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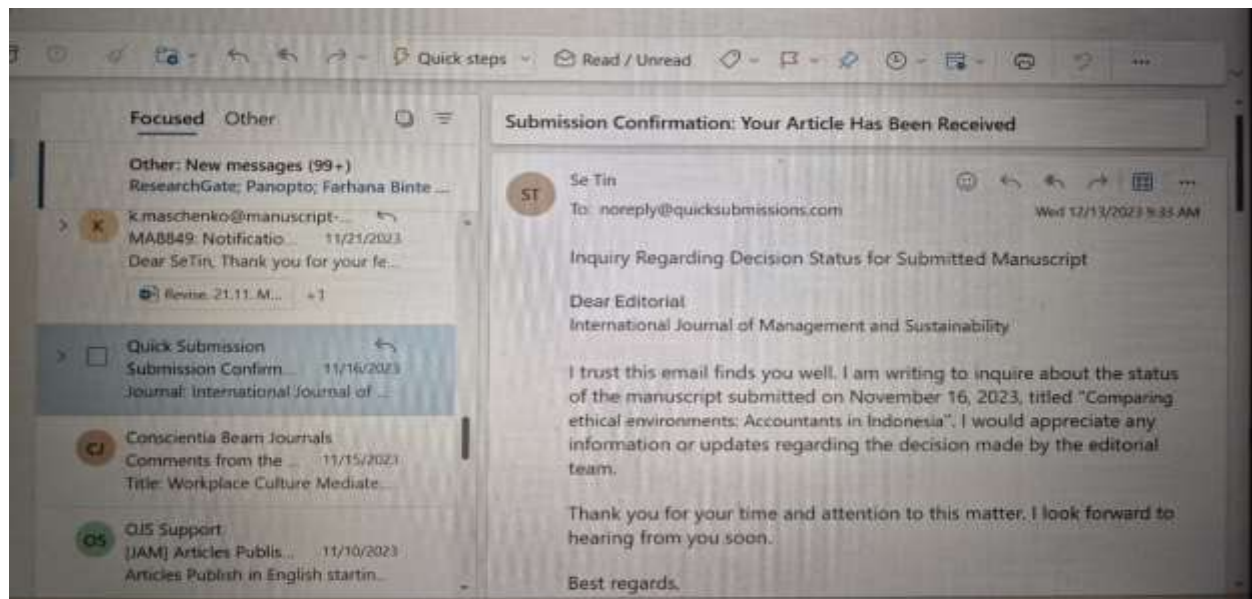
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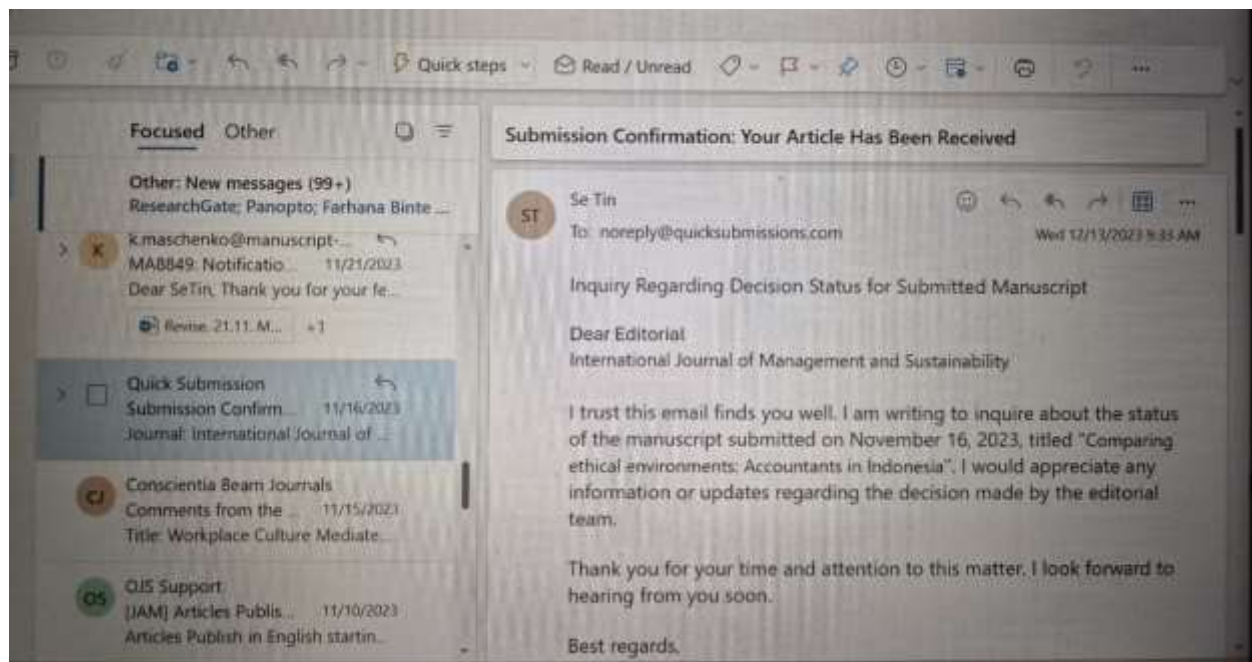
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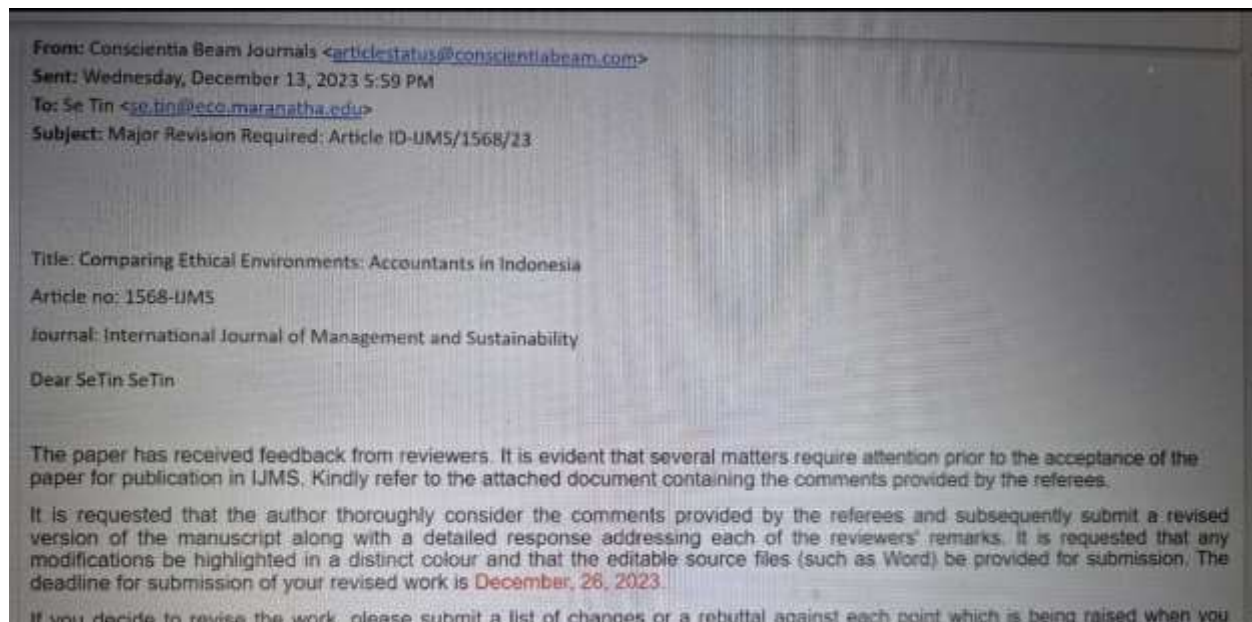
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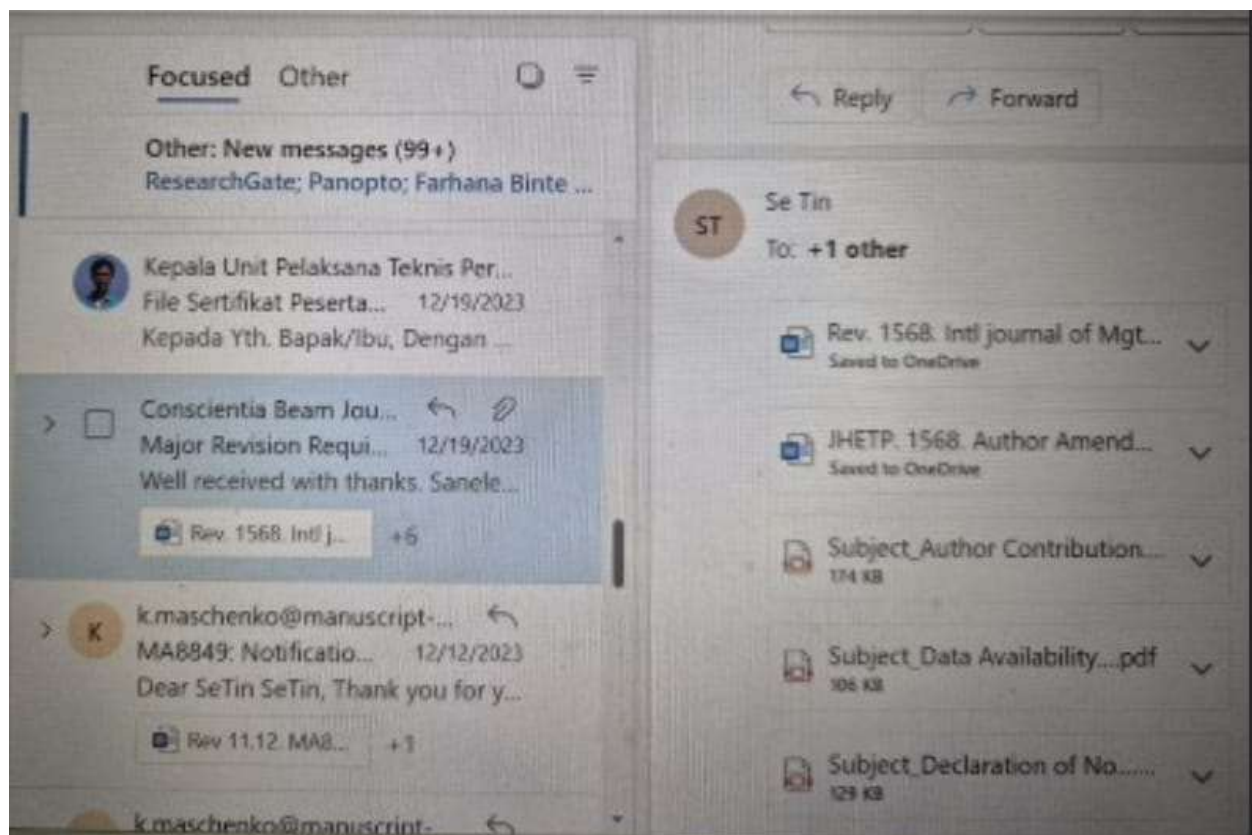
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| Comments of reviewer | Author Amendment |
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| Is this article according to the scope of this journal? Yes. | Thank you for the feedback |
| Abstract <i>The abstract revised in the structured abstract style, without the use of headings, and following to the sentence structure of purpose, Design/Methodology/Approach, Findings, and Practical Implications</i> | The suggestion to revise abstract in the structured abstract style has already been implemented. |
| Introduction: Does the first paragraph serve as a good introduction? The first paragraph serves as a good introduction. | Thank you for the feedback |
| Review of literature The paper demonstrates an adequate understanding of the relevant literature in the field and cites an appropriate range of literature sources. | Thank you for the feedback |
| Methodology This study collected data using questionnaires from 768 accountants working in public companies, private companies, and universities in Indonesia and used regression analysis. <i>Please utilize subheadings to provide information about the research design, technique, participants, and data collection tool. Give a brief introduction of the method used for estimation and go into further detail about how it differs from past studies.</i> | Subheadings have been employed to present information in the methodology section: <i>3.1 Data sources; 3.2. Measurements; 3.3. Statistical Analysis</i> A concise introduction to the estimation method is provided, followed by a detailed explanation of its distinctions from previous studies. <i>Correlations between variables were examined using the Pearson product-moment and Spearman analysis tools. This method was also used by Bobek et al., 2017 with a sample of only public accountants in America. The current study covers the accounting profession comprehensively, namely accountants in private, public companies and universities. Due to the different environments faced in industry, public accounting, and academia, each group of respondents was treated separately.</i> |

