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## ANTECEDENTS AND IMPACTS OF STUDENTS' ETHICAL PERCEPTION IN ACCOUNTING LEARNING PROCESS

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### **Abstract**

*The objectives of this research are to get knowledge about what contributions that higher education can provide to build students' ethical perception and awareness of fraud prevention. To achieve these objectives, the research was conducted toward accounting students at Yogyakarta State University. Data were collected using questionnaires distributed to 149 students. The analysis of the data used path analysis. Based on the result of the survey to the respondents, the research provides evidence that higher education has a positive and significant influence to build students' ethical perception through internalizing objectivity and professional responsibility in the intermediate auditing course. In addition, it is also proven that accounting students who have high level of ethical perception are able to build awareness of fraud prevention.*

**Keywords:** *objectivity, professional responsibility, students' ethical perception, students' awareness of fraud prevention*

### **Abstrak**

Penelitian ini bertujuan untuk mengetahui kontribusi yang bisa diberikan pendidikan tinggi untuk membangun persepsi etis pada diri mahasiswa Akuntansi dan efeknya di kemudian hari terhadap kesadaran dalam mencegah fraud. Untuk mencapai tujuan tersebut, penelitian dilaksanakan terhadap mahasiswa Akuntansi di Universitas Negeri Yogyakarta. Data dikumpulkan melalui angket yang disebarakan kepada 149 mahasiswa sebagai sampel penelitian. Data kemudian dianalisis dengan menggunakan teknik analisis jalur. Berdasarkan hasil survei atas pendapat mahasiswa, pendidikan tinggi mampu memberikan kontribusi positif dan signifikan terhadap upaya menciptakan persepsi etis mahasiswa Akuntansi dengan melalui internalisasi objektivitas dan tanggung jawab profesional dalam perkuliahan Pengauditan. Selain itu, penelitian ini juga berhasil membuktikan bahwa mahasiswa yang memiliki persepsi etis yang tinggi mampu membangun kesadaran untuk mencegah fraud.

**Kata kunci:** *objektivitas, tanggung jawab profesional, persepsi etis mahasiswa, kesadaran mahasiswa dalam mencegah fraud*

### **INTRODUCTION**

Fraud is still a serious problem in Indonesia. This can be seen from the corruption ranking published by Transparency

International that Indonesia had a Corruption Perception Index (CPI) of 3 and sat at number 100 from 183 countries that became the samples. What CPI indicates is that country with CPI at 10 has no corruption, while CPI at

0 means the corruption level in that country is very high.

Due to this serious problem, the government then set a target to reach higher CPI at 5. Achieving this objective is a challenging task for the government since there is only one third among the selected countries that are able to reach CPI at least 5 (Transparency International 2011). A radical anti-corruption system is needed to reduce the number of bribery and to tighten punishment for institutions and companies conducting fraud and failing to respond to the need of the citizens. All sectors including education sector have to be active in implementing the radical anti-corruption system. Education sector is able to participate in preventing corruption by building students' awareness to prevent fraud (Setiawan and Kamayanti 2012). Higher education, therefore, needs to build the awareness of students to determine the negative effects of fraud and by doing so; students are expected to prevent fraud later in working environment.

According to Arens et al. (2010), fraud can be prevented by implementing the following ways: (1) create and maintain a culture of high ethics; (2) evaluate fraud risks and implement programs and controls to mitigate identified fraud risks; and (3) develop appropriate fraud oversight process. Mahajan (2011) in his recent study finds that ethics is the first line of defense against fraud. Based on the ways provided by Arens et al. (2010) and Mahajan (2011), the education sector at university level may participate in building students' awareness to prevent fraud by building students' ethical perception.

Ethics is a set of principles or standards of human conduct that govern the behavior of individuals or organization and dealing with moral duties and obligation (Mahajan 2011). According to Utami (2005), accounting subject learned by students has an important contribution to build ethical perception. There are two approaches that can be used to build ethical perception – integration of ethics education into the curriculum and

inclusion of at least one stand-alone ethics course within the curriculum (Lopez et al. 2005). In Indonesia, ethical perception can be integrated to each course in accounting subject. Students also learn how to behave ethically in business world through Business Ethics course. All those subjects require students do several cases related to ethical situation. Accounting lecturers then now have to design and implement learning programs that can build students' ethical perception. They must emphasize accounting learning process to meet some fundamental principles to reach and maintain ethical perception.

Fu and Lo (2011) emphasize that ethical values are very important in business world, so there is an urgency to set code of conduct. In addition, there must be a synergy among vision statement, mission statement, core values, general business principles, and code of conduct in order to make ethics work well in an organization (Mahajan 2011). Based on those opinions, code of conduct is the primary key and the driver for the organization that need to be set and communicated to all members of the organization. Ikatan Akuntan Indonesia (IAI) has already set the code of conduct for its members. The code of conduct consists of five fundamental principles that must be held by accountants to reach ethical behavior. These principles include integrity, objectivity, professional competence and due care, confidentiality, and professional responsibility. Accounting lecturers should try to create and maintain ethical perception to their students by internalizing all fundamentals principles into accounting learning process in the class.

The auditing courses at Department of Accounting in Yogyakarta State University consist of the Basic Auditing course and the Intermediate Auditing course. Students learn about the introduction of auditing in the Basic Auditing course and audit procedure of each account in the Intermediate Auditing course. The lecturer who teaches the Basic Auditing course already conducted lesson study with the purpose to internalize all fundamental principles to students. Among

these five fundamental principles, professional responsibility and objectivity are the principles that are difficult to be internalized to students. Among 48 Accounting students enrolled the Basic Auditing course, 60,42% students did not understand the professional responsibility principle and 29,17% students did not understand the objectivity principle. Other principles were already understood by students since the percentage of students who could not understand those principles are less than 20% (Setyorini et al. 2011). Based on that study, the lecturer in the Intermediate Auditing course then should design and implement learning method that emphasizes more on the application of objectivity and professional responsibility principles.

According to Magahy and Pyman (2009), the application of conflict of interest as one characteristic of objectivity is generally much weaker because the difficulties to determine what constitute as conflict of interest. The poor definition and the lack guidance of conflict of interest make it difficult to be applied in the real world. As a profession, most public accountants are expected to be free from conflict of interest. However, according to Gaffikin and Lindawati (2012) there are several conditions that will lead to a moral conflict for most public accountants who want to protect client from harm. On one side, taking care of a client's interests by ignoring ethical values will be considered as prioritizing self interest since this will increase the financial benefit for the public accountants. On the other side, placing a higher priority on public interest by strictly following the ethical values will damage a client's interest and reduce financial benefit for the public accountant. Being objective, therefore, is a fundamental principle that will create a moral conflict for public accountants. Thus, objectivity is urgently needed to be internalized into accounting learning process at higher education.

Integrity is one of the fundamental principles that have the same important position as objectivity. Integrity and objectivity are fundamental principles that

cannot be separated. However, integrity is not included as the scope of this research because of the difficulties to find a valid and reliable instrument to measure integrity. Most of the instruments used to measure integrity are developed in the USA. These instruments do not suit with the condition in Indonesia since the perspective of integrity between those countries is different. Most of Indonesian people feel that it is difficult to inform their disagreement, while the USA people do not find this as a problem (Masitah 2012). In fact, there are several instruments that are developed based on the condition in Indonesia. However, these instruments create a problem in sample bound and have weaknesses in providing accurate information regarding integrity (Masitah 2012).

