positive influence, while MR has a negative influence on the intention of accounting professionals toward EDM. Overall, the independent variables significantly explain 44 percent ( $R^2$ ) and 43 percent (adj.  $R^2$ ) variation in ethical intention ( $F = 30.008, p < 0.01$ ).

Still from Table VII, the Durbin–Watson tests for Model 1 (1.825), Model 2 (2.063) and Model 3 (1.986) indicate that the regression estimate is free from serial correlations (autocorrelation). The collinearity diagnostics (VIF  $< 10$ ; average =  $1.111 \approx 1$ ; tolerance  $> 0.2$ ) displayed in the table indicate that the models are free from collinearity problem. Based on the regression results reported in Table VII and the decision criteria for supporting a hypothesis, the decisions made regarding the hypotheses tested in the paper are presented in Table VIII.

From Table VIII, statistical supports are seen for  $H2$  (significant in ethical recognition),  $H3$  (significant in ethical judgment and ethical intention) and  $H4$  (significant in ethical recognition). Statistical supports are also seen for  $H5a$  (significant in ethical recognition and ethical judgment),  $H5b$  (significant in ethical recognition and ethical intention),  $H6a$  (significant in ethical recognition, ethical judgment and ethical intention) and  $H6b$  (significant in ethical judgment and ethical intention). No statistical support is seen for  $H1$  (not significant in any of the stages of EDM).

Hypothesis	Variables	Ethical decision-making stages			
		Ethical recognition	Ethical judgment	Ethical intention	Decision
$H1$ : gender has a significant influence on the EDM process of accounting professionals	Gender	Not significant	Not significant	Not significant	Not supported
$H2$ : age has a significant influence on the EDM process of accounting professionals	Age	Significant	Not significant	Not significant	Weakly supported
$H3$ : economic status has a significant influence on the EDM process of accounting professionals	Economic status	Not significant	Significant	Significant	Partially supported
$H4$ : upbringing has a significant influence on the EDM process of accounting professionals	Upbringing	Significant	Not significant	Not significant	Weakly supported
$H5a$ : moral idealism will positively influence the EDM process of accounting professionals	Moral idealism	Significant	Significant	Not significant	Partially supported
$H5b$ : moral relativism will negatively influence the EDM process of accounting professionals	Moral relativism	Significant	Not significant	Significant	Partially supported
$H6a$ : the magnitude of consequence of an unethical decision will significantly influence the EDM process of accounting professionals	Magnitude of consequence	Significant	Significant	Significant	Fully supported
$H6b$ : the social consensus of an unethical decision will significantly influence the EDM process of accounting professionals	Social consensus	Not significant	Significant	Significant	Partially supported

**Table VIII.** Summary of hypotheses testing

## 5. Discussions

This paper examines the EDM process of accounting professionals and its personal and situational determinants. Regarding personal variables and EDM, male accounting professionals are found to be more ethically sensitive and predisposed in making ethical judgment and decisions than their female counterparts. However, contrary to expectation, no significant difference is found in ethical recognition, ethical judgment and ethical intention based on gender. That is, male and female accounting professionals do not differ significantly in their decision-making process regarding ethical issues. These findings agree with Musbah *et al.* (2016) who found no significant difference in ethical judgment and intention based on gender but noted that male accountants are more ethically predisposed than their female counterparts. The findings, however, contradict Ogunleye (2015) who found female accountants to be more ethically predisposed than their male counterparts.

One reason for the non-significant difference in the EDM of accounting professionals based on gender may be as suggested by the structural theory, which holds that male and female will not significantly differ in values on account of certain common factors such as work-related background and rewards system at the workplace. This may be true in a country like Nigeria where both male and female genders are exposed to the same work conditions and are expected to adhere to all organizational and professional code of conducts in resolving issues involving ethical dilemmas. Therefore, the issue of gender influence on EDM may be overshadowed by organizational factors that may have direct influence. This assertion contradicts Gilligan's (1982) socialization theory, which predicts differences in values between male and female (Jaffee and Hyde, 2000). In general, the findings regarding gender agree with O'Fallon and Butterfield (2005) and Craft (2013), who after reviewing over 100 empirical studies related to gender and EDM, concluded that gender has no statistically significant influence on EDM.