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| | <i>To formally test the hypothesis, this study also conducts regression analysis with age, gender, and working period as control variables.</i> |
| Results Table 4 should be presented in formatted table. | The suggestion to present Table 4 in a formatted table has been addressed and implemented. |
| Conclusion It would be desirable to <i>categorize implications, limitations and future research suggestions under separate headings to enhance their comprehensibility.</i> | The suggestion to categorize implications, limitations, and future research suggestions under separate headings has already been implemented. <i>5.1 Summary of findings</i> <i>5.2 Limitations and Future research</i> <i>5.3 Implications</i> |
| Decision Requires Moderate Revision | The decision calling for moderate revision has been duly addressed and implemented. |
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Comparing ethical environments: Accountants in Indonesia

 **SeTin SeTin**
 **Lidya**
Agustina
 **Meythi**
Meythi

Faculty of Business, Maranatha Christian University, West Java, Indonesia.

Email: se.tin@eco.maranatha.edu

Email: lidya.agustina@eco.maranatha.edu

Email: meythi@eco.maranatha.edu



(Corresponding author)

ABSTRACT

Keywords

Ethical environment
Accountant
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The organization has experienced a decline in ethical values due to numerous accounting scandals and dysfunctional behavior. This study aims to compare the ethical environment perceptions between accountants working in public companies and accountants working in private companies. The institutional logic theory is used as a framework. The data was collected using questionnaires from 768 accountants working in public companies, private companies, and universities in Indonesia. Hypothesis testing was conducted based on the mean values, standard deviations, and regression analysis. The study results indicate that accountants working in public companies perceive the ethical environment to be stronger than accountants working in private companies. This study holds a significant social and economic relevance. Assessing the ethical environment of both private and public companies aids stakeholders in developing governance policies that can reduce the potential for accounting scandals and enhance public trust.

Contribution/Originality:

There are still very few studies that assess the ethical environment, and there has not even been a study that evaluates accountants' perceptions of the ethical environment in private and public companies in Indonesia. Since perceptions of the ethical environment influence behavior, this study is essential to fill the literature gap and send signals about supervision and control.

1. INTRODUCTION

The decline in ethical values has occurred in all professions of accounting (Suddaby et al., 2009). Facts indicate that many accounting scandals (e.g., Enron, Worldcom, and Toshiba) involving public accountants took place at the turn of the 21st century (Bobek et al., 2017), and accounting educators have been most blamed for, as ethical learning was believed to commence in universities (Baker et al., 1976). In the field of management accounting, various unethical behaviors in budgeting had also occurred in different parts of the world, such as in Taiwan (Huang and Chen, 2010), the Netherlands (Hartmann and Mass, 2010), Indonesia (SeTin et al., 2019), Canada, and the United States (Davis et al., 2006). Besides ethical deviations in budgeting, management accounting literature is also filled with reports that management accountants manipulate performance indicators, strategically manipulate information, and counterfeiting information (Birnberg et al., 2006).

The scandal of unethical practices has devastated the company and caused the public to lose their trust in accountants. This unethical behavior reflects a serious decline in ethical values and the ethical environment within the accounting profession (Suddaby et al., 2009). This study explores the ethical environment of accountants in both public and private companies. Understanding the ethical environment is crucial because it can prevent various dysfunctional practices within the organization.

Ethical environment refers to the conditions in which organizations practice high moral and ethical standards, with honest, fair, responsible interactions while avoiding ethical violations (Bobek et al., 2017). Due to the limited empirical research on how accountants perceive the ethical environment in their workplace, this study explores the ethical environment across all accountant professions. In the face of challenges in improving ethics in

both private and public institutions, this study compares the perceptions of the ethical environment among accountants working in public companies with those working in private companies.

The profession of accountants greatly needs to gain an understanding of ethical environment perceptions, as accountants play a key role in upholding integrity and trust in business practices. The importance of accountants in understanding ethical environment perceptions can be explained by several reasons. First, ethical environment perceptions influence ethical behavior (Sweeney et al., 2010; Lu and Lin, 2014) and imply monitoring and control (Lander et al., 2013), for instance, helping accountants avoid financial reporting scandals and budgetary gaming behaviors, concealing important information, and even assisting accountants in providing ethical advice to clients or superiors. Second, ethical environment perceptions influence perceptions of reality, which in turn impact job attitudes and employee outcomes such as commitment and turnover intentions (Ozgur and Akdogan, 2015). Third, ethical environment perceptions have the potential to be enhanced (Shafer, 2015), for example, by aiding accountants in adhering to ethical codes, regulations, and laws, as well as helping accountants identify potential ethical risks and taking anticipatory measures.

This study utilizes the Institutional Logics of Commercialism and Professionalism theory as a relevant framework for explaining the differences in ethical environment perceptions between public and private companies. Different institutional logics can influence the behavior and how organizations handle business ethics issues. The institutional logic of commercialism focuses on profitability, efficiency, and achieving strong financial results (Hanlon, 1996; Suddaby et al., 2009), and private companies are more oriented or dominated by commercialism (Gendron and Spira, 2010; Kornberger et al., 2011). The institutional logic of professionalism emphasizes meeting strict ethical standards and professionalism in protecting the public interest, making decisions, and conducting organizational practices (Hanlon, 1996; Suddaby et al., 2009). Public companies may be more influenced by professionalism institutions, such as strict ethical codes in conducting ethical business practices. The shift from professionalism ideals to commercialism can create incentives for the emergence of dysfunctional behavior (Elias, 2004; Gendron and Spira, 2010). Accountants face pressures and institutional regulations that can shape the ethical environment in which they operate (Bobek et al., 2017).