Another fundamental principle that is critical to be integrated into accounting learning process is professional responsibility. This principle is considered to be important because higher education has a specific responsibility to ensure societies that they can create qualified professionals who have both intellectual and cultural capital necessary to make meaningful decisions (Scott 2005; Sullivan and Rosin 2008). It is also a must to educate students to be able to understand that professional responsibilities may affect everyone when students work later (Scott 2005). According to Solbrekke (2008), there is a tendency in both national and international expectations that higher education will result in potential professionals who are able to work for the best interest of the clients and the society. In addition, IAI (2004) in the Code of Ethics for Professional Accountants also demands that higher education is able to create graduates who have capability to be professionally responsible not only to the clients, but also to the colleagues and the profession. Developing accounting learning model which enables students to have capabilities in implementing professional responsibility is a difficult task for higher education since it requires areas in which articulations and qualitative assessment of the nature of the moral obligations in

professional responsibility are frequently involved in the learning activities (Solbrekke 2008). Therefore, it is now necessary for higher education to internalize professional responsibility based on both the disciplinary knowledge and moral values (Solbrekke 2008).

This research thus aims to determine the magnitude of the influence between internalizing objectivity and professional responsibility to Accounting students at higher education toward students' ethical perception and students' awareness of fraud prevention. These general aims are then divided into three specific objectives as follow: (1) determine whether internalization of objectivity and professional responsibility individually affects students' ethical perception; (2) determine whether internalization of objectivity, professional responsibility, and students' ethical perception individually affects students' awareness of fraud prevention; and (3) determine whether internalization of objectivity and professional responsibility individually affects students' ethical perception and as a consequence affects students' awareness of fraud prevention.

This research is relatively different from previous research in terms of several things. First, many researches in Indonesia emphasize on the influence of professional commitment and independency toward ethical behavior (Indrayanti 2010; Ramdani 2010; Yuliani 2010). Objectivity and professional responsibility are two fundamental principles that are rarely held as focus of a research; in fact those principles are difficult to be applied in the real business world and are therefore significant to be mastered by accountants (Gaffikin and Lindawati 2012; Magahy and Pyman 2009; Scott 2005; Solbrekke 2008; Sullivan and Rosin 2008). Second, the impact of ethical behavior to prevent fraud is also rarely tested in researches in Indonesia. Many researches focus on the influence of ethical behavior toward audit quality (Aulia 2010; Yuliani 2010). Third, all researches in Indonesia about the determinants of ethical behavior and the impact of ethical behavior are conducted to the auditors working in public accountant firms (Aulia 2010; Indrayanti 2010; Ramdani 2010;

Yuliani 2010). Ganesh and Raghurama (2008) and Khanna and Arora (2009) find empirical evidence that training program in banks in India is able to develop employees' commitment to behave ethically and to prevent fraud. They advise that it is necessary to internalize code of conduct since the accountants studied at higher education, so they are able to maintain high ethical perception and this will lead them to build the awareness to prevent fraud in the later days when they finally work in the real business world (Ganesh and Raghurm 2008; Khanna and Arora 2009). The third differences with previous researches are expected to be the contribution of this research.

To address these issues, the research is structured as follows: after identifying the problems, the next section reviews relevant literatures and ends with the research hypothesis. The third section describes the research method and continues with presenting and discussing the findings in the later section. Finally, the conclusion from the research is drawn and proposed future research directions are suggested.

## **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Factors Associated with Students' Ethical Perception**

The first objective of this research is to find evidence about factors that affect students' ethical perception. Adams et al. (1995) state that higher education should be able to internalize moral standard to its students since this is the way to develop moral reasoning. Moral reasoning means the arguments about how people should act or provide reasons to justify or criticize behavior (Gaffikin and Lindawati 2012). Moral reasoning in general shows the reasons delivered by individual to judge why an action is wrong or why another is thought to be correct. According to Thomson (1998) in Gaffikin and Lindawati (2012), moral reasoning is related to ethics in terms of demonstrating behavior to the question such as "what shall I do". Thus, the higher



moral standards that are internalized to an individual, the higher the ethical behavior that the individual can show.

As stated by IAI (2004) in the Code of Ethics for Professional Accountant, objectivity is an obligation for accountants not to compromise their professional or business judgment because of bias, conflict of interest, or the undue influence of others. Gaffikin and Lindawati (2012) in their research find that managers of a company will choose accountants who have a high level of objectivity. Based on their research, accountants with high level of objectivity have these characteristics: fairness, free from judgment bias, no family/business/financial/personal relationship, no priority toward self-interest and group, and free from conflict of interest.

Internalizing objectivity into accounting learning process may build students' perception to perform their duties according to the best interest of the organization where students will work later. Accordingly, students with internalized objectivity are expected to become accountants who will work fairly, free from bias and will not have any intention to use their positions or information they gain for their personal advantage. Moreover, students with internalized objectivity are more likely to have perceptions that it is necessary to avoid conflict of interest by not taking any activities outside the scope of the organization in a long time, not investing their wealth to other organization that has relationship with the organization where the students will work, not receiving commissions or gifts that will affect students' decision (Arens et al. 2010). Thus, the higher the objectivity that is internalized to students, the higher the ethical perception that is built by students. Based on the above arguments, the first hypothesis is suggested as follows:

**H<sub>1</sub>: Internalization of objectivity to Accounting students has a positive association with students' ethical perception.**

Another necessary moral standard for public accountants is professional responsibility. IAI (2004) in the Code of

Ethics for Professional Accountant defines professional responsibility as an obligation for accountants to comply with relevant laws and regulations and avoid any action or omission that may bring discredit to the profession. The IAI mentions that professional responsibility includes responsibility to clients, responsibility to colleagues and other responsibility to the profession. Specifically, Gaffikin and Lindawati (2012) in their recent study state that all the characteristics of professional responsibility that accountants must have are: responsibility for other users of financial report, responsibility for punctual audit practices, responsibility for all services, responsibility for maintenance for public trust, and responsibility for work relationship with other auditors. Internal accountants who have all those characteristics will be chosen by managers to work at their company. All those characteristics are also considered necessary for public accountants to protect public from manager's moral hazard.

Internalizing professional responsibility to the students means students learn about setting professional fee, communicating with previous accountant, and accepting attestation engagement. In addition, students also learn about any action that may discredit the image of the profession, and do promotion and other marketing strategies in a correct manner. Students who are able to behave professionally will be able to make every effort to achieve complete, accurate, and timely communications in all matter relevant to all people within the organization (Arens et al. 2010). By doing so, students who behave professionally will be able to create and maintain a good ethical perception when they work later. In addition, May (1996) also mentions that students with capabilities to act in a professionally responsible manner may build a perception that they are able to overcome conflicting value situation in the working condition. This means that the higher the professional responsibility that is internalized to students, the higher the students' ethical perception that can be built by students. Based on such arguments, the second hypothesis is suggested as follows:

**H<sub>2</sub>: Internalization of professional responsibility to accounting students has a positive association with students' ethical perception.**

**Factors Associated with Students' Awareness regarding Fraud Prevention**

The second objective of this research is to find evidence about factors that affect students' awareness to prevent fraud. IAI (2004) in Auditing Standard section 316 defines fraud as an intentional act by one or more individuals among management, those charged with governance, employees or third parties, involving the use of deception to obtain an unjust or illegal advantage. The same definition is given by Hornby (2001) in Rasheed et al. (2013) that fraud is the crime of deceiving in order to get money or goods illegally. According to Arens et al. (2010), there are two types of fraud: misappropriation of assets and fraudulent financial reporting.

