



Role Moderation Of Love Of Money On Accounting Students' Ethical Behavior

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ABSTRACT

There is much debate about how much the public trusts the accounting profession to act professionally and ethically. This is due to the many important events and financial scandals involving large-scale KAP and qualified accounting professionals in fraud committed by large companies. This study aimed to analyse the moderating role of love of money on the ethical behaviour of accounting students. This article was a quantitative study with further justification. 110 questionnaires given to auditors in public accounting companies in Surabaya generated the data. PLS was employed for the statistical method. The findings showed that auditors' intention to behave ethically is positively influenced by perceived behavioural control. In addition, the findings show that although religion influences the intention to behave ethically, religiosity has no moderating effect on auditors' views of behavioural control.

INTRODUCTION

It is expected that the accounting profession will serve the public interest. However, the accounting profession's reputation has suffered a significant decline since the Enron scandal and Arthur Anderson debacle were disclosed in December 2001 and persisted until 2002 (Hogan et al., 2008). These scandals have had a negative impact on capital markets and contributed to the erosion of investor confidence. Continued increases in corporate accounting scandals, accounting irregularities, and earnings restatements have prompted demands for a more effective accounting ethics (Nazaruddin et al., 2018). Someone must feel accountable for their actions in order to apply accounting professional ethics (Kashif & Khattak, 2017). A person's ethical behavior can be influenced not only by the business environment (Kashif et al., 2017). Environmental education can also affect an individual's ethical behavior (O'Leary C. & Cotter D, 2000).

The educational environment significantly influences the development of an individual's ethical consciousness (Charismawati, 2011). The relationship between input students and output accountants will be quite close (Elias & Magdy F, 2010). Accountants should be taught moral and ethical principles from the beginning of their education, not after they graduate, begin a career, or take a course in business ethics. In 2010, the International Federation of Accountants (IFAC) issued seven international education standards (IES). The fourth of the seven standards (IES 4) states that accounting education programs must provide a framework of values, ethics, and professional

attitudes to assist candidates in exercising their judgment in order to act morally when balancing professional and societal interests (Chun et al., 2013). (Cherry, 2006) There is considerable debate regarding the level of public confidence in the accounting profession to act professionally and ethically. This is a result of the numerous significant events and financial scandals involving large-scale KAPs and qualified accounting professionals in large-scale corporate fraud (Hogan et al., 2008). The public's faith in the accounting profession as a whole was harmed as a consequence of this case.

Various variables influence viewpoints regarding ethical violations (Emery, 2016). One of these elements is money. In every aspect of our daily existence, money is crucial. In both the United States and Indonesia, a person's prosperity is determined by how much money they earn. (Tang & Chiu, 2003) examined a new psychological factor known as money love. According to some prevalent beliefs, the adoration of money is the root of all evil (Tang, 2007).

The Theory of Planned Behavior (TPB) is employed to explain various behaviors, including the study of ethical behavior, in order to further investigate human behavior. The Theories of Reasoned Action and Planned Behavior (Ajzen, 1985) are rigorously specified, have high predictive validity, and have been utilized effectively to explain attitudes and behavior. TPB is an expectancy-value theory that is useful for predicting intentions and behavior in organizations because it focuses on workers' beliefs about the opinions of relevant others and the extent to which workers believe they can control their behavioral choices (Cooper et al., 2006). The accounting profession focuses on the ethical perceptions of accounting students as a starting point for enhancing perceptions of the profession (Tunca Caliyurt & Crowther, 2006). Considering the fact that the majority of accounting students will be the next generation of accountants to pursue the accounting field. Previous studies have substituted accounting students for professional accountants.

In an era of extremely high business settlements, auditors will face more temptations and greater pressure (Appelbaum et al., 2005). According to the fraud triangle theory, a person's intent to commit fraud is proportional to the amount of pressure they encounter (Sekaran & Bougie, 2016). Therefore, situational variables that can strengthen auditor behavior control are required for an increase in ethical behavior. The variable used in this study is the love of money (LOM) variable. LOM is used to measure an individual's irrational relationship with money. Several studies indicate that LOM is associated with both positive and negative organizational behavior. Organizational commitment demonstrates organizational behavior, which is usually characterized as a combination of attitudes and behavior (Nazaruddin et al., 2018).