This study argues that accountants working in public companies will experience a stronger ethical environment compared to accountants working in private companies. This study is important because it provides an understanding to stakeholders that ethical environments can vary within private and public organizations, and this understanding is useful for assessing the relative risks of organizations and enhancing the ethical environment of various accounting professions. This study contributes, first, by making a significant contribution to the literature on the ethical environment, showing that there are varying perceptions of the ethical environment based on the organizational context, and the study results indicate the relative strength of the ethical environment in private and public companies. Second, organizations need to place more emphasis on the development and enhancement of the ethical environment. Third, it directs leaders and stakeholders to realize that the ethical environment in private organizations is significantly weaker than the ethical environment in public companies.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Factors Influencing the Ethical Environment

The ethical environment is a crucial part of the organizational culture that plays a significant role in promoting ethical decision-making (Bobek et al., 2017). There are three factors influencing the ethical environment and impacting behavior within the organization (Booth and Schulz, 2004). First, social norms encompass mission and value clarity, management influence, leadership, and peer groups. Clarity in mission and values has the potential to create shared beliefs that can strengthen ethical decision-making. In addition to mission and values, the ethical behavior and decision-making of a leader sets an example for employees and reinforce the development of ethics within the organization. Employee ethical behavior is also influenced by group norms. Ethical groups can encourage employees with low moral reasoning to act ethically, while unethical groups can encourage employees with high moral reasoning to act unethically (Ford and Richardson, 1994). Second, social practices, the existence of an ethical code with clear sanctions, procedures, and rules enhance the perception that the organization cares and supports ethical behavior (Ford and Richardson, 1994). Ethical training emphasizing concrete and consistent practices encourages ethical decision-making. Third, outcomes in the form of rewards and punishments. The prevalence of unethical behavior is in line with the presence of rewards and punishment threats. Social and public punishments are more effective than personal ones (Barker, 1993). In summary, a strong ethical environment depends on the presence of social norms, social practices, and outcomes that facilitate ethical decision-making.

2.2 The Relationship Between the Ethical Environment and Ethical Decisions, Ethical Behavior and Outcomes

Various recent research studies have increasingly confirmed that ethical environment perceptions are positively related to ethical decision-making and behavior. For instance, Gullifor et al., 2023 found that ethical environment perceptions enhance organizational citizenship behavior and performance. Halbusi et al., 2023 explained that ethical leadership has a positive influence on moral behavior, which is even more pronounced when employees possess higher moral values and self-control. Bag et al., 2023 discovered that in uncertain times, such as during the Covid-19 pandemic, non-regular suppliers with high ethical perceptions are willing to share strategic resources. Cheffi et al., 2023 identified a positive impact of ethical leadership on circular economy practices. Valentine and Godkin, 2019 clarified that ethical perceptions and assessments are positively correlated with whistleblowing. Agarwal et al., 2022 demonstrated that ethical leadership reduces knowledge-hiding behaviors and strengthens employee well-being. Several years earlier, Mayer et al., (2010) found that ethical environment perceptions decrease violations of rules, such as intentionally bending or breaking regulations and damaging property.

In the field of accounting, Seifert et al., 2023 conducted a survey of 378 CPAs in the USA and found that the effectiveness of ethical infrastructure in the accounting workplace influences perceptions of ethical culture and professional ethical judgments of accountants. Hirth-Goebel and Weißenberger, 2019 conducted a survey of 90 international accountants and found that the ethical environment significantly affects accountants' decisions to refrain from engaging in ethically questionable behavior. A survey conducted by Shafer, 2015 among professional accountants in the private sector in Hong Kong found that organizational ethical culture perceptions affect earnings

management decisions. [Sweeney et al., 2010](#) found that the ethical environment perception is negatively related to auditors' intentions to engage in dysfunctional audit behavior. [Dalton et al., 2014](#) found that a strong perception of an ethical environment influences auditors' perceptions of organizational fairness, is positively related to pro-social behavior, and is negatively related to turnover intentions. In summary, prior studies have found that the perception of an ethical environment is positively associated with ethical assessments, ethical decisions, and employee outcomes.

2.3 Comparison of Ethical Perceptions of Accountants in Various Institutions

Several previous studies have compared the ethical perceptions of accountants in various institutions. [SeTin et al., 2022](#) conducted a survey of 147 accounting educators in Indonesia and found that accounting educators in Public and Accredited A Universities perceive the ethical environment significantly stronger than those in Private and Accredited B Universities. [Bobek et al., 2017](#) investigated the ethical perceptions of certified public accountants (CPAs) in public accounting firms and industry, and discovered that CPAs working in public accounting firms perceive the ethical environment significantly stronger than CPAs in the industry. [Elias, 2004](#) provided evidence that CPAs working in organizations with high ethical standards would evaluate earnings management practices as unethical, and conversely, CPAs working in organizations with low ethical standards would consider earnings management practices as ethical.

@SeTin SeTin, Santy Setiawan, Debbianita Debbianita. Published in *International Journal of Evaluation and Research in Education* (IJERE). Published by Institute of Advanced Engineering and Science (IAES). This study funded by Maranatha Christian University.

2.4. The Institutional Logic of Commercialism and Professionalism

Individuals within an organization make decisions based on logic ([Gendron, 2002](#)), and institutional logic provides a framework for all accounting professions to predict ethical environment differences ([Sundaby et al., 2009](#)). This study uses an institutional logic perspective to investigate the differences in ethical environment perceptions among accountants in public and private organizations. Institutional logic refers to a set of rules, norms, values, and beliefs that influence individual behavior and organizational business practices ([Thornton, 2004](#)). Institutional logic can be used to explain why organizations have specific ways of making decisions, interacting, and/or responding to environment changes.

The concept of institutional logics, which includes commercialism and professionalism ([Gendron, 2002](#)), has evolved through contributions from research in various disciplines. Commercialism and professionalism are two logics that have the potential to be highly conflicting and exert a significant influence on the accounting profession ([Lounsbury, 2008](#)). Commercialism institution is more short-term focused, characterized by the pursuit of profit and high financial performance ([Hanlon, 1996](#)), while professionalism institution is more long-term oriented, prioritizing public interests and emphasizing technical competence ([Suddaby et al., 2009](#); [Gendron, 2002](#)).