According to Khanna and Arora (2009), education, training, and awareness programs should be implemented to prevent fraud. Based on the findings from Ganesh and Raghurama (2008), education is proved to be able to increase the capabilities of employees by developing their knowledge, skills and commitment not to conduct fraud. Salehi and Mansouri (2009) state that accountants must provide a high quality service in preventing fraud. High quality service according to Salehi and Mansouri (2009) is defined as high objectivity and lack of bias. Therefore, internalizing objectivity to students is expected to build awareness of students to prevent fraud. Students' awareness to work fairly and not use their position to take advantage for their personal benefit is maintained. This means that students have awareness of not conducting either any misappropriation of assets or fraudulent financial reporting even if they have the opportunities to do so. Therefore, the higher objectivity that is internalized to students, the higher the awareness of students to prevent fraud. Based on the above arguments, the third hypothesis is suggested as follows:

**H<sub>3</sub>: Internalization of objectivity to Accounting students has a positive association with students' awareness of fraud prevention.**

Students' awareness to prevent fraud can also be enhanced by internalizing professional responsibility. Bologna (1994) argues that one cause of fraud in a company is lack of responsibility from employees. Thus, there is a need to improve professional responsibility. Internalizing professional responsibility in higher education may lead to good students' attitude in which students will not do any action that can bring down the reputation of accountant (Arens et al. 2010; Khanna and Arora 2009). As a result, they will be aware of not doing assets misappropriation and fraudulent financial report. Students will also have awareness to conduct prompt communication with previous accountants if they find that there is an opportunity of fraud in the organization. Prompting communication with previous accountants will prevent fraud to occur. Bauman (2000) in his study suggests that the ability to behave professionally responsible will create students who have awareness in dealing with high risk situation in their daily task, including a situation that consists of fraud. In this situation, students will be able to build a link between their individual specialized knowledge with a good commitment, not to do fraud. Therefore, the higher the professional responsibility that is internalized to students, the higher the awareness to prevent fraud that can be built by students. Based on the above arguments, the fourth hypothesis is suggested as follows:

**H<sub>4</sub>: Internalization of professional responsibility to accounting students has a positive association with students' awareness of fraud prevention.**

A culture of high ethics in organizations according to Arens et al. (2010) is the most effective way to prevent fraud because this way is based on core value embraced by the organization. Students, who have high level of ethical perception, will be able to act in a correct and adequate manner, behave properly,

avoid deviancies, and act professionally (Ienciu 2012). In addition, Svarcova (2010) mentions that ethical perception strengthens students' dignity, makes them become kind and helpful to others, trains capability to tolerance and sympathy, and builds positive human qualities. Students who have all those positive characteristics will tend to prevent them from doing any fraud in their work environment. Therefore, the higher the ethical perception owned by students, the higher the awareness of students to prevent fraud. Based on the above arguments, the fifth hypothesis is suggested as follows:

**H<sub>5</sub>: Students' ethical perception has a positive association with students' awareness of fraud prevention.**

#### **Factors Associated with Students' Awareness regarding Fraud Prevention through Students' Ethical Perception**

The last objective of this research is to determine whether there are indirect association between internalization of objectivity and professional responsibility toward students' awareness of fraud prevention through students' ethical perception. According to Gaffikin and Lindawati (2012), people who work in financial area should have substantial knowledge in understanding code of conduct through continuous improvement in formal and informal education. In other words, students will have considerable perception of ethical behavior if objectivity as a part of moral standards is internalized in the formal education they take. Gaffikin and Lindawati (2012) argue that one cause of misconduct is the failure of accountants to follow code of ethics. This means that an accountant who cannot maintain ethical behavior tends to have an intention to do fraud. Based on their opinion, it is also possible that students who have low level of ethical perception will result in low level of awareness to prevent fraud. In contrast, students with high level of ethical perception are capable to build awareness to prevent fraud. It is due to the knowledge they gain that avoiding conflict of interest and behaving fairly will discourage students to receive secret

commission and other form of bribery. Thus, the more objectivity is internalized to students, the higher ethical perception is maintained and as a result, the higher awareness to prevent fraud is built by students. Based on the above arguments, the sixth hypothesis is suggested as follows:

**H<sub>6</sub>: Internalization of objectivity has indirect association with students' awareness of fraud prevention through students' ethical perception.**

Internalizing professional responsibility in accounting learning process through formal education is able to build a good ethical perception (Gaffikin and Lindawati 2012). Students with a high level of professional responsibility are able to work based on moral and professional judgments. This will lead to the building of students' ethical perception. Students perceive that moral and professional judgment will be the foundation for them to be responsible for following code of conduct in their working place. In addition, as stated by Arens et al (2010), ethical behavior is the most effective way to prevent fraud. Consequently, students who have a good ethical perception are capable of creating awareness to prevent fraud. Students with ethical perception will have moral values and follow code of conduct. This will result in the awareness to avoid the practice of asset misappropriation as well as fraudulent financial reporting. Thus, the more professional responsibility is internalized to students, the higher ethical perception is maintained accordingly, and as a result, the higher awareness to prevent fraud is built by students. Based on the above arguments, the seventh hypothesis is suggested as follows:

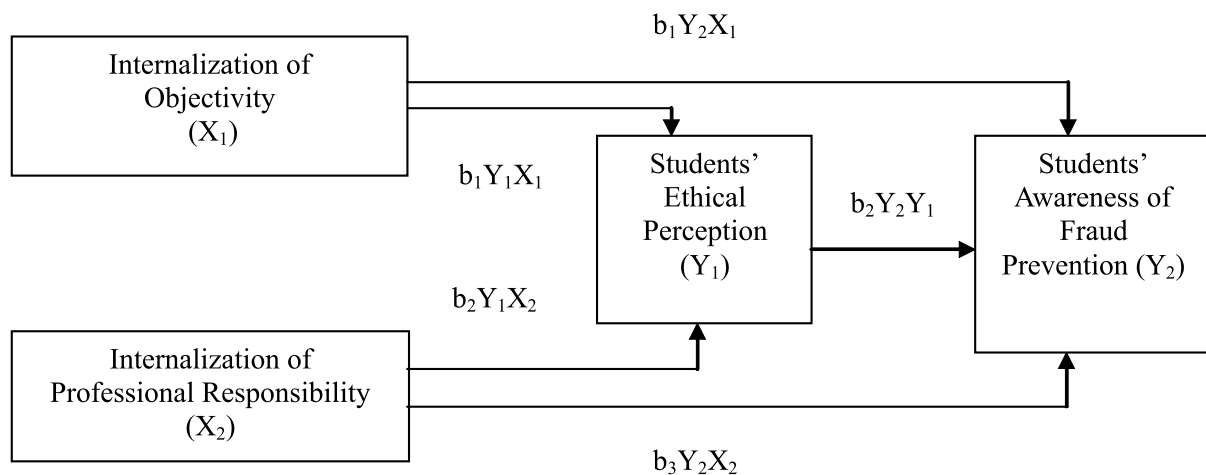
**H<sub>7</sub>: Internalizing professional responsibility has indirect association with students' awareness of fraud prevention through students' ethical perception.**

## **METHODOLOGY**

### **Research Model**

The research model to test hypothesis 1 to 7 in this research is shown in Figure 1.





**Figure 1**  
**Research Model**

This model is a modification from Bank Fraud Reduction Model that is developed by Khanna and Arora (2009).

#### **Operational Definition of Research Variables**

Table 1 shows the type of variables and the operational definition of the variables used in this research.