In addition, a number of studies examine the relationship between adoration of money and PBC. According to (Charismawati, 2011), this study investigates the relationship between accounting students' passion of money and their ethical perspectives. As a person's passion for money grows, their ethical perception diminishes. According to research conducted by Tang and Chiu in 2003, there is a strong correlation between money lust and unethical conduct.

This study aims to examine the moderating effect of money love on the ethical behavior of accounting students.

LITERATURE REVIEW

Theory of Planned Behavior

The Theory of Planned Behavior (TPB) is an extension of the Theory of Reasoned Action (TRA) (Ajzen, 1985) that provides a conceptual framework for understanding the factors that influence ethical behavioral intentions. The theory is depicted in Figure 1 as a structural diagram. Possible feedback effects of behavior on antecedent variables are omitted for simplicity of presentation.

Like the original TRA theory, an essential aspect of TPB is a person's motivation for engaging in a particular behavior (O'Leary C. & Cotter D, 2000). As a measure of the amount of effort a person is willing to expend to execute a behavior, intention is believed to capture the

motivating factors that influence their behavior. In general, a behavior is more likely to be performed if the intention to perform it is strong (Gino et al., 2011). But only if the behavior is volitionally controlled, or if the individual has the freedom to choose whether to engage in the behavior or not, can the behavioral intention result in the behavior (Law et al., 1998). Others require opportunities and non-motivational resources (such as time, money, skills, and the participation of others). These elements collectively characterize the extent to which individuals truly regulate their behavior (Kashif et al., 2016). (Holmes & Marriott, 2012) state that a person will be successful in carrying out a behavior if they have the opportunity, resources, and intent to do so.

According to (Ajzen, 1985), these factors (attitude, subjective norm, and perceived behavioral control) reflect the underlying cognitive structure: (1) behavioral beliefs, which are thought to influence attitudes toward behavior (i.e., beliefs about possible outcomes of behavior and evaluation of those outcomes); (2) normative beliefs, which are the underlying determinants of subjective norms; and (3) behavioral beliefs. By measuring these beliefs, we can better comprehend the development of attitudes, subjective norms, and perceived behavioral control. In accordance with prior research, we employ the passion of money as a moderating variable for the effect of the TPB construct on ethical behavioral intention.

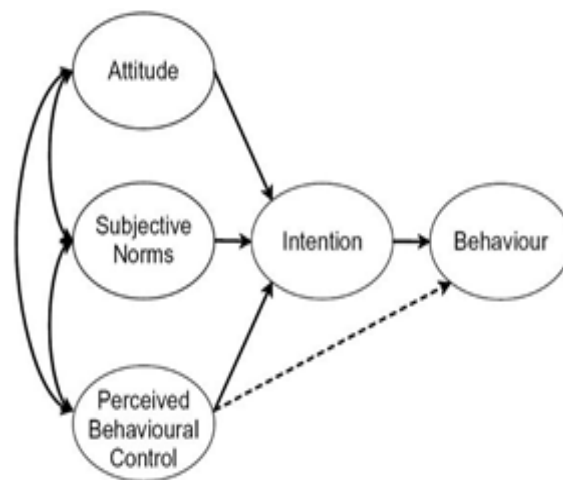


Figure 1. Theory of Planned Behavior

CONCEPTUAL FRAMEWORK

Below are the hypothesized effects of perceived behavioral control as proposed by (Ajzen, 1985). First, a person's intention to engage in a behavior will decrease if they perceive that it is difficult to perform or beyond their control. Second, for behavior that is not completely under volitional control, perceived behavioral control can have unique effects beyond behavioral intentions in predicting behavior if it accurately reflects external factors that may inhibit or facilitate performance (i.e. actual control). genuine effectiveness. Third, when there are control problems in executing a behavior, perceiving the behavior as controllable and simple will be a necessary but insufficient condition for actual performance.

According to the TPB theory (Ajzen, 1985), PBC and behavioral objectives can be utilized to predict behavioral success directly. If a person's PBC increases, it indicates that he has greater control over his perception of performing a behavior and that his intention to conduct ethically is expected to increase. This assertion is supported by research by (Kashif & Khattak, 2017), which indicates that perceived behavioral control has a positive influence on ethical behavioral intentions. With moderation of love of money, it is anticipated that the level of PBC in formulating

ethical behavioral intentions will decrease. Figure 2 demonstrates the correlations between all variables.