Decision-making and unethical behavior are associated with individuals who have a "love for money" (Singhapakdi et al., 2013 and Chen et al., 2014). In an organizational context, it is also found that more commercially-oriented organizations, with a culture of short-term profit maximization, are linked to a weak ethical environment. Jondle et al., 2014 found that companies focused on maximizing profits tend to have less effective ethical leadership, less internalization of ethical values, and treat stakeholders less ethically. Campbell and Goritz, 2014 explain that highly commercial organizations tend to "justify any means" and are prone to corruption and ethical violations. In the context of accountants, previous studies also indicate that commercialism is responsible for deviations and a decline in ethical values. Greed and commercialism lead to ethical judgment deviations in many accounting offices (Wyatt, 2004).

The differences in institutional environments influence ethical principles (Victor and Cullen, 1988), as they perceive ethical situations differently and make different ethical judgments. To guide predictions about ethical environment differences within institutions, this study distinguishes between private and public institutions. Ethical perceptions and ethical judgments tend to differ in private companies and public organizations (Wittmer, 2000). Public institutions place more emphasis on compliance rules than private organizations because public institutions face challenges in measuring contributions and achieving social goals, thus encouraging higher ethical standards (Victor and Cullen, 1988). Public companies may be more influenced by professional institutions, such as strict ethical codes, which might provide accountants with an incentive to conduct ethical business practices.

Private companies are more focused on commercial institutions with a strong emphasis on achieving profit and high financial performance. This can influence accountants in dealing with ethical issues. Some research findings that support this argument are as follows: Bommer et al. in 1987 explained that private companies are focused on short-term profits, which encourages egoism and leads to an organizational climate and behavior that is less ethical. Richards in 2011 found that managers in private companies face more pressure to compromise ethical standards compared to managers in public companies. In private companies, managers often resolve conflicts for the sake of profit rather than considering ethics (Vitell and Festervand, 1987), while public organizations are more oriented towards non-profit motives and adhere to higher ethical standards.

In addition to the institutional logic underlying arguments concerning accountants' differing perceptions of ethical environments in private and public institutions, there is another line of reasoning. Firstly, public companies have diverse shareholders, which may exert greater pressure to report performance transparently and ethically. Secondly, public companies often face stricter regulations and legal obligations regarding financial reporting and business ethics. Thirdly, public companies have obligations to the general public, and accountants may feel a larger social responsibility and greater pressure to ensure ethical business practices. Fourthly, public companies often have a larger public reputation to uphold, and this reputation is highly susceptible to unethical behavior. Accountants may be more inclined to prioritize ethical business practices to maintain the company's reputation. Considering previous study findings and arguments that private organizations tend to lean more towards commercial values than public organizations, as well as the argument that public organizations have a greater responsibility to the public, this study hypothesizes that:

H1. Accountant working in public companies will perceive stronger ethical environments than accountant working in private companies.

3. METHODOLOGY

3.1 Data Sources

The data for this research consists of accountants working in public companies, private companies, and universities in Indonesia. Some of the data comes from a previously published study, namely [SeTin et al., 2022](#), which includes 147 educator accountants. Additionally, new data was collected, which amounted to 621 cases. In total, there were 768 data being analyzed. The data was collected using a questionnaire from five major islands in Indonesia, namely Java, Kalimantan, Sulawesi, Sumatra, and Papua.

3.2. Measurements

A total of 12 items from [Bobek and Radtke \(2007\)](#) were utilized to measure the ethical environment. These questions encompass three primary factors, namely social norms, social practices, and outcomes. The social norms factor comprises three elements, each with two related questions, encompassing values and mission, management and leadership influence, as well as peer influence. The social practices factor includes two elements, each with two related questions, covering ethical codes, rules and procedures, and ethical training. The outcomes factor is associated with sanctions and rewards and comprises two questions. Respondents assess the ethical environment in their workplace by indicating their agreement with each statement on a seven-point Likert scale, ranging from Point 1 (strongly disagree) to Point 7 (strongly agree). The score range is from 12 to 84, with higher scores indicating a stronger perception of an ethical environment.

3.3. Statistical Analysis

Correlations between variables were examined using the Pearson product-moment and Spearman analysis tools. This method was also used by [Bobek et al., 2017](#) with a sample of only public accountants in America. The current study covers the accounting profession comprehensively, namely accountants in private, public companies and universities. Due to the different environments faced in industry, public accounting, and academia, each group of respondents was treated separately. To formally test the hypothesis, this study also conducts regression analysis with age, gender, and working period as control variables.

4. RESULTS AND DISCUSSIONS

4.1 Descriptive Statistics

Table 1 presents the profile of the respondents. The majority of the respondents were male (55.7%), while the remaining respondents were female (44.3%), with age ranging from 31-49 years (82%) and had more than 9 years of work experience (67.1%). Among them, 41.1% worked as accountants in public companies and public accounting firms, 39.8% worked as accountants in private companies and consulting firms, and 19.1% were accounting educators. Most of the respondents came from service-oriented companies (64.7%), were located in Java Island (58.1%), and had a workforce of 501-1000 employees (56.9%).

