

# Accounting Students' Love of Money and Their Ethical Perception: Evidence from China

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**Abstract:** This study is to shed light on Chinese accounting students' extent of love of money in general and how it impacts their ethical perceptions, by investigating how Chinese accounting students view cheating actions. After using the scale measures and cluster analysis to measure the sample from 3 universities of China, I find that though Chinese accounting students saw questionable accountability as unethical. Chinese accounting students is positive about money, and love of money could potentially have a negative effect on the ethical behavior of them. In China, Universities often only focus on the professional knowledge education of business students, but ignore the moral education. The educators can design better accounting ethics courses based on their different attitude toward money according to this study.

## I. Introduction

In recent years, ethical issues have been given greater attention because accounting has become an entity that is more than a bookkeeping and reporting regime (Nofsinger and Kim, 2003; Jones and Abraham, 2007; Milkovich and Newman, 2002). The ethical standard for professional practice and recommendations have also been provided for the continued education of accountants.

In China, Universities often only focus on the professional knowledge education of business students, but ignore the moral education. Some schools do not offer course about accounting professional ethics for students who majored in accounting.

This study tests the following assumption in null form, relying on the contradictory findings from previous longitudinal studies: The love for money is not substantially linked to China's view of dubious accounting conduct. After using the scale measures and cluster analysis to measure the sample from 3 universities of China, I find that though Chinese accounting students saw questionable accountability as unethical. Chinese accounting students is positive about money, and love of money could potentially have a negative effect on the ethical behavior of them.

## II. Research Methodology

### Sampling

The sample for this study consisted of senior accounting students in three large universities in China: Wenzhou-Kean University, Southwestern University of Finance and Economics and University of Science and Technology Beijing. Surveys based on established scales were created and were conducted over a one-year cycle to students in many audit parts taught by different teachers. Because the majority of their accounting training is almost complete, auditing students were selected. Interviewed professors in research courses stated that every participant in his or her course had been subjected to ethical learning. Graduate students are currently enrolled in the program of Graduate Auditing and have also been introduced to professional training in this class. The questionnaire was done in about 5 minutes and confidentiality guaranteed. There was a total of 81 collected surveys. The sample used consisted of 79 students after the elimination of surveys with missing responses.

## Scale measures

The questionnaire includes six factors: positive, bad, performance, value (self-esteem), budget and independence (power). A seven-point scale ranged from 1 (strongly disagreeing) to 7 (forcefully agree), and a specific rating for each variable is measured, reported their agreement or disapproval with each argument.

A person who believed money was good suggested that money was optimistic. One who considered money to be "bad" realized that the source of all unethical wealth is money affection. An individual who scored heightened on the "performance" factor was of the opinion that wealth was success and that money gained self-confidence and respect. A individual with a high score of the "budget" variable efficiently and strategically utilized resources to prepare ahead, and someone who scored high on the "independence" factor felt that assets had the power to influence others. The factors had the alpha of Cronbach ranging in range from 0.693 to 0.810(TANG, 1992).

## III. Study Results

The first step in data analysis is to look at the perceptions of the ethics case by accounting students. Table I shows the mean results.

**Table I.**  
Means and demographic factors

<b>Panel A: means</b>	<b>Mean</b>
Case1	5.12
Case2	4.62
Case3	5.80
Case4	6.04
Money is "good"	4.34
Money is "evil"	1.40
Money represents "achievement"	4.06
Money gives "respect"	3.22
Money is "budget"	2.80
Money yields "freedom"	5.46

**Panel B: demographics' impact on ethical perceptions (males n=32 and females n=47)**

	Male	Female
Case1	5.40	4.93
Case2	4.60	4.63
Case3	5.35	6.10
Case4	5.85	6.17

Notes: Significant at the 0.01 level. Case 1: early recognition of revenues; Case 2: reclassifying long-term assets as current; Case 3: reporting consigned inventory as assets; Case 4: not reporting contingent liabilities. For cases: 1 (highly ethical) and 7 (highly unethical); for love of money: 1 (extremely disagree) and 7 (strongly agree); n=79

Results show that the accounting students considered all cases unethical. Case 4, which dealt with not reporting contingent liabilities, was the case with the highest unethical perception(mean 6.04 out of 7.00). Case 2 dealing with reclassifying long-term assets as current (mean 4.62 out of 7.00) was the least unethical case. With regards to demographic factors, there have been major gender-based disparities. Cases 2, 3 and 4 are considered more unethical in comparison to women, contrary to previous significant research. Cases 2 or variations based on age or class rank were not substantially differentiated.

Table I also presents the average results of the love of money factors. In general, accounting students are of the opinion that money is good (4.34), represents achievement (4.06) and gives freedom and power (5.46). They disagreed about cash being malignant (1.40), about budget (2.80) and gives respect(3.22).

**Table II.**

Correlation between love of money and ethics cases

	Case1	Case2	Case3	Case4	Good	Evil	Achieve	Respect	Budget	Freedom
Case1		0.473**	0.289**	0.526**	-	0.191	-0.12	-0.152	0.091	-0.149
					0.128					
Case2			0.472**	0.314**	-	0.094	0.143	-0.017	0.158	-0.023
					0.102					
Case3				0.582**	-	0.204	-0.215	-0.016	0.083	-0.322**
					0.034					
Case4					-	-0.054	-0.058	-0.121	-0.057	0.016
					0.071					
Good						0.288**	0.336**	0.227	0.219	-0.380**
Evil							0.122	0.14	0	0.145
Achieve								0.379**	0.281**	0.428**
Respect									-0.016	0.2
Budget										0.039

The second step of data analysis consisted of the four morals situations and the six love factors in cash research. The connection between money love and moral expectations will be described in this way. Table II shows the details.