Concerning age, accounting professionals within ages 30–39 are more ethically sensitive, while those aged 40 and above are more ethically predisposed in judgment and decision making regarding ethical issues. While age is found to correlate with ethical judgment and ethical intention, age did not significantly predict ethical judgment and ethical intention of the accounting professionals, which contradicts Kohlberg's CMD theory, where advances in age is expected to enhance ethical judgment and decision making (Kohlberg, 1973; Weber, 1991). Age is also found to have a negative effect on ethical recognition suggesting that younger accounting professionals are more sensitivity to issues relating to ethical dilemmas than older professionals. This finding agrees with Ogunleye (2015) on the negative effect of aging on ethical sensitivity. In addition, the EDM process of accounting professionals did not differ significantly based on age, which also agrees with Marques and Azevedo-Pereira (2009) who found no significant difference in ethical judgments between older and younger accountants. One reason for the non-significant effect of age on ethical judgment and ethical intention may be explained in the light of professionalism, which ensures strict compliance with professional code of conduct. However, future research may examine the influence of professionalism in the EDM process of accountants.

Furthermore, economic status is found to have positive influence on the EDM process of accounting professionals. High-income earners are more ethically sensitive and predisposed in making ethical judgments and decisions. These findings agree with the income argument of Lambsdorff (1999) which suggests that the economic earning ability of employees may significantly influence their decisions whether or not to engage in unethical acts. In Nigeria, as in many other developing countries, many employees including accounting professionals are mostly underpaid. This may be a reason why they engage in acts of unethical business and professional practices (Otusanya, 2010) to augment their income. Therefore, increasing the minimum wage of accounting professionals to commensurate their professional status



may help reduce the tendency of engaging in unethical practices. This assertion agrees with Kohlberg's argument at the pre-conventional level of morality where morality is associated with personal gains (see Kohlberg, 1973).

As to upbringing, the descriptive analysis shows that accounting professionals with "strict" and "very strict" upbringing are more ethically sensitive and predisposed in making ethical judgments and decisions than those with "not too strict/not strict at all" upbringing. Significant difference is also found in ethical recognition based on upbringing, which agrees with Choudhury *et al.* (2012) who found significant association between upbringing and ethical sensitivity among international business students. The finding, however, contradicts Adeyeye *et al.* (2010) who found a negative association between family background and ethical behavior of accountants in Nigeria. In general, this paper provides some evidence to suggest that an individual's upbringing may influence his/her ethical disposition at the workplace, which agrees with Aristotle's virtue theory on good habits and character (see Anscombe, 1958; Fieser, 2001). There is, however, need for more studies to form an opinion on the influence of upbringing on the EDM process of accounting professionals at the workplace.

In relation to the personal moral philosophy of accounting professionals, moral idealism was found to have a positive effect, while moral relativism a negative effect on the EDM process of accounting professionals in Nigeria. That is, moral idealism enhances EDM in situations involving ethical dilemmas, while moral relativism encourages unethical decision making. Therefore, accounting professionals that are idealistic are more predisposed in making ethical judgments and decisions, while those that are relativistic are likely to engage in unethical decision making. These findings confirm Kohlberg's submission on moral development that individuals' personal values affect their judgments when faced with ethical dilemmas. The findings are consistent with Yetmar and Eastman (2000) who found idealism and relativism to be positively and negatively associated with EDM, respectively. One reason that may be advanced for the negative effect of moral relativism on EDM is that relativists generally are known to undermine ethical issues and the consequences associated with unethical decisions (see Sparks and Hunt, 1998).

With respect to moral intensity, magnitude of consequence and social consensus are found to be significant determinants of the EDM process of accounting professionals in Nigeria. Specifically, the magnitude of consequences and societal disapprovals of questionable accounting practices may dissuade accounting professionals from making unethical decisions. One reason that may be assumed for the highly significant effect of moral intensity dimensions on EDM may be as suggested by Jones (1991) that an ethical issue with a high level of moral significance would produce a high level of moral intensity. These findings are consistent with Kohlberg's submissions at the pre-conventional and conventional levels of morality, where an individual acts ethically for the fear of punishment (magnitude of consequence) and to maintain the rules and expectations of the society (social consensus).

The findings are also consistent with Singhapakdi *et al.* (1996) and Craft (2013) who argued that the perceived moral intensity of a situation is a significant, direct predictor of ethical judgments. In Nigeria, one reason for the continuing act of accounting and financial irregularities may be that these acts of indignities are considered by many to have little consequences. Besides, the indifferent attitudes of the society toward corruption may be another factor contributing to unethical business and professional practices in Nigeria.