#### **Population and Sample**

The population used in this research was accounting students at Yogyakarta State University. The number of population was 586 students. Among these students, 149 students were chosen as the sample of this research. The criterion that was used to choose the sample was Accounting students who passed the Intermediate Auditing course. The criterion was used because the lecturer who teaches the Intermediate Auditing course had already integrated objectivity and professional responsibility for few years through the use of case studies in each meeting. Therefore, this research was conducted on the Accounting students who passed the Intermediate Auditing course to determine the magnitude of the influence between internalization of objectivity and professional responsibility toward students' perception about ethics and students' awareness to prevent fraud when they work later.

#### **Data Collection and Data Analysis**

This research used survey as a research tool to determine the magnitude of the influence between internalization of objectivity and professional responsibility toward students' awareness of fraud prevention through students' ethical perception. A survey with close-ended questions was conducted to collect the data. The questions were originally developed by the researcher after reading literatures taken from textbooks and journals. Each positive question was measured by Likert scale that consisted of 5 scale (1 = really disagree, 2 = disagree, 3 = moderate, 4 = agree, 5 = really agree); while each negative question was measured by Likert scale (1 = really agree, 2 = agree, 3 = moderate, 4 = disagree, 5 = really disagree) (Sugiyono 2011). The questionnaire was shown to experts in financial accounting, auditing, education, and research fields. Afterwards, the questionnaire was given to 45 accounting students outside of the sample for pilot testing.

The data analysis used path analysis and SPSS 17. Path analysis requires that data must meet these requirements: there is neither multicollinearity between independent variables nor heteroscedasticity, and data should meet normality and linearity assumptions. Afterwards, the model for path analysis was set. There were two structural equation models that are set based on Sunyoto

**Table 1**  
**Operational Definition of Research Variables**

Variables	Type of Variable	Operational Definition	Indicators
Students' Awareness of Fraud Prevention	Endogenous Variable (as Dependent Variable)	Conditions that students are able to control themselves from the influence of internal and external influences when they work later and have knowledge about action to prevent the occurrence of intentional illegal act (Ginintasari 2012; IAI 2004).	<ol style="list-style-type: none"> <li>1. Awareness not to conduct asset misappropriation</li> <li>2. Awareness not to conduct fraudulent financial reporting (IAI 2004)</li> </ol>
Students' Ethical Perception	Endogenous Variable (as Intervening Variable)	A process in which students organize and interpret the condition to create and maintain a culture of honesty in the environment when students work later.	<ol style="list-style-type: none"> <li>1. Tone of the top</li> <li>2. Positive working environment</li> <li>3. Hiring and promoting appropriate employees</li> <li>4. Training of ethical behavior</li> <li>5. Confirmation to follow code of conduct in the working place</li> <li>6. Discipline to meet code of conduct in the working place</li> </ol>
Internalization of Objectivity	Exogenous Variable (as Independent Variable)	The processes of building attitudes and actions for students not to compromise their professional judgment because of bias, conflict of interest, or the undue influence of others (IAI 2004).	<ol style="list-style-type: none"> <li>1. Professional judgment bias</li> <li>2. Conflict of interest</li> <li>3. Fairness in making decision (IAI 2004)</li> </ol>
Internalization of Professional Responsibility	Exogenous Variable (as Independent Variable)	The processes of building students to comply with relevant laws and regulations and avoid any action or omission that may discredit to the profession (IAI 2004).	<ol style="list-style-type: none"> <li>1. Responsibility to Clients</li> <li>2. Responsibility to Colleagues</li> <li>3. Responsibility to the Profession (IAI 2004)</li> </ol>

(2011) and Sarwono (2007) models as shown below:

$$Y_1 = b_1 Y_1 X_1 + b_2 Y_1 X_2 + E_1$$

$$Y_2 = b_1 Y_2 X_1 + b_2 Y_2 Y_1 + b_3 Y_2 X_2 + E_2$$

with these additional information:

- X<sub>1</sub> = Internalization of Objectivity
- X<sub>2</sub> = Internalization of Professional Responsibility
- Y<sub>1</sub> = Students' Ethical Perception

Y<sub>2</sub> = Students' Awareness of Fraud Prevention

The first structural equation model was developed to test hypothesis 1 and hypothesis 2 regarding whether internalization of objectivity and internalization of professional responsibility individually has a positive association toward students' ethical perception. The second equation model was used to test

**Table 2**  
**Result of Reliability Test**

Variables	Coefficient of Cronbach's Alpha
Students' Awareness of Fraud Prevention	0,825
Students' Ethical Perception	0,817
Internalization of Objectivity	0,813
Internalization of Professional Responsibility	0,826

hypothesis 3, 4, and 5 regarding whether internalization of objectivity, internalization of professional responsibility, and students' ethical perception individually has a positive association to students' awareness of fraud prevention. The *t* test was used to prove whether the research hypothesis was accepted or rejected. The research hypothesis is accepted if the value of significance is less than the value of alpha 0,05 (Sarwono 2007; Sunyoto 2011). Finally, the test for hypothesis 6 and 7 to prove whether students' ethical perception was an intervening variable was conducted by using Sobel Test. This is the test to determine whether a mediator functions as an intervening variable between independent variable and dependent variable (Preacher and Leonardelli 2006). The research hypothesis is accepted if the *t* value  $> t$  table = 1,65 (Ghozali 2011). The *t* value was calculated by using the formula taken from Ghozali (2011)  $sab = \sqrt{b^2sa^2 + a^2sb^2 + sa^2sb^2}$ ;  $t$  value =  $ab/sab$  with this additional information:

- a = direct influence from  $X_1$  to  $Y_2$  or  $X_2$  to  $Y_2$   
 b = indirect influence from  $X_1$  to  $Y_2$  through  $Y_1$  or  $X_2$  to  $Y_2$  through  $Y_1$

- sa = error standard for coefficient a  
 sb = error standard for coefficient b  
 sab = error standard for indirect influence

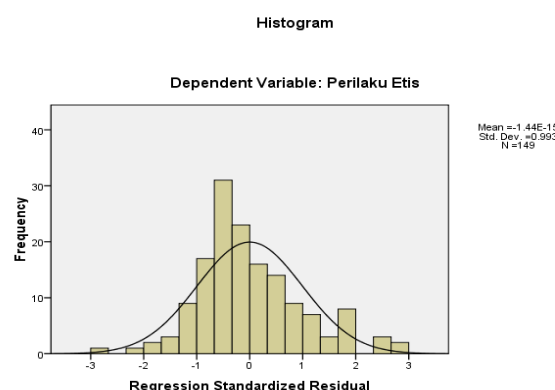
## RESULTS AND ANALYSIS

### Validity and Reliability Test

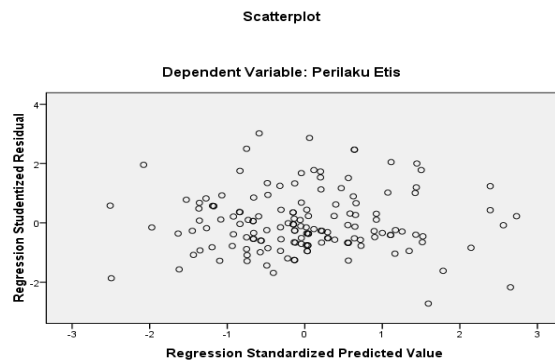
Before a questionnaire was used to collect data, a pilot test to measure the validity and reliability of the instrument should be done. The validity of the questionnaire was tested by item analysis. The cut-off of item analysis is 0,3 (Sugiyono 2011). The item is valid if the correlation between the score of each item and total score is more than 0,3. The analysis shows that there are 17 out of 74 items that are not valid, so these items cannot be included in the questionnaire. Afterwards, the reliability of the instrument was tested by using Cronbach's alpha. The criterion used in this test is that the instrument is reliable if its Cronbach's alpha is  $\geq 0,6$  (Arikunto 2010). The reliability test shows that all the instruments are reliable as shown in Table 2.