According to the results, the four ethics cases have a significant positive association. This shows that the unethical perception of students was consistent. The importance of the connection differs with regard to the love of cash and morality situations. In Case I (early earnings recognition), students who believed that money freedom saw it as ethical. As for Case 2(reclassifying long-term assets as current), the case was regarded as moral by students who found the cash to be achievement. With regard to Case 3 (record of consigned stock as an asset), the students who considered money to be good, are more likely to view it as ethical compared with those who consider it to be unethical and prudent. In the Case 4, students who thought cash gave respect given it was more ethically responsible, and those who correctly budgeted believed it was immoral. Overall, the love for money and moral sense are important.

**Table III.**

Clusters and ethical perceptions

	Cluster 1: money worshippers (n=34; 43.04%) Means	Cluster 2: money repellent (n=4; 5.06%) Means	Cluster 3: careless money admirers (n=45; 56.96%) Means
Good	5.964		2.737
Evil	1.813	6.405	0.609
Achieve	4.928	0	3.346
Respect	3.633	0.287	3.045
Budget	3.108	5.154	2.737
Freedom	6.482	0.266	4.564

Case1	5.074	6.814	5.087
Case2	4.333	5.984	4.913
Case3	5.926	6.013	5.739
Case4	6.111	5.342	6.043

Notes: Significant at: \*  $p < 0.05$  \*\*  $p < 0.01$ . Case 1: early recognition of revenues; Case 2: reclassifying long-term assets as current; Case 3: reporting consigned inventory as assets; Case 4: not reporting contingent liabilities. For cases: 1 (highly ethical) and 7 (highly unethical); for love of money: 1 (strongly disagree) and 7 (strongly agree)

#### Cluster analysis

The purpose of cluster analysis is to target groups of persons who show small internal variations and broad variations between clusters (Tang et al., 2004). Cluster analysis of individuals with similar financial figures and values is used in this report. The definition of such clusters enables the relationship between cash personality and ethical beliefs to be examined. The aim is to decide whether some individuals feel that acts are more immoral on the basis of their general personality in terms of money. To previous research this term has been extended (Luna-Arocas and Tang, 2004). A solution of 2, 3, 4 or five clusters has been tested in the present study. A 3-cluster approach was defined on the basis of the data and theory as best suited for the results. The three clusters are characterized by the following:

(1) Money worshippers numbering 43.04% of the participants. Those students have obtained the highest results in terms of successful, respective and freedom, and the least evil and budget-factor. Such students had the best attitude about cash and the greatest overall love for money. Nevertheless, the financial skills are poor.

(2) Money repellents of the people covering 5.06% of the community of the school. These students scored the highest quality and trust ratios in the evil element and process. These people regard money as bad and have a negative attitude to money. But they have excellent budgeting capacity.

(3) Careless money admirers comprising 56.96% of the population of students. The respect and achievement factors of these students were average, but other factors were least. They usually value capital, but don't think it has many positive effects, such as appreciation and independence.

The next step in the study is to look at the relationship between specific clusters and student ethics. Recent research has shown that admirers of cash have embraced unethical conduct further, whereas repellents of capital have stronger ethical positions. The admirers of wealth had a moderate moral view. Case 1 and 2 differed significantly. In both instances, cash worse-traders viewed such acts as more moral, accompanied by disregarded capital admirers. Based on Case 3 or 4 there were no significant differences. Demographical considerations including race, age and gender were not significant reasons for loving money or the different classes.

#### Iv. Discussion

The present study has shown significant results that are valuable for accounting training and employers. Generally, students of accounting found vulnerable accounting behavior immoral. These are good results as the students are future professionals and it would appear that the students' perceptions were positive for ethical education. The research also indicated a positive attitude towards cash for Chinese accounting graduates. Students thought money was good, and symbolized liberty. Nonetheless, they didn't agree that cash was evil. Such findings can be clarified through a process of self-selection and/or socialization. The results show that love for money may theoretically adversely affect the ethical behavior of accounting students at college, particularly with regard to unlawfully accounting practices. However, the relationship appears to be more complicated when the activity is more questionable. For example, Case 2, which is obvious violations of accounting principles were more likely to be regarded by money-governors, who had a very positive attitude towards money, as ethic and monetary repellents than by money worshipers, as more unethical. In

Cases 4, which represent questionable earnings management, however, there were no significant relationship.

### **Reliability and Validity**

For the Reliability and Validity, because this research used questionnaire, respondent can choose whenever and wherever at their convenient, it's free from participant error. As this questionnaire is anonymous and promised the respondents' personal information and identity will be protected, so it may avoid participant bias. For the researcher error and researcher bias, the questionnaire of this research is spread through the Internet and automatically records the data, so the results are objective and validity. And according to the Cronbach's Alpha Test,  $\alpha = .635$ , which is larger than .60, proves the reliability of the research.

### **Limitations**

The conceptualization of the characteristics of personality is just one way to capture the building. The results should in other words not be taken as the entire measure of personality characteristics of the perception. In addition, this paper cannot be used by all accounting students since a sample of three of the Chinese universities, and not included the post graduate students. Maybe research involving accountancy students from more universities could extend possible directions in further research. In order to enrich the interpretations, awareness and sensitivity of accounting school pupils to questions of fraud, moral and ethics, it is important also the analysis of the personality differential in relation to love and money and ethics.

### **V. Conclusion**

The research also indicated a positive attitude towards cash for Chinese accounting graduates. And love for money may theoretically adversely affect the ethical behavior of accounting students at college, particularly with regard to unlawfully accounting practices. However, the relationship appears to be more complicated when the activity is more questionable. It's important for education institutions to understand the different attitudes of college students with different psychological types of money, can better guide them, prevent the occurrence of crime caused by no work and money worship, and help them establish positive opinion of money.

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