

Accountant's Ethical Orientations Under Ethical Decision Making Literatures Review Of Accounting's Aspect From 1995 To 2012

Suryadi Winata¹⁾

suryadi.winata@buddhidharma.ac.id

Limajatini, Limajatini²⁾

limajatini.limajatini@buddhidharma.ac.id

^{1) 2)}Faculty of Business, Buddha Dharma University, Tangerang, Indonesia

Abstract

The objective of this study is to invent ethical judgments of Accountants from 1996 - 2013. The research's used O'Fallon and Butterfield, 2005 about empirical ethical orientations from 1994 to 2004, and Craft review 2013 also from 2005 to 2012. Research method used in this study is the literatures base on the reviews of empirical ethical decision making. Code of ethics and ethical education affect the ethical orientations of accountants in practice, and empowered idealism Dan relativism (ethical philosophy). The implementations of an ethical climate in business step by step would strengthen ethical decisions made by accountants in practice.

Keywords: Accountant's Ethical Orientations in practices.

INTRODUCTION

Researchs about ethical orientations or ethical decision making (EDM) in practices have revealed plenty factors those were influenced EDM, especially individual factors and organizational factors (O'Fallon and Butterfield, 2005; Craft, 2013). Eventhough, research on ethical judgments were still need to be reviewed again to find out factors, roadmap, and model at public accountant firm or CPA's firms.

Review of the CPA's ethical orientation and judgments is the study that describes practical ethical ideology orientation of strong idealism or relativism. The identification of ethical ideology still needs to be done for the purpose of determinations ethical role implementations in professional CPA's practices.

Practical business ethics links and matches between ethical orientation of CPA's and professional ethics role implemented in CPA's profession will develop ethical practices in CPA's firm organizations and Indonesian Institute of Certified Public Accountants (IICPA) and Indonesian Institute of Accountant (IIA).

THEORETICAL REVIEWS

Ethical Decision Making;

Ethical decision is defined by Jones (1991) as a decision that is legally and ethically acceptable in the wide society. The converse of a decision said to be unethical is legally or ethically is not acceptable the wider society. While the definition of EDM by Carlson, Karmar, and Wadsworth (2002) is described as a process carried out by individuals who use the rationale for determining whether a particular issue is right or wrong (Carlson *et al*, 2002).

In the last time researches of ethics revealed individual factors likes age, gender, nationality, and others., as an individual – demographic factors or variables associated with an individual's personal attributes those influenced EDM (Ford & Richardson, 1994). Continuously, EDM researchers have found about ethical philosophy dimensions like idealism and relativism that have also very significant influence on ethical decision making.

Individual factors, as well as those the result of the human development and socialization process extended again to be the developed individual factors such as personality, attitudes, values, education, religion, employment, and other. These individual factors, then, represent the sum total of the life experiences and circumstances of birth that a particular individual brings to the ethical decision making process (Ford & Richardson, 1994).

After that, researchers extended their ethics researches with the focus on the factors those have increased moral intent in EDM. Then those researches revealed again six dimensions of ethical intensity factors (*magnitude consequences, social consensus, temporal of immediacy, probability of effect, proximity, and concentration of effect*) that influenced individuals' EDM.

Ethical code implementations in the organizational management revealed again influenced EDM directly, as the independent variables or indirectly as moderating variables those strengthening the influence of some individual variables on EDM.

Ethical Judgments;

The second phase of the process of ethical decision making is orientation of ethic or ethical judgment.

(Trevino, 1986) defines ethical orientation (ethical judgment) as "cognitive processes in terms of an individual determines the set of actions that are morally right or wrong" or "cognitive process in which an individual determines the courses of action are morally right or wrong". The main element of this definition is that the cognitive skills will be used by decision makers when faced with an ethical issue to distinguish true or false.

In the first stage of moral development stages (Kohlberg, 1968), adherence to the rules is important because it means avoiding sanctions and penalties. Individuals in the second stage based on ethical policies on the Types of specific cost benefit analysis, which primarily reflect their interests; these stages are known as conventional levels before (pre-conventional), individual moral judgments based on personal interests alone. In stage three individuals to behave ethically in order to satisfy their desire and some other important things. In the fourth stage, the focus is law enforcement and the existence of the message to follow the rules, work assignment, and how responsibilities. The second level (*stages three and four*), which was designated conventional levels (*conventional level*), in which individuals develop their moral policy from a particular perspective in which they are part of a group whose members share a common interest. The fifth stage began to notice the difference in the values, opinions, and beliefs of others. In the sixth stage, ethical behavior is based on the defense of the principles of universal justice and ethics. The third level (*stages five and six*), which is referred to as levels after conventional (*post-conventional*), individuals function rationally and ethically in an effort to maintain ethical standards above what has been built by the community.