### Assumption Test

All assumptions to use path analysis must be met first. As a result, all tests related



**Figure 2**  
**Result of Normality Test**



**Figure 3**  
**Result of Homoscedasticity Test**

to normality, linearity, homoscedasticity, and multicollinearity must be done to both structural equation models.

For the first structural equation model, there is no multicollinearity between the internalization of objectivity and internalization of responsibility variables since its tolerance value is 0,735 (> cut off 0,10) and VIF value is 1,361 (< cut off 10). The second assumption –linearity – is also met because the value of  $c^2$  which is 39,336 is less than  $c^2$  table at 129,56. The other assumptions, normality and homoscedasticity, also met as shown by Figures 2 and 3:

For the second structural equation model, there is no multicollinearity between the internalization of objectivity, internalization of responsibility, and students' ethical perception variables since the tolerance value of each variables is > 0,10 and VIF value is < 10. The complete results are shown in Table 3.

The second assumption – linearity – is also met because the value of  $c^2$  which is 59,153 is less than  $c^2$  table at 129,56. The other assumptions, normality and homoscedasticity, are also met as shown by Figures 4 and 5.

### Descriptive Statistics

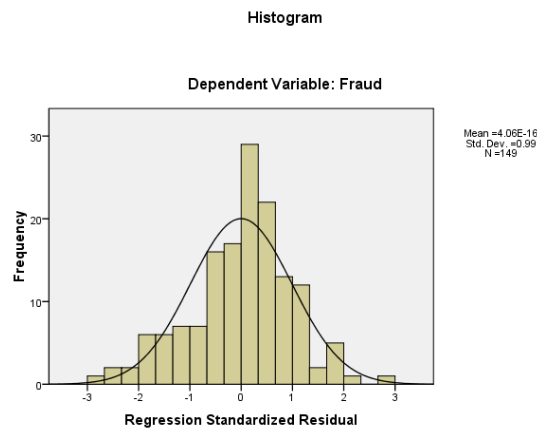
Table 4 shows the ideal mean and ideal deviation standard for each variable whereas table 5 shows the mean and the deviations standard of students' answer in each variable. The ideal mean is based on the sum of the possible highest score and the possible lowest score and then divided by two, while the ideal deviation standard is the possible highest score minus the possible lowest score and then divided by six (Hadi 2004). It can be shown that the level of students' awareness of fraud prevention, students' ethical perception, and internalization of objectivity and professional responsibility of the students are high since each mean is higher than the ideal mean.

### The First Structural Equation Model to Test Hypothesis 1 and Hypothesis 2

The first structural model was used to test hypothesis 1 and 2 regarding whether the internalization of objectivity and professional responsibility individually has a positive association with students' ethical perception. Table 6 shows the result of data processing for the first structural equation model.

**Table 3**  
**Result of Multicollinearity Test**

Variable	Tolerance Value	VIF
Internalization of Objectivity	0,709	1,410
Internalization of Professional Responsibility	0,638	1,568
Student's Ethical Perception	0,736	1,358



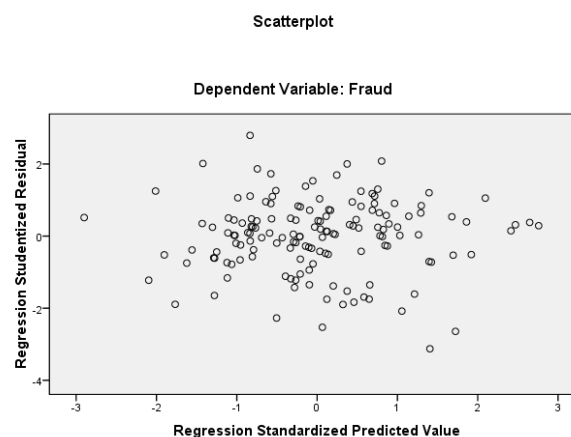
**Figure 4**  
**Result of Normality Test**

From Table 6, the first structural equation model then is set as shown below:

$$Y_1 = 0,189X_1 + 0,390X_2 + 0,736$$

It can be shown from Table 6 that the data supports  $H_1$  since the p-value is  $0,024 < 0,05$ . In addition, the beta value of  $X_1$  is 0,189 means that 18,9% of the variation in students' ethical perception is explained by the variation in the internalization of objectivity. The positive value of beta means that there is a positive association between the internalization of objectivity and students' ethical perception. Therefore, the more objectivity is internalized to students, the deeper students' ethical perception will be built by students. Students internalizing objectivity are able to behave objectively, free from bias, and avoid conflict

of interest. All these behavior will encourage students to create a positive environment that improves students' morale (Arens et al. 2010). This condition will boost students to behave honestly and therefore their ethical perception will be built. The finding is almost similar with a number of studies which show that internalizing moral standards at higher education results in a significant effect of ethical behavior (Adams et al. 1995; Gaffikin and Lindawati 2012; Mahajan 2011). Mahajan (2011) finds that employees who have a strong commitment to be objective in their working place will avoid conflict of interest, prohibit insider's trading, conduct fair marketing dealings, honest and trustworthy, fair and take action not to discriminate. As a result, the ethical manner in the working environment



**Figure 5**  
**Result of Homoscedasticity Test**



**Table 4**  
**Ideal Mean and Ideal Deviation Standard**

Variables	Possible Highest Score	Possible Lowest Score	Ideal Mean	Ideal Deviation Standard
Students' Awareness of Fraud Prevention	85	17	51	11,33
Students' Ethical Perception	75	15	45	10
Internalization of Objectivity	60	12	36	8
Internalization of Professional Responsibility	65	13	39	8,67

**Table 5**  
**Descriptive Statistics**

Variables	Minimum	Maximum	Mean	Deviation Standard
Students' Awareness of Fraud Prevention	54	83	69,90	6,185
Students' Ethical Perception	44	75	60,70	5,849
Internalization of Objectivity	33	57	44,73	4,343
Internalization of Professional Responsibility	37	60	49,42	4,301

is also maintained. In addition, students who have sufficient knowledge about objectivity are able to behave fairly, avoid conflict of interest, and avoid judgment bias. As consequently, students will maintain all these characteristics when they are working later. Students who have a high level of objectivity perceive that they have to be discipline in maintaining ethical behavior, to be a good leader who has responsibility to create a positive working environment by avoiding unfair action and conflict of interest (Arens et al. 2010).

Table 6 also shows that the data supports  $H_2$  since the p-value is  $0,000 < 0,05$ . In addition, the beta value of  $X_2$  is 0,39 means that 39% of the variation in students' ethical perception is explained by the variation in the

internalization of professional responsibility. The positive value of beta means that there is a positive association between the internalization of professional responsibility and students' ethical perception. Therefore, the more professional responsibility is internalized to students, the deeper students' ethical perception will be. This empirical finding is in accordance with the view of Arens et al. (2010). Students internalizing professional responsibility are able to reach the knowledge in which they must use moral and professional judgment when they do every activity in their life. As a professional, students are expected to build awareness that they have to maintain public trust, build a good cooperation with other colleagues, and control themselves to

**Table 6**  
**Result of the First Path Analysis**

Variables	Standardized Coefficients (Beta)	t	Sig.	Explanation
(Constant)				
Internalization of Objectivity	0,189	2,282	0,024	Significant
Internalization of Professional Responsibility	0,390	4,709	0,000	Significant
R	= 0,514			
R Square	= 0,264			
$\alpha$	= 0,05			

Dependent Variable: Students' Ethical Perception

behave ethically. This condition will increase the perception of students to be able to be disciplined in following code of conduct and therefore students' ethical perception will improve. This result is similar to several studies which reveal that internalizing professional responsibility has a positive association with ethical behavior (May 1996; Solbrekke 2008; Taylor 1989). They mention that accounting learning model should design the opportunities for students to communicate with other peers and teacher. How to build an effective communication is also a significant part of professional responsibility. By doing this, students are encouraged to learn and develop moral language and ethical values. Moreover, students who have sufficient knowledge of professional responsibilities will build perceptions that they have to be responsible for their employees and colleagues by conducting ethical behavior first, by confirming that they will behave ethically, and by being discipline in following code of conduct in their working place (Arens et al. 2010).