Table 1. Profile of Respondents

| Demographic Factors | Categories | Frequencies | Percentages |
|---------------------|------------------------|-------------|-------------|
| Gender | Male | 428 | 55.7% |
| | Female | 340 | 44.3% |
| Age | 30 years or under | 106 | 13.8% |
| | 31-39 years | 327 | 42.6% |
| | 40-49 years | 303 | 39.4% |
| | 50-59 years | 26 | 3.4% |
| | over 59 years | 6 | 0.8% |
| Current Employment | Public Company* | 316 | 41.1% |
| | Private Company* | 305 | 39.8% |
| | Academia | 147 | 19.1% |
| Types of Business | Service Business | 497 | 64.7% |
| | Merchandising Business | 101 | 13.1% |
| | Manufacturing Business | 161 | 21.0% |
| | Special Industry | 9 | 1.2% |
| Year Experience | 2 years or under | 4 | 0.5% |
| | 3-5 years | 79 | 10.3% |
| | 6-8 years | 170 | 22.1% |
| | 9-11 years | 252 | 32.8% |
| | over 11 years | 263 | 34.3% |
| Company Size | 100 employees or under | 94 | 12.3% |
| | 101 – 500 employees | 120 | 15.6% |
| | 501 – 1000 employees | 438 | 56.9% |

| | | | |
|------------------|-------------------------|-----|-------|
| | 1001 – 2000 employees | 61 | 8.0% |
| | 2001 – 5000 employees | 25 | 3.29% |
| | 5001 – 10.000 employees | 27 | 3.50% |
| | Over 10.000 employees | 3 | 0.41% |
| Company Domicile | Java | 446 | 58.1% |
| | Sumatera | 142 | 18.5% |
| | Kalimantan | 99 | 12.9% |
| | Sulawesi | 14 | 1.80% |
| | Papua | 67 | 8.70% |

* Public Company (Go Public companies and Public accounting firm); Private company (Consulting firm and companies that are not go public companies)

4.2 Comparison of ethical environment scales of public versus private companies

Table 2. Comparative scale of ethical environment

| | Total n = 768 | Accountants in Public Company (n = 316) | Accountants in Private Company (n = 305) | Accountants in Academia (n = 147) |
|---|------------------|---|--|---|
| Ethical Environment Parameters | | | | |
| Social / Cultural Norms Factors | | | | |
| * Mission, Values | | 13.31*** (1.41) | 12.01 (2.34) | 13.28*** (1.86) |
| * Impact of Leadership and Management | | 13.17*** (1.42) | 11.35 (1.99) | 13.32*** (1.65) |
| * Peer Group Pressure | | 12.86*** (1.58) | 11.85 (1.83) | 12.57** (1.49) |
| Social Practices Factors | | | | |
| (Societal customs) | | | | |
| * Procedural Standards, Rules and Ethical Codes | | 13.48*** (1.07) | 12.14 (1.97) | 13.50*** (1.44) |
| | | 12.94*** | 10.57 | 12.16*** |

| | | | | |
|-------------------------|--------|----------|---------|---------|
| * Training of Ethics | | (1.71) | (3.57) | (2.57) |
| <hr/> | | | | |
| Outcomes Factors | | | | |
| * Incentives, Penalties | | 11.03*** | 9.88 | 9.13** |
| | | (2.21) | (2.12) | (2.18) |
| <hr/> | | | | |
| Total | 74.93 | 76.79*** | 67.80 | 74.60** |
| | (7.81) | (7.12) | (11.17) | (7.58) |

*** Shows that the significance value of the ethical environment in public companies is higher than in private companies at $p < 0.01$. In the "public company" column, it contains responses from accountants working in public companies, including public accountants. In the "private company" column, it encompasses responses from accountants working outside of go public companies, including consulting firms. The "academia" column contains responses from accounting educators in both public and private universities. Ethical environment is measured using 12 questions with a seven-point scale, ranging from a score of 1 (strongly disagree) to a score of 7 (strongly agree). The potential score for the ethical environment falls within the range of 12 to 84. A higher score indicates a perceived stronger ethical environment.

Table 2 presents the average values and standard deviations of ethical environments in public companies, private companies, and higher education institutions. Based on the responses of a total of 768 participants, the mean value and standard deviation are 74.93 (7.81). Specifically, the responses of 316 accountants in public companies regarding the ethical environment indicate a mean value (standard deviation) of 76.79 (7.12), while the responses of 305 accountants in private companies show a mean value (standard deviation) of 67.80 (11.17). Furthermore, this study also reveals the mean value (standard deviation) of the ethical environment in higher education institutions based on the responses of 147 educator accountants, which is 74.60 (7.58). These findings indicate that accountants in public companies (mean 76.79) perceive a significantly stronger ethical environment ($p < 0.01$) compared to accountants in private companies. The results also show that educator accountants (mean 74.60) perceive a more robust ethical environment than accountants in private companies.

This result supports the hypothesis that accountants in public companies assess their ethical environment significantly more strongly than accountants in private companies. Although accountants in both groups, on average, express agreement with most ethical environment items, those working in public companies agree more strongly compared to accountants working in private companies. Therefore, while accountants in private companies generally perceive their ethical environment as relatively strong, it appears that there is more emphasis on ethical environment in public companies compared to private companies. The study also shows a high level of reliability with a Cronbach's alpha value of 0.807 for the ethical environment.

Table 2 also indicates in which factors there are differences in ethical environment perceptions in public companies, private companies, and higher education environments. The results are shown through the average values of each ethical environment factor (a total of 6 factors, each with two questions). These six ethical environment factors are grouped into three categories: social norms, social practices, and outcomes. The social norms factor includes mission and values, leadership and management influence, and peer group influence. The social practices factor includes rules, ethical codes, procedures, and ethics training. The outcomes factor encompasses sanctions and rewards. Accountants working in public companies rate each element of the ethical environment as stronger compared to accountants working in private companies and in university settings ($p < 0.01$). The results indicate that in both public and private companies, as well as in university environments, the aspect of the ethical environment with the highest average score is social factors (rules, procedures, codes of ethics), while the aspect with the lowest average score is outcome factors (incentives and penalties).