Although Kohlberg's theory has dominated the field of ethical research in the field of psychology as well as business, but that does not mean there is no criticism of this theory (Jones, 1991), (Rest *et al.*, 1999). Inside his review, (Rest *et al.*, 1999) recapitulate some of the limitations of the theory of cognitive moral development (*Cognitive Moral Development*) or CMD, they criticize that cognitive moral development theory focuses only on ethical policies as the main determinant of ethical behavior that occurs avoidance part-of another part of the ethical process, for example ethical intentions can influence individuals behavior. The next criticism is the theory of cognitive moral development is based on the philosophical and western culture. Some eastern countries, such as China and India, with different cultures and philosophic may also have different ethical views of western ethical views are not taken into account by Kohlberg's theory. Even Kohlberg's theory only to certain communities for being too general and abstract. The ethical orientation can be equated in ethical decision making in general. The stages that are included in ethical decision making process such as awareness, judgment, intention, and ethical behavior are more identifiable working fields for individuals to carry out their ethical orientation.

Ponemon, 1990 states that one way to understand these three levels is to think about these things differently in relationship between things themselves with rules that exist in society and its expectations. The six stages of moral judgment of Kohlberg's theory by adapted three levels of morality on practice as case per case discussion. Venecia, 2005 conducted a study comparing how different ethical orientation (*ethical reasoning*) and (*ethical judgment*) between students accounting in Taiwan with the United States

(USA). The results of this study stated that accounting students in Taiwan make the process of ethical orientation higher than the accounting students in the United States.

Ethical Philosophy;

Individual ethical philosophy is an individual variable that has been extensively studied in business ethics literature. Researchers have demonstrated that personal moral philosophy (idealism & relativism) is crucial in evaluating moral differences between individuals and significantly affects ethical belief and the perceptions of the “rightness” and “wrongness” of the action, (Musbah, 2010).

Additionally, differences in individuals relating to idealism and relativism are claimed to affect their intention (Musbah, 2010). Business ethics literature has suggested that idealism is related to greater ethicality and relativism is associated with lower ethicality (Swaidan, Rawwas, Al-Khatib, 2004).

Ethical philosophy refers to the rules and principles considered by an individual during ethical decision making to distinguish between right and wrong (Ferrell & Fraedrich, 1997). This definition contains three main elements; moral rules, moral principles, individuals believe that the situation they face which contains an ethical content and using those rules and principles to distinguish between right and wrong (Musbah, 2010).

Although the researchers have classified ethical philosophy into different types - including rights, relativism, egoism, theories of justice, deontology and utilitarianism in efforts to develop theoretical frameworks, the most common category of ethical philosophy that individuals have been examined within business ethics literature were idealism and relativism (Forsyth, 1980).

Musbah (2010) argue that idealism and relativism are basically drawn from the philosophical theories of deontology, teleology, and ethical scepticism (Bass, Barnett & Brown, 1999). Fernando, Dharmage and Almeida (2008) explain that each of the four types of ethical philosophy can be linked to a specific school of thought. They add that the low idealism and high relativism support an ideology related to ethical scepticism; high idealism and low relativism tend to agree with deontology; and low idealism and low relativism are more compatible with the teleological ethical philosophy.

Finally, Musbah supports to Al-Khatib, Vitell, & Rawwas, (1997); Cui, Mitchell, Schlegelmilch, & Cornwell, (2005) those suggest about deontological and teleological paradigm are similar to the concepts of idealism and relativism theorized by Forsyth (1980). In general, researchers within business ethics literature agree that these two dimensions as conceptualized by Forsyth (1980) present the basic type of ethical philosophy. Moreover, the Ethics Position Questionnaire (EPQ), which was developed by Forsyth (1980) to measure individuals ethical philosophy, has been commonly and successfully used and validated by business ethics research (Chan & Leung, 2006).

Forsyth (1980) defines ethical philosophy of idealism as “the degree to which an individual focuses upon the inherent rightness or wrongness of actions regardless of the results of those actions”. It portrays an ideology based on altruism and optimism and embraces the welfare of others (Singhapakdi et al., 1999 and Musbah, 2010). In making ethical decisions, individuals with idealists’ ethical philosophy use idealistic ethical judgments rather than practical criteria (Musbah, 2010).

With respect to ethical philosophy of relativism, Forsyth (1980) defines it as “the extent to which individuals reject universal moral rules or standards”. Relativists assume that moral rules are relative to the society and culture in which they occur (Forsyth, 1980). Thus, ethical relativists do not accept universal moral rules and codes of ethics in making ethical decisions. Highly relativistic individuals believe that the situational circumstances (e.g., time, place, culture, individuals involved) determine what is right and wrong for all involved (Musbah, 2010).

Therefore, they may rely on circumstances more than ethical rules. In contrast, individuals who are low in relativism believe that morality requires acting in ways that are consistent with ethical principles, norms, or laws and they maintain strict adherence to general moral principles (Forsyth, 1980).