## 6. Conclusion

Accounting ethics research in developing countries is limited generally and in Nigeria particularly. This paper examines the EDM process of accounting professionals in Nigeria. The paper provides further empirical evidence on the personal and moral intensity

determinants of the EDM process of accounting professionals. Three of the four stages of Rest' (1979) EDM model were examined as against one or two in the mainstream literature. Based on the findings, the paper concludes that age and upbringing have a significant influence on ethical sensitivity and not on ethical judgment and ethical intention, while gender has no significant influence on EDM. Also, moral idealism (positive) and moral relativism (negative) have significant influence on EDM. Accounting professionals that are idealistic in values are more predisposed in making ethical decisions than those that are relativistic. Finally, economic status (income level), magnitude of consequence and social consensus are significant positive determinants of the EDM process of accounting professionals in Nigeria.

### 7. Implication and suggestions for future studies

This paper has contributed to the existing body of literature on accounting ethics and has extended the frontier of knowledge on the EDM process of accounting professionals in Nigeria. One implication of the paper is that the evidence provided will guide accounting regulatory bodies on ways to strengthen extant measures that ensure strict compliance with ethics codes among accounting professionals in Nigeria. Also, the evidence provided on Kohlberg's CMD theory will aid the development of a structured curriculum for accounting ethics instruction in Nigeria, as hitherto, there is yet to be a provision for a stand-alone ethics course in the Benchmark Minimum Academic Standards for undergraduate accounting degree programs in Nigeria.

In this paper, ethical behavior was not examined due to measurement difficulty and bias. Also, the responses of the respondents were restricted to only items contained in the questionnaire. Future studies may consider interview sessions to give respondents the opportunity to express their individual experiences with ethical dilemmas. Finally, single-item scales were used to measure some of the variables. A multidimensional scale is therefore recommended for future studies.

#### Note

1.  $n = N/(1+Ne^2)$ , where  $n$  is the sample size;  $N$  the population; and  $e$  the error limit (5 percent).

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### Further reading

Transparency International (2017), "Corruption perceptions index", available at: [www.transparency.org/cpi2017/results](http://www.transparency.org/cpi2017/results) (accessed January 27, 2017).

### Appendix 1

#### Vignette 1

Jackson Williams is a Young Management Accountant at a large, public company. After some experience in accounting at headquarters, he has been transferred to one of the company's recently acquired divisions, run by its previous President, Mr George Bright. Mr George has been retained as Vice President of this new division, and Jackson is his Accountant. With a marketing background and a practice of calling his own shots, George seems to play by a different set of rules than those to which Jackson is accustomed. So far it is working, as earnings are up and sales projections are high. The main area of concern to Jackson is George's expense reports. George's boss, the division President, approves the expense reports without review, and expects Jackson to check the details and work out any discrepancies with George. After a series of large and questionable expense reports, Jackson challenges George directly about charges to the company for delivering some personal furniture to George's home. Although the company policy prohibits such charges, George's boss again signed off on the expense without a thorough check. Jackson feels uncomfortable with this and tells George that he is considering taking the matter to the audit department at the headquarters for review. George reacts sharply, reminding Jackson that "the department will back me anyway" and that Jackson's position in the company would be in jeopardy.

Decision: Jackson decides not to report the expense charge to the audit department of the company.

#### Vignette 2

Mitchel White, the Accountant of a multinational company, was told by the Chief Executive Officer (CEO) to restate the company's earnings to impress potential investors. Unfortunately, Mitchel believes this is unethical and besides, she is duty bound to protect the public interest as a professional. Mr Adams, her Assistant, suggests that Mitchel review bad debt expense for possible reduction and



holding sales open longer at the end of the month. He also brushes off the management letter request from the external auditors to write down the spare parts inventory to reflect its “true value.” At home at the weekend, Mitchel discusses the situation with her husband, Mr White, a Senior Manager of another company in town. “They’re asking me to manipulate the books,” she says. “On the one hand,” she complains, “I am supposed to be the conscience of the company and on the other, I’m supposed to be absolutely loyal.” White tells her that companies do this all the time, and when business picks up again she will be covered. He reminds her how important her salary is to help maintain their comfortable lifestyle, and that she should not do anything that might cause her to lose her job.

Decision: Mitchel decides to go along with the suggestions proposed by her boss.