### The Second Structural Equation Model to Test Hypothesis 3, Hypothesis 4, and Hypothesis 5

The second structural model is used to test hypothesis 3, 4, and 5 to determine whether the internalization of objectivity, the internalization of professional responsibility, and students' ethical perception individually have a positive association with students' awareness of fraud prevention. Table 7 shows the result of the data processing for the second structural equation model.

The second structural equation model that is set from Table 7 is

$$Y_2 = 0,236X_1 + 0,215Y_1 + 0,327X_2 + 0,603$$

It can be shown from Table 7 that the data supports  $H_3$  since the p-value is  $0,002 < 0,05$ . In addition, the beta value of  $X_1$  is 0,236 means that 23,6% of the variation in students' awareness of fraud prevention is explained by the variation in the internalization of objectivity. The positive value of beta means that there is a positive association between the internalization of objectivity and students' awareness of fraud prevention. Therefore, the more objectivity is internalized to students, the higher students' awareness to prevent fraud will be. Students internalizing objectivity are able to be honest, free from judgment bias, and avoid conflict of interests. By doing so, students will be able to create a positive environment that may enhance their awareness to prevent fraud later when they work as accountant. In addition, students will have awareness that there is a need to hire and promote honest employees if they want to minimize the occurrence of fraud in the workplace. Then, students also realize that objectivity knowledge they gain in the learning process will encourage them to be honest in confirming that they will not do any fraud in the working place (Arens et al. 2010). The finding is consistent with several recent studies (Ganesh and Raghurama 2008; Khanna and Arora 2009) that find that internalizing moral standard through effective education significantly improves employees' awareness to prevent fraud. Employees who are properly

**Table 7**  
**Result of the Second Path Analysis**

Variables	Standardized Coefficients (Beta)	t	Sig.	Explanation
(Constant)				
Internalization of Objectivity	0,236	3,083	0,002	Significant
Internalization of Professional Responsibility	0,327	4,054	0,000	Significant
Students' Ethical Perception	0,215	2,861	0,005	Significant
R	= 0,630			
R Square	= 0,397			
$\alpha$	= 0,05			

Dependent Variable: Students' Awareness of Fraud Prevention

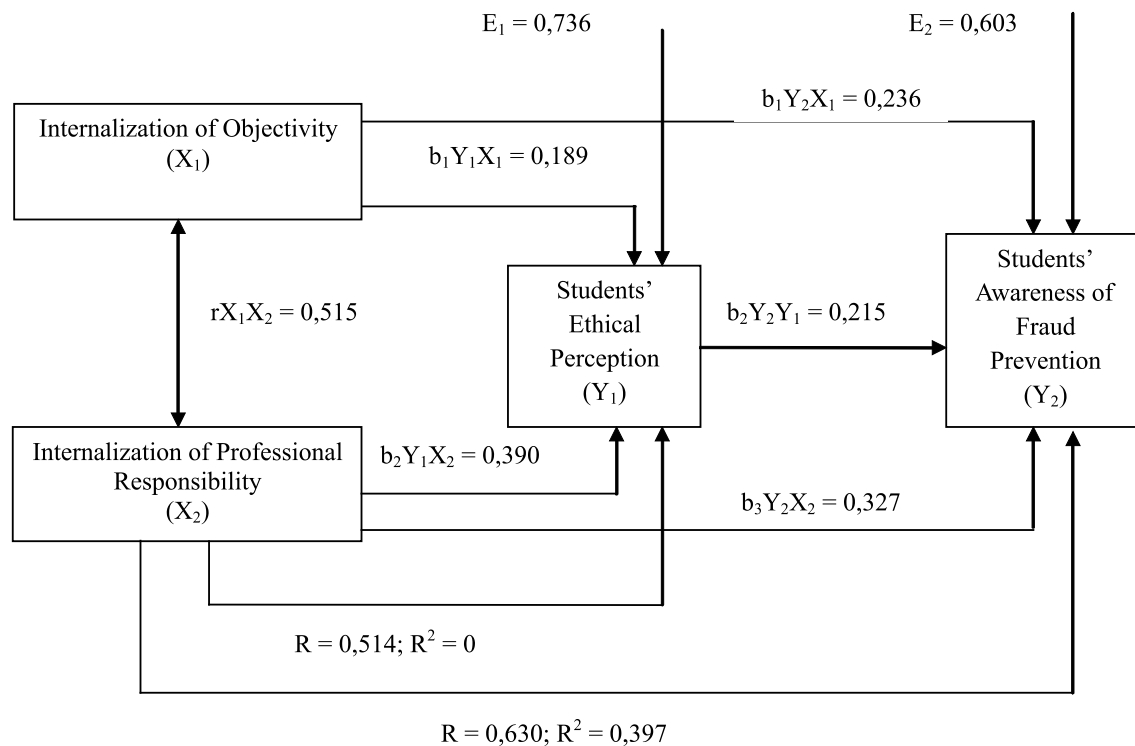
trained will have high degree compliance toward the procedure in the organization; therefore fraud level will decrease. Therefore, internalizing objectivity into accounting learning process will build students to be able to have no priority toward their own interest. Students will have awareness to choose accounting policies that are appropriate with the condition of the company, so their awareness not to do fraudulent financial reporting will increase. In addition, students have sufficient knowledge to avoid any situation that can result in conflict of interest, so they will have awareness not to use their position to do asset misappropriation (Arens et al. 2010).

Table 7 also provides information that the data supports  $H_4$  since the p-value is  $0,000 < 0,05$ . In addition, the beta value of  $X_2$  is 0,327 means that 32,7% of the variation in students' awareness of fraud prevention is explained by the variation in the internalization of professional responsibility. The positive value of beta means that there is a positive association between the internalization of professional responsibility with students' awareness of fraud prevention. Therefore, the more professional responsibility is internalized, the more students' awareness could be built to prevent fraud. This is in accordance with Arens et al. (2010) who find that students with high level of professional responsibility will not conduct any actions that discredit their reputation. As a result, students will create and maintain awareness not to conduct any assets misappropriation and fraudulent financial report. Therefore, the internalization of professional responsibility has a significant effect on students' awareness of fraud prevention. The result is also consistent with the study of Solbrekke (2008) and Barnett (1997) which state that the more professional responsibility that is internalized, the higher students' commitment to behave professionally when they face challenges. Student with a high level of professional responsibility will use their moral judgment in the working place. Students will have awareness to work professionally to maintain public trust and the reputation of their profession by not doing asset misappropriation

as well as fraudulent financial reporting. This means that the internalization of professional responsibility is capable of building students' awareness to prevent fraud since the students already have high commitment to behave in a professional manner.