RESEARCH METHOD

Research Methods use in this study were reviews on articles of ethical decision making (EDM) in the journals of business ethics and other journals of ethical decision making. Comparison between results of papers to justify the similarities and differences to each others. The similarities opinions in the group of research describe the powerfulness of one independent variables to dependent variable, beside this the differences between opinions of each other would develop other new independent variables for the following research or discussions.

RESULTS AND DISCUSSION

No.	Athours and Years	Variabels	Results
1	Abdomohammadi & Baker (2005)	<i>Rokeah values survey, moral reasoning, Defined Issue Tests</i>	Concluded that the relationship between conformity value such as personal actualisation and idealism with moral judgments in very high level of significances.
2	Ameen, Guffey, and McMillan (1996)	<i>Gender, ethical sensitivity and future accounting professionals</i>	Statistically and significantly differences that women less tolerant compare than men when they have been asked about wrongness as a whole. The results about gender socialization approaches have dominated structural approaches.
3	Ampofo (2004)	<i>Organizational ethical culture, accounting/finance professional's ethical behavior / ethical intentions.</i>	That was a positive relationship between organizational ethics culture with ethical decision making in case of account receivables write off, as a same time with the increase of insider trading ethical decision making
4	Amstrong, Keitz, and Owsen (2002)	<i>Moral motivation</i>	In order to increase accounting students moral motivation, this

			research suggest students to be good, and important to maintain moral intents, and push them to study and work hard in their professional works
5	Arnold <i>et al.</i> , (2007)	<i>Country and Culture, Perceptions, Codes of Conduct</i>	Differences perception between individuals in the irregularities in company's code of ethic actions, works and gender. The differences in some countries have the relationship with constucts variables, such as cultures as mentioned by Hofstede, individuals with more masculine and more individualistic (according to index score culture constructs variables under Hofstede) revealed less ethics.
6	Au & Wong, (2000)	<i>Guanxi, the Ethical Decision Making Process</i>	There was a significant relationship between auditor ethical judgments and individual cognitive moral developments, As the explanation study, scope of this research was limited only in the guanxi influence of investigation on the process of ethical decision making only in Chinese professional accountants at Hong Kong since they was confronate with one ethical dilemma,
7	Barlaup <i>et al.</i> , (2000)	<i>Restoring Trust in Auditing, ethical discernment and the Adelpia scandal</i>	Accountancy unfortunetly have used as the focused increased on ethical judgments and behavior, Ethical behavior has support to increase the trusted in capital market system and reduce the frauds in financial reporting.
8	Belski <i>et al.</i> , (2008)	<i>Ethical Judgments, Managed Earnings</i>	Accounting students argue earning management have the positive influent to increase company's profits, and will be more ethics than behavior acts or the radically objective. Earning management increased companies profit and efficient, then indirectly will make company's profitable at the end.
9	Bernardi & Arnold (1997)	<i>Moral Development, Gender,, Staff Level,</i>	In average auditor moral development level will unchanged in accordance

		<i>and Firm</i>	with the staistical levels has not be rejected
10	Bolliot <i>et al.</i> , (2012)	<i>Educational context, Identify Ethical Dilemmas</i>	Revealed, that students placement in the contexts of ethics increased sensitivity size and higher of ethical reasoning
11	Brown <i>et al.</i> , (2007)	<i>Accounting code of ethics, professional conduct, impression management exemplification</i>	Revealed that certain auditor level and their behavior as an example of good ethic auditors to be follow than other auditors, and more ethic to be follow than advance auditors or less experiences auditors, and then if it's also compare with public financial experts. Less advance public financial experts indicate as the auditor that can be compared with more advance public financial expert.
12	Buchan <i>et al.</i> , (2005)	<i>Ethical Decision Making, Ajzen's Theory of Planned Behavior</i>	Public accountant's attitude will positively predicted ethical intentions, and the instruments of works ethical intention will negatively predicted ethical intentions.
13	Buttros <i>et al.</i> , (2011)	<i>Ethical Decisions Making by Management Accountants: An Empirical Examination of Obedience Theory</i>	Management accountants significantly more likely to reduce the unsupported and unauthorized documents expenses and signed the tax returns, then cuts the created documents. The hypothesis explained an expectation of unethical behavior was higher in violation of law or more severe tax rules can be proven.
14	Chan and Lai (2011)	<i>Ethical ideology, software piracy, computer users' ethics; China</i>	Computer users in China are grouped into four ideologies; situationis, absolutists, subjectivists, and exceptionists) are consistent with Porsy's taxonomy. Subjectivist attitudes are the least harmful to computer piracy. Meanwhile, relativism has a stronger effect on computer piracy than any other ideology
15	Chan and Leung (2006)	<i>Ethical reasoning, personal factors, and ethical sensitivity</i>	Accounting students differ in their ability to detect ethical issues in a professional scenario. There is no