**Vignette 3**

Jay Geoffrey, a Member of the internal control unit of a multinational company with subsidiaries all over Africa, was asked to check the records and get them ready for the external auditors. On doing so, he discovered that the books have been doctored by the Chief accountant and Head of internal control to evade taxes. After ruminating over his discovery, he summoned the courage to approach the Managing Director (MD) to inform him about his discovery and decision to blow the whistle in line with the company’s policy and in line with the Whistle Blowers policy of the country. However, the MD, who is also a part of the manipulation unknown to Jay, offered him some money not to blow the whistle. But he turned down the offer and insisted that he was going to blow the whistle. Then the conspirators threatened his life.

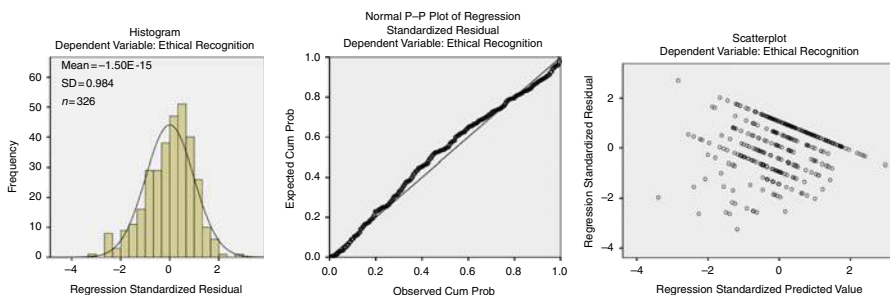
Decision: Jay decides not to blow the whistle.

**Vignette 4**

Alfred Brown is the Assistant Controller at BADEX Electronics, a medium-sized manufacturer of electrical equipment. Alfred is in his late 50s and plans to retire soon. His daughter has a very rare kind of illness which needs lots of money to help her get an operation abroad. Therefore, financial concerns are weighing heavily on his mind. Alfred’s boss is out of the office recuperating from health problems, and in his absence, Alfred is making all decisions for the department. Alfred receives a phone call from an old friend requesting a sizable amount of equipment on credit for his new business. Alfred is sympathetic but cognizant of the risk of extending credit to a new company, especially under strict credit policy for such transactions. When Alfred mentions this conversation to Mr Brook, the general manager, he is immediately interested. Mr Brook notes that the company needs an additional ₦25,000,000 in sales to meet the quarterly budget and, thus, ensures bonuses for Alfred if the sales are made.

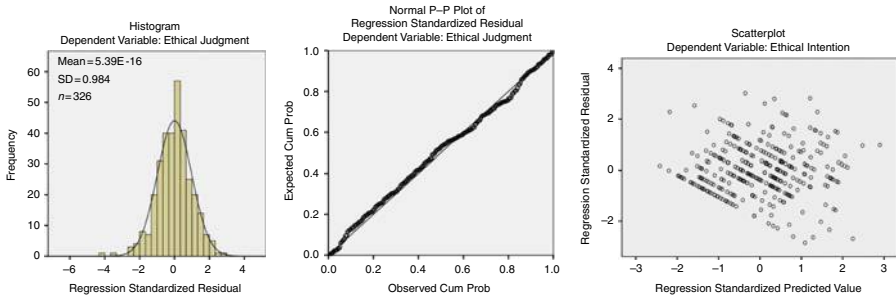
Decision: Alfred decides to make the sales to his friend’s new business.

**Appendix 2. Test for normality of data distribution, homogeneity of variance and linearity (combined measure)**

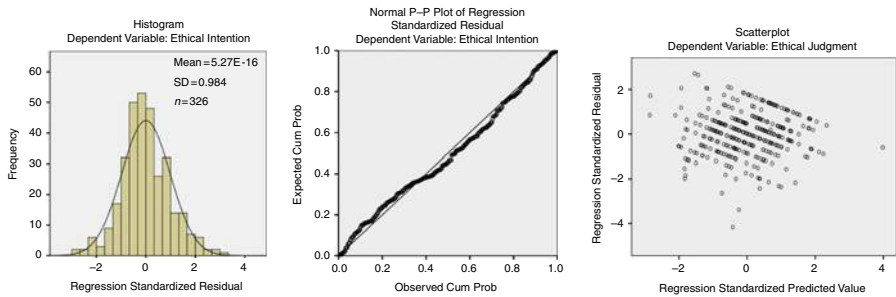


**Figure A1.**  
Model 1: Ethical  
recognition (combined  
measure of  
the four vignettes)

**Figure A2.**  
Model 2: Ethical  
judgment (combined  
measure of  
the four vignettes)



**Figure A3.**  
Model 3: Ethical  
intention (combined  
measure of  
the four vignettes)



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