Another important point that can be taken from Table 7 is that the data supports  $H_5$  since the p-value is  $0,005 < 0,05$ . In addition, the beta value of  $Y_1$  is 0,215 means that 21,5% of the variation in students' awareness of fraud prevention is explained by the variation in students' ethical perception. The positive value of beta means that there is a positive association between students' ethical perception with students' awareness of fraud prevention. Therefore, the better students' ethical perception, the higher students' awareness to prevent fraud. According to Arens et al. (2010), creating the culture of value is the most effective way to prevent fraud. Students with high level of ethical perception are capable of building positive culture that increases awareness to prevent fraud. Students will be able to support entity's value and code of conduct and this will result in the increased awareness to reduce the occurrence of fraud. The finding is also consistent with a recent study from Mahajan (2011) who finds that ethical behavior developed in company can reduce window dressing, misleading financial statement, related party transactions, insider trading, executive's compensation, bribery, and kickbacks. A research study from Ethics Resource Center (2009a; 2009b) also shows that ethical behavior is able to minimize the number of fraud in organizations. Accordingly, organizations with strong ethical values in all managerial levels as well as worker levels tend to experience less misconduct. Students with a high level of ethical perception will realize that fraud can be prevented if all people in the working place follow code of ethics in the company. Therefore, students having a good ethical perception are able to create and maintain their action according to the code of ethics and are able to be discipline in following core value implemented in the working place. By having such perception, students are

The complete result of path analysis is shown at Figure 6.



**Figure 6**  
Result of Path Analysis – Two Structural Equation Model

capable to build awareness not to conduct asset misappropriation and fraudulent financial reporting (Arens et al. 2010).

#### Sobel Test to Test the Intervening Hypothesis

Sobel Test was conducted to test hypothesis 6 and 7. Table 8 shows that the total indirect effect of the internalization of objectivity toward students' awareness of fraud prevention through students' ethical perception is 40,4%. The table also reveals that the direct influence between the internalization of objectivity toward students' awareness of fraud prevention is 23,6%. In addition, the total indirect effect of the internalization of professional responsibility toward students' awareness of fraud prevention through students' ethical perception is 60,5%. This influence is higher than the direct influence between the internalization of professional responsibility toward students' awareness of fraud prevention which is only 32,7%. It can be assumed that students' ethical perception may function as an intervening variable. However,

Sobel test must be conducted to get a precise result whether students' ethical perception is considered as an intervening variable (Ghozali 2011).

The first Sobel test was conducted to obtain finding whether students' ethical perception is a significant intervening variable between the internalization of objectivity and students' awareness of fraud prevention. It can be seen from Table 8 that direct effect coefficient between  $X_1$  and  $Y_2$  is 0,236 and the indirect effect coefficient is 0,040635. Then, the value of error standard from indirect effect coefficient is 0,02824. As a result, it can be calculated that the t value is 1,82 > t table 1,65 (sign 0,05). Therefore the data supports  $H_6$  and it can be concluded that students' ethical perception is a significant intervening variable between the internalization of objectivity and students' awareness of fraud prevention. This finding supports the fundamental principle set in the Code of Conducts for Professional Accountants by IAI (2004) and the idea from Arens et al. (2010). Objectivity is one of

**Table 8**  
**Total Effect**

Direct Effect Coefficients	Indirect Effect Coefficients	Total Effect
$X_1 \gg Y_1 = 0,189$	$X_1 \gg Y_1 \gg Y_2 = 0,189 \times 0,215 = 0,040635$	$X_1 \gg Y_1 \gg Y_2 = 0,189 + 0,215 = 0,404$
$X_2 \gg Y_1 = 0,390$	$X_2 \gg Y_1 \gg Y_2 = 0,390 \times 0,215 = 0,08385$	$X_2 \gg Y_1 \gg Y_2 = 0,390 + 0,215 = 0,605$
$X_1 \gg Y_2 = 0,236$		$X_1 \gg Y_2 = 0,236$
$X_2 \gg Y_2 = 0,327$		$X_2 \gg Y_2 = 0,327$
$Y_1 \gg Y_2 = 0,215$		$Y_1 \gg Y_2 = 0,215$

fundamental principles asked by the IAI to be fulfilled by accountants. This principle asks accountants to be able to behave fairly, work in the best interest of the organization, and free from judgment bias. It is necessary then to internalize objectivity to accounting students by doing more exercises and cases about objectivity (Utami 2005). The internalization of objectivity will build students' ethical perception since students are used to being fair and free from bias. Objectivity also encourages students to have knowledge that it is necessary for students to create and maintain an environment that supports the development of morality. Students with high morality will be able to comply with code of conduct and therefore the level of students' awareness to prevent fraud will increase. This finding is consistent with a study from Arens et al. (2010) who find that ethical behavior is the most effective way to prevent fraud due to the core value that becomes the guidance for accountants to perform duties. This finding is consistent with a study from Ganesh and Raghurama (2008) who find that formal training significantly improves behavioral skill. This means that formal training will enhance ethical behavior. Then, Ganesh and Raghurama (2008) also prove that behavioral skill to comply with code of conduct owned by the employees lead to the reducing number of fraud in the organization. The same empirical finding is also proved in the study from Khanna and Arora (2009). Khanna and Arora (2009) find that effective training is proved to increase favorable attitude and this leads to a high degree of compliance to the procedures in the organization.

The second Sobel test was conducted to test whether students' ethical perception is a significant intervening variable between the internalization of professional responsibility and students' awareness of fraud prevention. It can be seen from Table 8 that the direct effect coefficient between  $X_2$  and  $Y_2$  is 0,327 and the indirect effect coefficient is 0,0838. Then, the value of error standard from indirect effect coefficient is 0,01461. As a result, it can be calculated that the t value is  $5,74 > t$  table 1,65 (sign 0,05). Therefore, the data supports  $H_7$  and it can be concluded that students' ethical perception is a significant intervening variable between the internalization of professional responsibility and students' awareness of fraud prevention. This empirical finding supports IAI (2004) that professional responsibility is one fundamental principle that accountants must comply. It is an obligation for accountants to use their moral and professional judgment when they perform duties. This important principle can be learned by accounting students so that they have perception to practice moral and professional judgment in their action and to be responsible to their clients and colleagues. The result of internalizing professional responsibility to students is that students' ethical perception improves. When students have ethical perception, they will support the culture of honesty and follow code of conduct. Therefore, the tendency of students to commit fraud in the future working place will decrease (Arens et al. 2010). The result is consistent with a study of Solbrekke (2008) which reveals that professional responsibility is capable of creating students to behave ethically and this will affect their



commitment to apply knowledge in a proper way. Solbrekke (2008) argues that students who have professional responsibility are able to cultivate critical and moral reasoning and to develop norms and values. This will result in a higher level of ethical behavior. The ethical behavior functions as a foundation for students to practice their disciplinary knowledge. Students are able to open their minds about how to behave in a correct manner when they are dealing with their clients, their colleagues, and their profession.

### CONCLUSION

Students' awareness to prevent fraud could be built in accounting learning process at higher education. Based on the research results, there are three factors that directly influence students' awareness to prevent fraud: internalization of objectivity, internalization of professional responsibility, and students' ethical perception. However, Sobel test reveals that students' ethical perception is an intervening variable between students' awareness of fraud prevention and the internalization of objectivity. Students' ethical perception is also an intervening variable between student's awareness of fraud prevention and the internalization of professional responsibility. This means that the indirect effects are supported by stronger statistical test result compared to the direct effects. Students' ethical perception, thus, holds important function to connect objectivity and professional responsibility which students internalize in the learning process to build the awareness to prevent fraud in the future working environment. Therefore, it is necessary to improve students' ethical perception by creating conditions that enhance student to behave ethically during learning process at higher education. This can be done by: (1) creating positive learning environment by implementing whistle blowing program in the class; (2) writing an ethics recommendation for students who have ethical behavior in

the class; this ethical recommendation is sometimes asked by companies to select the people who will work in their companies; (3) asking students to sign a written statement that they will follow the code of ethics in the class at the beginning of the course, so students are expected to behave ethically during the course; (4) creating discipline during learning process by providing a punishment for students who disobey the written statement, so there will be zero tolerance for unethical students. In addition, since ethical value is a part of affective component, it is necessary to conduct training for lecturers regarding how to measure the level of students' ethical behavior. It is also advisable for accounting lecturers to design and implement a learning method that emphasizes students to behave objectively and become professionally responsible for their duties. The learning method that focuses on the use of case studies or problems related to objectivity and professional responsibility is the one that can be implemented in the Intermediate Auditing course.