			significant relationship between ethical sensitivity of accounting students and ethical reasoning. Accounting students with internal characteristics tend to show their ability to admit ethical issues than those with external characteristics.
16	Chau <i>et al.</i> , (2007)	<i>Public sector, accounting standard setting, valuation of assets, Machiavellian</i>	Controls throughout the setting of accounting standards have been taken from the accounting profession by the government, by using such adoption of international financial reporting standards as a catalyst for change, on professional and governance accountability.
17	Cohen <i>et al.</i> , (2001)	<i>Ethical awareness, multidimensional ethics scale, ethical orientation, selection and socialization</i>	The differences between the two different groups on these measures suggest that education had little effect on their awareness of the ethical issues in the sketch. Therefore the overall number of freshmen graduating is marginally lower than that of new students. However, professionals are seen to be significantly less ethical than fresh graduates.
18	Douglas <i>et al.</i> , (2001)	<i>Organizational culture and Ethical Orientation on Accountant</i>	Organizational ethical culture is interpreted differently by individuals in certain organizations. Previously, individuals responding to questions related to firm value ranged from totally disagree to completely agree (Dillard and Ferris, 1989) reminding us that perceptions regarding selection and organizational environment encourage meaningful experiences to perceptual makers.
19	Eliaa (2002)	<i>Accounting ethics, earnings management, ethics determinants</i>	There is a positive relationship between social responsibility, focus on long-term profits, idealism, and ethical perceptions of earnings management and a negative relationship between focus on short-term profits, relativism and ethical perceptions of earnings management practices.
20	Emerson <i>et al.</i> , (2007)	<i>Accountants, accounting</i>	Overall, there is no significant difference either for the accounting

		<i>practitioners, accounting scandals, business ethis, Enron, empirical analysis of business ethics, ethical attitudes</i>	<p>trick sketches, which were brought back to the Enron and WorldCom situations.</p> <p>We theorize that accounting practitioners might apply a legal framework to their assessment for the acceptability of each sketch.</p> <p>There are no significant differences between auditors and practitioners in different fields. Overall, there is no significant difference</p>
21	Eynon <i>et al.</i> , (1997)	<i>Factors that Influence the Moral Reasoning Abilities of Accountants</i>	<p>Small public accountant firm moral reasoning ability (MRA) is lower than public accountant firm which is classified as the big 6, age, gender, and socio-political beliefs, additional ethics education or in college affects MRA of small public accountant firm.</p>
22	Gaffkin and Lindawati (2012)	<i>Moral development, role of moral reasoning, institutional ethics, codes of ethics, Indonesia's public accountants, globalisation</i>	<p>The moral component of development is important in influencing moral reasoning in individual public accountants.</p> <p>The level of professionalism of public accountants is determined by the level of moral reasoning development. Individual moral reasoning affects both Indonesian public accountants and corporate financial managers in building and developing an effective implementation of ethical codes.</p>
23	Gibson & Frakes (1997)	<i>Truth, Consequences, Critical Issues and Decision Making</i>	<p>Individuals do not want unethical behavior or intentions, especially in situations where there is no question of not allowing certain actions or certain fines as stated in the AICPA professional ethics rules.</p>
24	Goodwin (1999)	<i>Audit judgment, source integrity, evidence consistency</i>	<p>Auditors are sensitive to the integrity of outsiders to the integrity of auditee management. The auditor also hopes to obtain evidence from outside parties that is consistent with the evidence obtained from within.</p> <p>There is a significant interaction between the integrity of the evidence source and the consistency of the</p>

			evidence. It is recommended that auditors concentrate more on the integrity of sources when there is inconsistency of evidence from different sources.
25	Green and Weber (1997)	<i>Ethical Development, AICPA Code of Conduct</i>	The moral judgement of accounting students are higher than those of other business majors after being introduced to a code of ethics. No significant difference in moral judgments of students majoring in accounting and other business majors before accounting students were introduced differently to the AICPA professional code of ethics in an auditing course class.
26	Greenfield <i>et al.</i> , (2008)	<i>Ethical Orientation, Professional Commitment, Earnings Management Behavior</i>	There is a significant relationship between individual ethical orientation and decision making. Professional commitment is higher and less willing to carry out earnings management behavior and become an opportunistic person
27	Hume <i>et al.</i> , (1999)	<i>Ethical standards, tax return preparation</i>	Suggest that most Clean CPAs follow the Standard on Responsibilities in Tax Practices (SRTPs) more frequently than do unlicensed ones.
28	Hwang <i>et al.</i> , (2008)	<i>China, confucianism, auditing, accountants, whistleblowing, ethics</i>	Most respondents believe that a general understanding of morality is the most important factor in encouraging whistleblowing, trusted by organizational policies, and it is also found that in guanxi there is reasonable retaliation and media coverage tends to deter perpetrators of ethical violations in Chinese society.
29	Larkin (2000)	<i>Internal audit large financial services organization, ethical and unethical situations, gender, age, years of employment dan peer group influence.</i>	Age is a weak predictor of ethical behavior. Longer experiences tend to be more conservative in ethical interpretations. Gender behaves better ethically than men as the findings (Ruegger and King, 1992). Supports that individuals feel more ethical than other individuals. The auditor's internal ethical considerations and behavior may