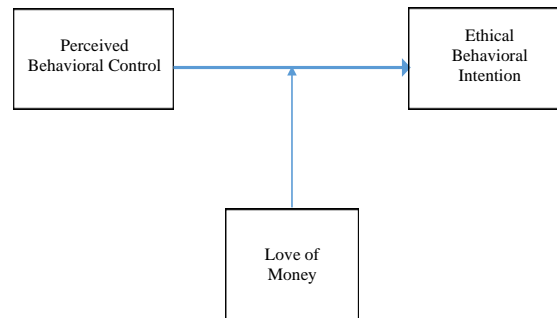


Figure 2. Conceptual Research Model

TPB is a development of the Theory of Reasoned Action which states that the occurrence of a behavior is determined by the intention of the behavior, and the intention to carry it out (Fritzsche, 2005). The Theory of Reasoned Action (TRA) intends to explain behavior under complete volitional control (Ajzen, 1985). When applied to behavior outside these boundary conditions, there is a considerable reduction in predictive power (Emery, 2016). TRA thus proposed to extend this model to behavior that is not under complete volitional control by adding the construct of perceived behavioral control (PBC).

(O'Leary C. & Cotter D, 2000) found that perceived difficulty only had an indirect effect on behavior, which was mediated by intention. In contrast, perceived control has a direct effect on behavior, and no effect on intentions. On the other hand, based on the arguments of (Ajzen, 1985), it is tentatively hypothesized that for behaviors with little control problems (higher than the average perceived control rating), perceived control is expected to have no additional value for the prediction of intentions and behavior. In other words, the average rating of perceived control of behavior is expected to moderate the unique effect of perceived control. Therefore, researchers controlled for all socio-demographic elements except age and gender and tested the following hypotheses:

H1: Perceived behavioral control has a positive effect on the ethical behavior of accounting students.

In various countries, many studies have been conducted regarding the relationship between Love of money and immoral behavior. According to (Tang & Chiu, 2003), financial ethics has a large and direct influence on unethical behavior. They state that "the love of money is the root of all evil," and call financial ethics "greed" and unethical behavior "evil" (Elias & Magdy F, 2010). Based on several previous studies, a person's love of money predicts his or her job satisfaction and potential unethical behavior. (Tang, 2007) also found that love of money can determine unethical behavior for business students. Considering previous findings and the inherent love of money and ethics in business, this research will examine this relationship in the scope of accounting. The researcher integrates all statements and tests the hypothesis:

H2: Love of money weakens accounting students' perceptions of ethical behavior control.

METHODS

This study employed quantitative research methods as this study aimed to determine how one variable influences other variables so quantitative research was employed. In this study, both primary and secondary data were utilized.

The data source consisted of responses to questionnaires filled out by Airlangga University undergraduates in their final semester. Secondary data were gathered indirectly via collected media, such as journal data and the results of previous research on similar topics. On a five-point

Likert scale, every variable was measured. On a scale from 1 = "strongly disagree/least likely" to 5 = "strongly agree/very unlikely" (Sekaran & Bougie, 2016), participants were asked to indicate their level of agreement. In order to measure all variables, respondents were asked to respond to the following three queries.

Table 1. Questionnaire Model

Construct	Variable
Perceived behavioral control	If I want, I can easily behave ethically in this organization
	Overall, I have a lot of control over my ethical behavior in this organization
	It is largely up to me to behave ethically in this organization
	I am very confident that I will be able to behave ethically in this organization
	Behaving ethically in this organization is an easy thing for me to do
Ethical Behavior	I intend to behave ethically
	I will behave ethically for the next three months
	I will behave ethically for the next three months in this organization
Love of money	Money is important
	Money is valuable
	Money is good
	Money is important in all of our lives
	Money is attractive
	Money represents my achievements
	Money is my symbol of success
	Money reflects my achievements
	Money is how we compare each other
	I am motivated to work hard for money
	Money empowers me to work harder
	I am very motivated by money
	Money is motivation
	Having a lot of money is good
It would be nice to be rich	
I want to be rich	
My life would be more enjoyable, if I had more money	