There are some limitations that are found in this research. These limitations include: (1) Survey was the only method to collect data from respondent, so the respondents' answers were difficult to be controlled. There are possibilities that respondents' answers were not appropriate with the true condition of the respondents; (2) There was no control group in this research since this research was only conducted to determine the magnitude of the influence of internalization of objectivity and professional responsibility toward students' ethical perception and awareness of fraud prevention. Therefore, it is necessary for the next research to design the research as an experimental research and use control group to determine whether ethical behavior could be developed by internalizing objectivity and professional responsibility. The use of control group is also important to determine whether students with ethical behavior will react differently from those without ethical behavior in building the awareness to prevent fraud; (3) Due to the problem limitation, the

moral standards that were internalized to students in the Intermediate Auditing course are only the principles that are still difficult to be internalized to students. These standards are objectivity and professional responsibility. These two standards are not sufficient enough to create and maintain ethical behavior since IAI asks that all fundamental principles must be internalized by accountants. Therefore, for the improvement of this research, it is advisable for future research that other moral standards, such as integrity, professional competence and due care, and confidentiality are also included as the variables that affect ethical perception and awareness of fraud prevention. This suggestion is necessary to determine the contribution of the whole fundamental principles in the professional code of conduct toward ethical perception and awareness of fraud prevention.

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## APPENDIX

RA : Really Agree  
 A : Agree  
 N : Neutral  
 DA : Disagree  
 RDA : Really Disagree

### Students' Awareness of Fraud Prevention

No	Statement	RA	A	N	DA	RDA
1	If I work as an accountant, I will do manipulation toward accounting data and accounting documents in order to get higher personal benefit.					
2	If I work as an accountant, I will choose the accounting method based on personal benefit that I will get.					
3	If I work as an accountant, I will choose the accounting practice that is appropriate with the condition of the company.					
4	If I work as a manager, I will not conduct any fraudulent financial report even I face a high pressure to reach an unrealistic profit.					
5	If I work as an accountant, I will create a fictitious invoice to conceal overstatement/ understatement in the financial statement.					
6	As a manager, I am permitted to conduct inappropriate ways to reduce the amount of profit due to the tax reason.					
7	As an auditor, I will do a detailed audit if management of the company is dominated by a small group without good internal controls to compensate that condition.					
8	As an auditor, I will do a detailed audit to the company if the company is able to report a profit and has a good growth, but it cannot generate operation cash flow.					
9	As a manager, I will design a system that is able to prevent and detect asset misappropriation.					
10	As a manager, I will have an opportunity and intention to steal cash by creating fictitious document.					
11	Design and implementation of internal control system will inhibit my freedom as a manager.					
12	As a manager, I will do stock opname even the location of the factory is far from my office.					



13	As a manager, I will participate in the process of employees' recruitment to choose employees whose job is related with assets that are easy to be stolen.					
14	As a treasurer, I will steal the company's cash if I feel disappointed with the compensation given by the company.					
15	As an employee in the store, I will not steal the merchandise inventory even there is no supervision from my manager.					
16	As a manager, I will take opportunities from the weakness of internal control system in order to get personal benefit.					
17	As a manager, I will try to find an opportunity to steal the company's asset to pay the hospital expense of my children.					

#### Students' Ethical Perception

No	Statement	RA	A	N	DA	RDA
1	If I am a manager of the company, I will set zero tolerance for unethical behavior.					
2	As an accountant, I have an obligation to enforce zero tolerance for unethical work.					
3	I will create a positive working environment to maintain employees' morale when I work later.					
4	If I work later, I will support the existence of whistle blowing system to monitor unethical behavior.					
5	If I work later, I will support the system that enables one employee to report unethical behavior conducted by other employees to the manager.					
6	If I work later, I will support the existence of department that has a function to investigate unethical behavior reported by employees.					
7	If I work as a manager, I will select employees based on their ethical behavior background.					
8	If I work as a manager, I will consider working experience and working recommendation from previous company in selecting employees.					
9	I will support the idea that lecturers must provide ethical recommendation for fresh graduate who will apply for the job.					
10	As a manager, I will communicate ethical values expected by the company to new employees.					

11	I agree to sign written statement to confirm that I will follow the code of ethics set by the company when I work later.					
12	I agree to provide statement that I support the ethical values expected by the company when I work later.					
13	I will support that the internal auditor have to convince that ethical values is already conducted by the employees.					
14	When I work later, I will enforce myself to behave honestly and uphold integrity in the working place.					
15	If I do unethical behavior in my working place, I will be ready to receive punishment.					

#### Internalization of Objectivity

No	Statement	RA	A	N	DA	RDA
1	An accountant is not permitted to make a decision without doing analysis and examining the evidence.					
2	A decision made by an accountant is a decision based on relevant evidence.					
3	An accountant must be neutral in making decision.					
4	An accountant is not permitted to take sides on one party in conducting the work.					
5	It is necessary for an accountant to find information only from one side without checking the accuracy of the information from other sides with the purpose to shorten the time.					
6	Operational audit to a procedure should be done by the accountant designing the procedure since the accountant has depth knowledge about the procedure.					
7	It is better for the company to ask the same public accountant firm to provide managerial consultation as well as to audit financial statement in order to save the cost.					
8	An auditor is permitted to provide managerial consultation and accept audit engagement for the same client.					
9	It is a must for the auditor not to accept financial statement of the company where the auditor has already helped the company to prepare its financial statement.					

10	An auditor must reject to audit financial statement of the company that has special relationship with the auditor.					
11	An accountant is permitted to receive all compensations outside the compensations that are authorized by the company.					
12	A manager should not receive the gift from other parties that has special relationship with the manager.					

#### Internalization of Professional Responsibility

No	Statement	RA	A	N	DA	RDA
1	An accountant must have professional and moral judgments.					
2	An auditor must keep confidential information of his client even the accountant will receive a good compensation from the client's competitor.					
3	It is normal for the auditor to divulge confidential information of his client to the client's competitor because he needs a lot of money to pay medication for his child who is seriously ill.					
4	It is permitted for the auditor to divulge confidential information of his client in the litigation process.					
5	An auditor is permitted to ask a high fee to a client if the risk of conducting audit is high.					
6	It is a must for the auditor who audits a new client to have written communications with previous auditor.					
7	An auditor who has a lot of work must reply written communication asked by other auditors.					
8	Written communication of other auditors is not important since there is no compensation received.					
9	A company is permitted to hire 2 public accountant firms to audit its financial statement so that it can choose the best opinion for its financial statement.					
10	A public accountant is not permitted to accept audit engagement in the same period for the client that already appoints another public accountant.					

11	An accountant is permitted to extend the time of working overseas to get a chance for vacation for free.					
12	A public accountant firm is permitted to advertise itself in the media as the best public accountant firm in Indonesia.					
13	A public accountant firm is permitted to advertise itself in the media by showing the successful life of its auditors.					