Table 3. Pearson product moment and Rank spearman correlation coefficients (n = 768)

| | Ethical Environment | Age | Gender | Working Period | Current Employment |
|---------------------|---------------------|----------|----------|----------------|--------------------|
| Ethical Environment | 1 | -0.01888 | -0.06610 | -0.01908 | 0.31497 |
| | | 0.6085 | 0.0564 | 0.59210 | <0.0001 |
| Age | -0.01907 | 1 | -0.18810 | -0.02031 | -0.26320 |
| | 0.6044 | | <0.0001 | <0.0001 | <0.0001 |
| Gender | -0.10616 | -0.18374 | 1 | -0.02103 | -0.08079 |
| | 0.0012 | <0.0001 | | 0.0162 | 0.0178 |
| Working Period | -0.02031 | -0.02154 | -0.02103 | 1 | -0.07659 |
| | 0.59087 | <0.0001 | 0.0162 | | 0.0167 |
| Current Employment | 0.33442 | -0.27062 | -0.08079 | -0.07659 | 1 |
| | <0.0001 | <0.0001 | 0.0178 | 0.0167 | |

The Pearson Product Moment correlation coefficient values are displayed along the bottom diagonal, and the Spearman Rank correlation values are shown along the upper diagonal. The p-value is presented below the correlation coefficient values. Ethical environment perception is assessed using 12 questionnaire items on a seven-point scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The ethical environment score ranges from 12 to 84. Higher scores indicate that accountants perceive a stronger ethical environment. For the gender measurement scale, 0 represents male, and 1 represents female. Regarding the age measurement scale, 0 corresponds to 30 years or under; 1 to 31-39 years; 2 to 40-49 years; 3 to 50-59 years, and 4 to over 59 years. In the current employment measurement scale, 1 denotes accountants in public companies, including public accounting firms, and 0 denotes accountants in private companies, including consulting firms.

Table 3 illustrates the correlation between variables. The results indicate that accountants working in public companies perceive an ethical environment significantly stronger than accountants in private companies, with a Pearson correlation coefficient (r) of 0.33442; $p < 0.0001$. Furthermore, gender has a negative correlation ($r = -0.10616$; $p = 0.0012$) with the ethical environment scale, indicating that women perceive a significantly lower ethical environment compared to men.

4.3. Supplemental analysis

Ethical Environment evaluations between public and private company through regression analysis ($n = 768$)

Table 4. Regression Analysis

| | Public Company and Private Company | |
|------------------|------------------------------------|---------|
| | Coefficient Estimate | t-value |
| Intercept | 68.54 | 57.63* |
| Public / Private | 6.79 | 7.82* |
| Age | 0.15 | 1.36 |
| Gender | -1.34 | -2.02 |
| Working Period | 0.27 | |
| R Square | 0.0689 | |
| F Value | 20.76* | |

Regression testing was performed by controlling for variables such as age, gender, and length of employment. Table 4 shows that the dummy variable for current employment (public/private) has a positive and significant value, indicating that accountants in public companies perceive a stronger ethical environment compared to accountants working in private companies. These results provide support for the hypothesis, as also indicated in Table 2, and supports the study by [Wittmer in 2000](#), which suggests that individuals' perceptions and evaluations of ethics tend to differ in private and public companies. This study also reinforces the findings of [Sundaby et al. in 2009](#) that institutional logic can serve as a framework for accountants in predicting the ethical environment. The study's results, which indicate that public companies perceive a stronger ethical environment than private companies, support the notion that public companies emphasize strict adherence to ethical and professional standards to protect the public interest and organizational practices ([Hanlon, 1996](#); [Suddaby et al., 2009](#)), whereas private companies are more focused on or dominated by commercialism ([Gendron and Spira, 2010](#); [Kornberger et al., 2011](#)). These results also strengthen the argument that public companies have more at stake in terms of reputation, leading to stronger incentives to maintain and enhance their ethical environment. Public companies also face greater legal

risks, possibly encountering higher litigation risks, and are more motivated to ensure stricter ethical practices within their organizations.

5. CONCLUSION

5.1. Summary of Findings

This study examines the differences in ethical environment perception among accountants in public and private companies in Indonesia to gain insights into the strengths and weaknesses of the ethical environment within the accounting profession. Through the analysis of 768 data, the results significantly indicate that accountants working in public companies perceive the ethical environment as stronger compared to those working in private companies.

5.2. Limitations and Future Research

The study has several limitations and suggestions for future research. First, this study lacks information about actual practices that can objectively measure an ethical environment, relying more on accountants' subjective perceptions, which could be influenced by individual biases. This can diminish internal validity because there is a gap between what is being measured and the reality of ethical practices. Future studies may consider using case studies, field observations, or interviews in public and private organizations to gain a more comprehensive understanding of the ethical environment. Second, without information on actual practices, this study finds it challenging to connect perceived outcomes with tangible actions that organizations or accountants can take to improve the ethical environment. Future research can investigate the differences in ethical environments between public and private companies with more in-depth research involving a greater number of variables and a larger sample size. Third, accountants in public companies perceive a relatively strong ethical environment, which may indicate socially desirable responses. There is still uncertainty about whether the research results reflect the actual situation or only socially desired responses. Potential social bias in accountants' responses can impact the reliability of the results and conclusions. Future studies need to identify potential social biases and measure the ethical environment more accurately to better understand the differences in ethical environments in various work contexts. Fourth, the results of this study are based on perceptions and may not always reflect actual ethical practices. Future research is needed to confirm and understand the causes of these differences. Further research can also identify best practices for enhancing the ethical environment in various types of organizations.

5.3. Implications

The results of this study provide several implications. First, public companies may have a stronger culture or practices in promoting ethics in their workplace. In other words, public companies might be more successful in creating a positive ethical environment, which can influence the ethical practices and commitments applied within

the organization. A positive reputation in terms of ethics can offer a competitive advantage. Second, accountants working in public companies may be more exposed to professional ethical standards and strict regulations, which can affect their perception of the importance of ethics in their work. This has a positive implication for ethical practices across the accounting profession. Third, these results can impact employee recruitment and retention. Public companies may be more attractive to professionals who prioritize ethical values in their work. This can also lead to accountants working in public companies being more satisfied and more likely to stay. Fourth, private organizations may need to place greater emphasis on developing their ethical environment through ethics training and providing adequate incentives for ethical behavior. The results also offer insights for tax offices and public accounting firms, suggesting that clients operating in public companies may operate in a weaker ethical environment compared to those in public companies, which has implications for assessing potential control risks.

In summary, this study provides important insights into the ethical environment of accountants across the accounting profession and offers some opportunities for future research.