Source: Kashif et al. (2016)

The population of this study were undergraduate students at Airlangga University, Surabaya. Senior students are chosen because they are almost graduating so that the student's mindset has been maturely formed to face the professional world of work which demands high ethical behavior. The data in this study was processed using partial least squares structural equation modeling techniques using WarPLS 5.0, analysis software that can be used to test complex models with latent variables (Ghozali, 2018). To test the interaction between the independent variable and the moderating variable and the effect of this interaction on the independent variable, the MRA technique was used which was carried out in two stages. The MRA testing stages are shown in the analysis model below.

Model 1: Model includes independent variables (moderating variables not involved)

$$EBI = \beta_1 PBC + \epsilon_1 \dots\dots\dots(1)$$

Model 2: Model including moderating variables (involving moderating variables)

$$EBI = \beta_2PBC + \beta_3R + \epsilon_2 \dots \dots \dots (2)$$

Model 3: Moderated regression (involving moderating and interaction variables)

$$EBI = \beta_4PBC + \beta_5R + \beta_6PBC * R + \epsilon \dots \dots \dots (3)$$

Note:

- β : Coefficient
PBC : Perceived behavioral Control
 Control **EBI** : Ethical behavioral intentions
 Intention **R** : Love of money
 ϵ : Error

RESULTS AND DISCUSSION

266 undergraduate accounting students from Airlangga University constituted the unit of analysis. Utilizing Slovin's sampling method, researchers are able to collect representative samples from the population. Error margin and confidence level must be accounted for in the formula. Thus, the purpose of this study is to acquire a minimum of 160 samples from 266 senior undergraduate accounting students at Airlangga University for evaluation. In this research, hypotheses are tested using moderated regression analysis (MRA). The purpose of this test is to ascertain the relationship between desire of money and perceived behavioral control and ethical intentions.

Hypothesis testing was conducted using moderated regression analysis (MRA) in this study. This study aimed to determine the association between perceived behavioral control, religiosity, and ethical behavioral intentions. A positive regression coefficient illustrates the direct relationship between the independent and dependent variables. A negative regression coefficient, on the other hand, indicates movement in the opposite direction.

Table 2. Hypothesis Test Results

Variable	Model I		Model II		Model III	
	Path coefficient	P-value	Path coefficient	P-value	Path coefficient	P-value
PBC	0.592	0.001	0.565	0.001	0.504	0.001
LOM	-	-	0.145	0.030	0.086	0.134
PBC * LOM	-	-	-	-	0.101	0.097
Adjusted R ²	0.346		0.362		0.253	

Source: Research Data, processed 2020

In Model 1, the perceived behavioral control variable has a regression coefficient of 0.592. Therefore, a one-unit increase in perceived behavioral control will result in a 0.519% increase in ethical behavioral intentions, presuming that other variables remain constant or do not change.

Model 1's coefficient of determination is 0.346, or 34.6%. This indicates that ethical behavioral intentions can be explained by perceived behavioral control to the extent of 34.6%, while the remaining 65.4% can be influenced and explained by variables not examined in this study. In this model, the perceived behavioral control variable has a p-value of 0.001. Since the significance value is less than 0.05, it can be concluded that perceived behavioral control influences ethical behavioral control significantly.

In model 2 involving the moderating variable love of money, the regression coefficient for perceived behavioral control is 0.239. Therefore, if perceived behavioral control increases once, then ethical behavioral intentions will increase by 0.239 times, assuming other variables are constant or do not change. The regression coefficient for love of money is 0.606, which means that if love of money increases once, ethical behavior intentions will increase 0.606 times, assuming other variables are constant or do not change. Testing the coefficient of determination in model 2 to moderate love of money is 0.362 or 36.2%. This shows that 36.2% of ethical behavioral intentions can be explained by perceived behavioral control and love of money, while the remaining 63.8% can be influenced and explained by other variables not used in this research. In this model, the perceived behavioral control variable has a p value < 0.001 and love of money < 0.030 . This means that perceived behavioral control and love of money have a significant effect on ethical behavioral control because the significance value is smaller than 0.05.