			include different variables. Also, larger samples may develop the validity of external findings.
30	Marques and Pereira (2009)	<i>Accounting, business ethics, ethical decision making, ethical ideology, ethical judgment, ethics</i>	Age is a major determinant of relativism. Older respondents show significantly more relativistic than younger people. Gender appears to be an important determinant of ethical judgment. Beyond expectations, men were shown to be significantly more assertive than women in two of the five scenarios. Respondents' ethical judgment is not significantly different base on ethical ideology and is an important determinant of ethical judgments/
31	Ng <i>et al.</i> , (2009)	<i>Ethics, earning management, moral intensity, factor analysis, survey instrument, hotel industry</i>	Positively validating the new instrument using three of the five components of moral intensity identified as suitable for eigenvalues. Research indicates that this has a significant effect on this study. The first factor is the social consensus dimension, which is a scenario with the proximity dimension. Second, temporary immediacy have interaction between the dimensions of temporary immediately and the magnitude of the consequences dimension. The three possible impacts of the same scenario on the proximity dimension
32	O'Leary and Stewart (2007)	<i>Governance Factors and Ethical Decision Making</i>	Participants are sensitive to ethical dilemmas but do not always believe that their college are also acting ethically. Higher quality external auditors are positively related to internal auditors' ethical decision making. Other governance has no effect on EDM, and internal auditors who experience adopting more ethical attitudes in some cases
33	Pflugrath <i>et al.</i> , (2007)	<i>Ethics, competences, auditing, standards</i>	The existence of a code of ethics has a positive impact on the quality of policies made by professional

			accountants, but not for students. Research suggests that a code of ethics in the context of many general experiences will lead to quality of ethical judgment.
34	Schweikart (1992)	<i>Cognitive-Contingency Theory, Ethics in Accounting</i>	A cognitive-contingency theory approach may be used to explain and predict ethical behavior in accounting. When certain factors that influence behavior are identified, then a study is continued to replace these factors to a more argumentable reasonableness.
35	Shafer and Simmons (2011)	<i>Ethical climate</i>	Not as expected, the ethical climate that is felt in the local public accountant firm is no more negative. Although auditors working for local accounting firms consider questionable actions as more ethical and indicate a higher tendency to commit to similar actions.
36	Shafer and Wang (2011)	<i>Earnings management, ethics, Machiavellianism, accountant, China</i>	The perception of a strong organizational pressure to serve the public interest (benevolent / cosmopolitan climate) significantly reduces the desire of professional accountants to tolerate accounting earnings management. Professional accountants also define earning management even as strongly negative. Highly Machiavellians treat earnings management as creative actions.
37	Shafer (2008)	<i>Ethical climate</i>	In contrast, the ethical climate perceived by local public accountant firmis positive, and local public accountant firm consider the actions in question to be more ethical and indicate a higher tendency to take similar actions in future actions. Consistent with their hypothesis, the perception of an ethical climate in an organization has a significant impact on the intention to take action that is ethically questionable.
38	Su (2006)	<i>Culture difference,</i>	Statistical analysis found that there

		<i>ethical perception and decision making</i>	were significant differences between responses from accounting students related to five cultural dimensions (individualism, power distance, uncertainty avoidance, masculinity and Confucian dynamism) in both countries (Taiwan and the United States).
39	Suryaningrum, et al., (2013)	<i>Accounting Student, Lecturer Ethical Behavior, Gender and Locus of Control</i>	There is no difference in ethical behavior between accounting lecturers according to gender, also between lecturers and students, on the relationship of ethical behavior. Ethical behavior between accounting lecturers no different and also between internal and external locus of control Between accounting students at the accreditation level of accounting programs, between accounting lecturers at each level. accounting program accreditation also no different.
40	Sweeney, et al., (2010)	<i>Auditor conflict, ethical culture, ethical decision making, underreporting of time, quality threatening behaviours, time pressure</i>	The perceived unethical pressure to engage in useless behavior and unethical talk at the top level management is significant in shaping an ethical evaluation. Only the perceived unethical pressure has an impact on the intention to engage in the behavior. The government also had a significant impact on the study to the American respondent, and were also found to have a higher ethical evaluation and a lower intention to engage in unethical behavior compare to Irish people.
41	Venezia et al., (2005)	<i>Ethical reasoning, accounting students</i>	This study found evidence that Taiwanese accounting students emphasize ethical reasoning higher than students in the United States.
42	Wakefield (2008)	<i>Machiavellianism, accountants, personality traits, codes of conduct, accounting ethics, job</i>	The respondent accountants in this study were significantly have less Machiavellian than the vocational group that participated in the previous research. Although accountants are