In model 3 involving the moderating variable love of money and interaction, the regression coefficient for perceived behavioral control is 0.504. Assuming other factors remain the same or do not change, if perceived behavioral control increases by one, then the intention to behave ethically will increase by 0.504 times. Love of money has a regression coefficient of 0.086, which shows that assuming other factors remain constant or do not change, if love of money increases once, then ethical behavior intentions will increase 0.086 times. The interaction between perceived behavioral control and love of money has a regression coefficient of -0.101. Thus, the intention to behave ethically will decrease by 0.101 if the interaction between perceived behavioral control and love of money increases by one, assuming other factors remain constant or do not change. Testing the coefficient of determination in model 3 for the moderating variable love of money and interaction is 0.253 or 25.3%. This shows that perceived behavioral control and desire for money can explain 25.3% of the intention to behave ethically, while other variables not considered in this study can influence and explain the remaining 74.7%. In this model, the perceived behavioral control variable has a p-value < 0.001 , love of money has 0.134, and the interaction between perceived behavioral control and love of money is 0.097. This means that these variables have a significant effect on ethical behavior control, except for the interaction between perceived behavioral control and love of money because the p-value is greater than 0.05.

Perceived Behavioral Control Positively Influences Ethical Behavior

Hypothesis 1 (H1) states that perceived behavioral control positively influences accounting students' ethical behavior. This finding shows that perceived behavioral control has a positive impact on the ethical behavior of accounting students. This can be seen from the p-value of perceived behavioral control, which is $0.001 < 0.05$. therefore, H1 is accepted. The research results show that the perception of good behavioral control can increase accounting students' perceptions of behaving ethically. Perceived control is the main construct for individuals who prioritize thinking as a basis for making decisions. The existence of self-regulation in perceived behavioral control helps in maintaining self-control among working professionals to consider good and bad behavior. It is important for accounting students who prioritize judgment in fulfilling their future jobs to have the ability to make good decisions and take action. Based on research results, accounting students who carry out ethical behavior intend to behave ethically and want to behave ethically for the next three months in the organization.

Love of Money Weakens the Influence of Accounting Students' Perceptions of Ethical Behavior Control

Hypothesis 2 (H2) states that love of money weakens the influence of accounting students' perceptions of ethical behavior control. The findings of this research show that love of money does not have a substantial impact on accounting students' perceptions of ethical behavior control. This can be seen from the p-value of the interaction between perceived behavioral control and love of money, which is $0.097 > 0.05$. Therefore, hypothesis 2 (H2) is rejected. The results showed that

love of money did not moderate perceived control of ethical behavior. Love of money is an individual's attitude that prefers money. reflects an individual's frame of reference regarding values, standards, hopes, or ideals. Love Of Money is closely related to the idea of greed and correlates with the idea that unethical behavior is illegal. The way a person feels about money has a huge impact and interacts with unethical behavior. When someone has a strong need for money, they will try to use unethical means necessary to obtain their goals. This has an impact on those who tend to commit fraud. However, these findings suggest that a high love of money will not significantly change the likelihood of remaining ethical in their future workplace even if their previous experience of making ethical judgments and decisions is favorable. Love of money will only influence ethical behavior, but will not weaken the relationship between perceived control and ethical behavior.

CONCLUSION

This research indicates that ethical behavior is crucial for accounting students in their final year to earn the public's trust in field work. Accountants and auditors must disclose everything pertinent to the events or activities they are examining with care and candor. The influence of ethics knowledge and education on accounting students' perceived behavioral control is positive. This must be established while they are still in college in order for them to experience and implement ethics in the workplace. They will comply with extant regulations if they have excellent behavioral control, allowing them to be confident, uphold ethics, and perform their duties more effectively.

Aside from that, adoration of money can also influence ethical behavior, given that humans require money to meet their daily requirements. Pressure and demands to obtain life's necessities will give rise to Love of money. The finding is to create positive social pressure in the workplace to transfer individuals' focus from merely earning money to their spiritual upliftment. However, the relationship between perceived behavioral control and ethical behavior will not be weakened by the love of money.

LIMITATION

This study has a limitation which can be used as the basis of next studies, which is there are several senior accounting students of Universitas Airlangga that are not willing to fill in the research questionnaires that have been given so that the data obtained is the minimum data sample.

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