		<i>satisfaction, idealism, relativism</i>	less satisfied with accounting as a career they tend to take a relativistic philosophy. Research also suggests that Machiavellians should not become accountants, who must have high integrity characterized by idealists.
43	Yetmar and Eastman (2000)	<i>Tax Practitioners' Ethical Sensitivity</i>	Rule confusion and rule overlap are negatively related to the ethical sensitivity of tax practitioners. Tax practitioner job satisfaction is positively related to the ethical sensitivity of tax practitioners

References:

Abdomohammadi and Baker (2005); Ameen, Guffey, and McMillan (1996); Ampofo (2004); Amstrong, Keitz, and Owsen (2002); Arnold et al., (2007); Au and Wong, (2000); Barlaup et al., (2000); Belski et al., (2008); Bernardi and Arnold (1997); Bolliot et al., (2012); Brown et al., (2007); Buchan et al., (2005); Buttros et al., (2011); Chan and Lai (2011)' Chan and Leung (2006) Chau et al., (2007) ; Cohen et al., (2001); Douglas et al., (2001); Eliaa (2002); Emerso et al., (2007); Eynon et al., (1997); Gaffkin and Lindawati (2012); Germa (2004); Gibson and Frakes (1997); Goodwin (1999); ; Marques and Pereira (2009) Green and Weber (1997); Greenfield et al., (2008)l ; Huen et al., (1999); Hwang et al. (2008)0; Pflugrath et al., (2007), (2008); Larkin (2000); Marques and Pereira (2009); Ng et al., (2009); Shafer (2008)09); O'Leary and Stewart (2007); Schweikart (1992); Shafer and Simmons (2011); Shafer and Wang (2011); Shafer (2008); Su (2006); Suryaningrum, et al., (2012); Sweeney. et al., (2010); Venezia et al., (2005) ; Wakefield (2008); Yetmar and Eastman (200

Conclusions and Limitations

Conclusions:

The influence of ethical codes on the influence ethical recognition of CPA's that means the ethical code implementation, significantly can make neutralization if CPA's ethical recognition that always considerate based on the ethical philosophy of idealism.

Then, based on the analysis of Taxonomy of Ethical Philosophy, CPA's of Indonesia were in the combination of high idealism and relativism. That means when there were still not the adequate moral rules in practice, Indonesian CPA's always doing the good judgments in each ethical dilemma by using ethical philosophy of idealism.

Idealism background of individual always supported by education and trainings in ethics. Ethical philosoph yays an individual moral rules would not been use again (some time, may be rejected) and they would directly use the more practice rules and ethical principles those yielded the best possible outcome in the given situation.

Limitations:

Research was not involved more diverse literatures so it cannot compare more professional accountants. Research based on literatures has not strengthened the focus on the management of the CPA's firm or organization those considerate each individual ethical philosophy. and other moderating factors of ethical decision making.

REFERENCES:

- Abdolmohammadi, M. J., & Bak er, C. R. (2006). Accountants' value p references and moral reasonin g. *Journal of Business Ethics*, 69(1)
- Ameen, E. C., Guffey, D. M., & McMillan, J. J. (1996). Gender differences in determining the ethical sensitivity of future accounting professionals. *Journal of Business Ethics*, 15(5)
- Ampofo, A., Mujtaba, B., Cavico, F. & Tindall, L. (2004). *Organizational Ethical Culture: A Significance Determinant of Ethical Behavior*. Retrieved on July 2004
- Armstrong, M.B., Ketz, J.E. and Owsen, D. (2003), "Ethics education in accounting: moving towar ethical motivation and ethical behavior", *Journal of Accounting Education*, Vol.21 No.1
- Arnold, D. F., Bernardi, R. A., Neidermeyer P.E. and Schmee, J. (2007), "The Effect of Country and Culture on Perceptions of Appropriate Ethical Actions Prescribed by Codes of Conduct: A Western European Perspective among Accountants", *Journal of Business Ethics*, Vol. 70 No. 4
- Au, A. K. M. and D. Wong. (2000). The impact of guanxi on the ethical decision-making process of auditors: An exploratory study on Chinese CPAs in Hong Kong. *Journal of Business Ethics*,28(November)
- Barlaup,K., H. I. Dronen, and I.Stuart, (2009).*Restoring Trust in Auditing: Ethical Discernment and The Adelphia Scandal*;Managerial Auditing Journal, Vol. 24 No. 2; Emerald Group Publishing Limited
- Bartels, A., Mujtaba, B., Cavico, F. & Tindall, L. (2004). *Organizational Ethical Culture: A Significance Determinant of Ethical Behavior*. Retrieved on July 24 from Ethics/Forum_2001.pdf.
- Bass, K., Barnett, T., & Brown, G. (1999). *Individual difference variables, ethical judgments, and ethical behavioural intentions*. *Business Ethics Quarterly*, 9(2)
- Belski, W. H., (2008). Ethical Judgments in Accounting: An Examination on the Ethics of Managed Earnings. *The Journal of Global Business Issues*, Vol. 2 , Issue 2.\
- Bernardi, R and D. Arnold, (1997). An Examination of Moral Development within Public Accounting by Gender, Staff and Firm. *Contemporary Accounting Research*. Vol.14.
- Buchan, H. F. (2005). Ethical decision-making in the public accounting profession: An extension of Ajzen's Theory of Planned Behavior. *Journal of Business Ethics*, 61
- Butterfield, K. D., Treviño, L. K., & Weaver, G. R. (2000). *Moral awareness in business organizations: Influences of issue-related and social context factors*. *Human Relations*, 53(7)
- Carlson, D. S., Karmar, K. M., & Wadsworth, L. (2002) *The Impact of Moral Intensity on EDM: Assessing The Relevance of Orientation*, *Journal of Managerial Issues*, XIV(1).
- Chan, S. Y. S., & Leung, P. (2006). *The effects of accounting students' ethical reasoning and personal factors on their ethical sensitivity*. *Managerial Auditing Journal*, 21(4)
- Cohen, J. R., L. W. Pant and D. J. Sharp: (2001_, 'An Examination of Differences in Ethical-Decision Making Between Canadian Business Students and Accounting Professionals', *Journal of Business Ethics* 30(4)
- Craft, L. (2013) *A Review of The Empirical Ethical Decision-Making Literature, 2004 - 2011*; *Journal of Business Ethics*, 117

- Douglas, P. C., R. A. Davidson and B. N. Schwartz: (2001), 'The Effect of Organizational Culture and Ethical Orientation on Accountants' Ethical Judgments', *Journal of Business Ethics* 34(2)
- Elias, R. Z.: (2002), 'Determinants of Earnings Management Ethics Among Accountants', *Journal of Business Ethics* 40(1)
- Eynon, G., N. Y. Hill and K. T. Stevens: (1997), 'Factors that Influence the Moral Reasoning Abilities of Accountants: Implication or Universities and the Profession', *Journal of Business Ethics* 16(12/13)
- Fernando, M., Dharmage, S., & Almeida, S. (2008). *Ethical ideologies of senior Australian managers: An empirical study*. *Journal of Business Ethics*, 82(1)
- Ford, R. C. & Richardson, W. D. (1994) *EDM: A Review of the Empirical Literature*; *Journal of Business Ethics*, 13
- Forsyth, D. R. A. (1980) *Taxonomy of Ethical Ideologies*, *Journal of Personality and Social Psychology*, American Psychological Association.
- Gaffikin M. dan ASL. Lindawati. (2012). The Moral Reasoning of Public Accountants in The Development of a Code of Ethics: The Case of Indonesia. *Australian Accounting Business and Finance Journal* 6(1)
- Gibson, A. M. and A. H. Frakes: (1997), 'Truth or Consequences: A Study of Critical Issues and Decision Making in Accounting', *Journal of Business Ethics* 16(2), 161-171.
- oodwin, J., & Goodwin, D. (1999). Ethical judgments across cultures: A comparison between business students from Malaysia and New Zealand. *Journal of Business Ethics*, 18(3)
- Green, S. and J. Weber: (1997), 'Influencing Ethical Development: Exposing Students to the AICPA Code of Conduct', *Journal of Business Ethics* 16(8)
- Greenfeld, A. C., Norman, C. S., & Wier, B. (2008). The effect of ethical orientation and professional commitment on earnings management behavior. *Journal of Business Ethics*, 83
- Hume, E. C., E. R. Larkins and G. Iyer: (1999), 'On Compliance with Ethical Standards in Tax Return Preparation', *Journal of Business Ethics* 18(2)
- Hwang, D., Staley, B., Chen, Y. T., & Lan, J. (2008). Confucian culture and whistleblowing by professional accountants: An exploratory study. *Managerial Auditing Journal*, 23(5)
- Jones, M. T. (1991) *EDM by Individual in Organization: An Issue-Contingent Model*, the *Academy of Management Review*, 16(2)
- Langlois, C. C., & Schlegelmilch, B. B. (1990). *Do corporate codes of ethics reflect national character? Evidence from Europe and the United States*. *Journal of International Business Studies*, 21(4)
- Larkin, J. M.:(2000), 'The Ability of Internal Auditors to Identify Ethical Dilemmas', *Journal of Business Ethics* 23(4)
- Leitsch, D. L. (2004). *Differences in the Perceptions of Moral Intensity in the Moral Decision Process: An Empirical Examination of Accounting Students*; *Journal of Business Ethics*, 53
- Loe, T. W., Ferrell, L., & Mansfield, P. (2000). *A review of empirical studies assessing ethical decision making in business*. *Journal of Business Ethics*, 25
- McMahon J. M., and Harvey, R. J. (2007) *The Effect of Moral Intensity on Ethical Judgment*, *Journal of Business Ethics*, 72, 335 - 357.

- Marques, P. A., & Azevedo-Pereira, J. (2009). Ethical ideology and ethical judgments in the Portuguese accounting profession. *Journal of Business Ethics*, 86
- Musbah, A. Y. S. (2010) *The Role of Individual Variables, Organizational Variables, and Moral Intensity Dimensions in Accountants' EDM: A Study of Management Accounting in Libya*, A Dissertation Submitted to The University of Huddersfield.
- Ng, J., White, G., Lee, A., & Moneta, A. (2009). Design and validation of a novel new instrument for measuring the effect of moral intensity on accountants' propensity to manage earnings. *Journal of Business Ethics*, 84(3)
- O'Dwyer, B., & Madden, G. (2006). *Ethical codes of conduct in Irish companies: A survey of code content and enforcement procedures*. *Journal of Business Ethics*, 63(3)
- O'Fallon, M. J., & Butterfield, K. D. (2005) *A Review of The Empirical Ethical Decision-Making Literature: 1996–2003*, *Journal of Business Ethics*, 39
- O'Leary, C., & Stewart, J. (2007). Governance factors affecting internal auditors' ethical decision-making: An exploratory study. *Managerial Auditing Journal*, 22(8)
- Pflugrath, G., Martinov-Bennie, N., & Chen, L. (2007). The impact of codes of ethics and experience on auditor judgments. *Managerial Auditing Journal*, 22(6)
- Putranta, M. P., & Kingshott, R. P. J., (2011) *The Relationships Between Ethical Climate, Ethical Ideologies and Organizational Commitment Within Indonesia Higher Education Institutions*, *J. Acad Ethics*, 9
- Rest, J. (1986). *Moral Development: Advances in Research and Theory*. New York: Praeger.
- Schweikert J. A., (1992). Cognitive-Contingency Theory and the Study of Ethics in Accounting; *Journal of Business Ethics* 11: 471 –478, 1992; Kluwer Academic Publishers –Netherlands; Proquest
- Shafer, W. E., & Simmons, R. S. (2011). Effects of organizational ethical culture on the ethical decisions of tax practitioners in mainland China. *Accounting, Auditing & Accountability Journal*, 24(5)
- Shafer, W.E., & Wang, Z. (2011). Effects of ethical context and machiavelianism on attitudes toward earnings management in china. *Managerial Auditing Journal*, 26(5)
- Shafer, W. (2008). "Ethical Climate, Organizational-Professional Conflict and Organizational Commitment" diakses tanggal Agustus 2010 dari EmeraldInsight.
- Stevens, B. (1994). *An analysis of corporate ethical code studies: "Where do we go from here?"* *Journal of Business Ethics*, 13(1)
- Su, S. H. (2006). Cultural differences in determining the ethical perception and decision-making of future accounting professionals: A comparison between accounting students from Taiwan and the United States. *The Journal of American Academy of Business*, 9(1)
- Suryaningrum, D. H., Sri Hastuti, and Dwi Suhartini. (2013). Accounting Student and Lecturer Ethical Behavior: Evidence From Indonesia. *Business Education and Accreditation*, Vol.5 No.2.
- Swaidan, Z., Rawwas, M. Y. A., & Al-Khatib, J. A. (2004). *Consumer ethics: moral ideologies and ethical beliefs of a micro-culture in the US*. *International Business Review*, 13(6)
- Sweeney, B., & Costello, F. (2009) *Moral intensity and ethical decision-making: An empirical examination of undergraduate accounting and business students*. *Accounting Education*:

An International Journal

- Sweeney, B., Arnold, D., & Pierce, B. (2010). The impact of perceived ethical culture of the firm and demographic variables on auditors' ethical evaluation and intention to act decisions. *Journal of Business Ethics*, 93,
- Venezia, C. C., & Callano, C. M. (2008). A study of ethical work climates between Filipino and Taiwanese accountants. *International Business & Economics Research Journal*, 7(8)
- Wakefield, R. L. 2008. Accounting and Machiavellianism. *Behavioral Research in Accounting*. Vol. 8, No.1
- Yetmar, S. A. dan K. K. Eastman. (2000). Tax Practitioners' Ethical Sensitivity: A Model and Empirical Examination. *Journal of Business Ethics* (Vol 26)