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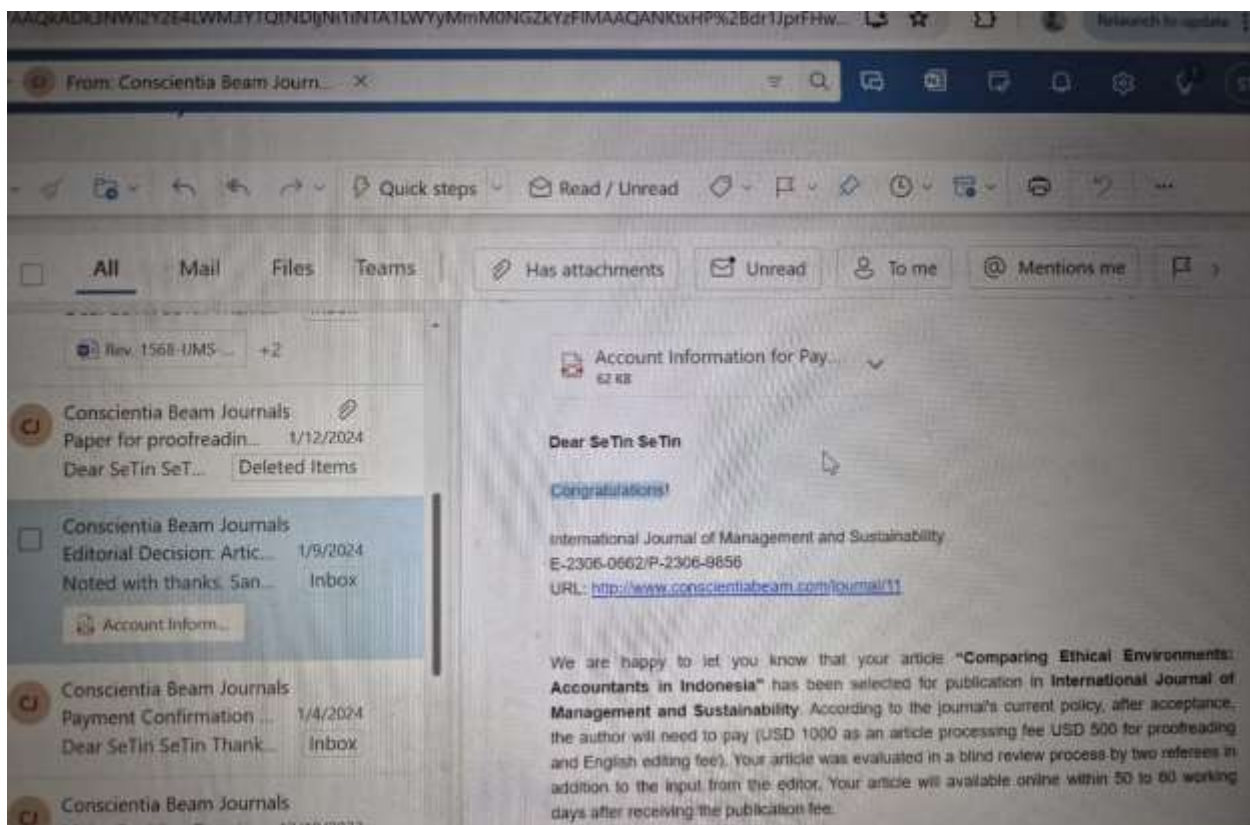
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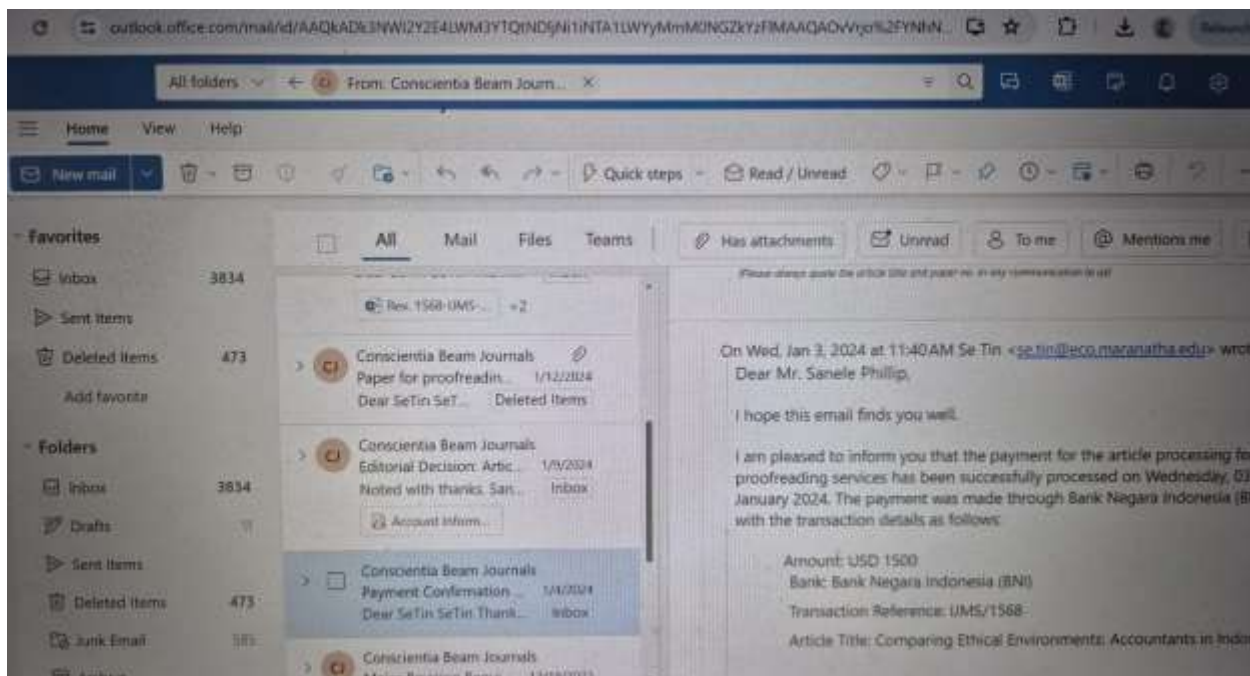
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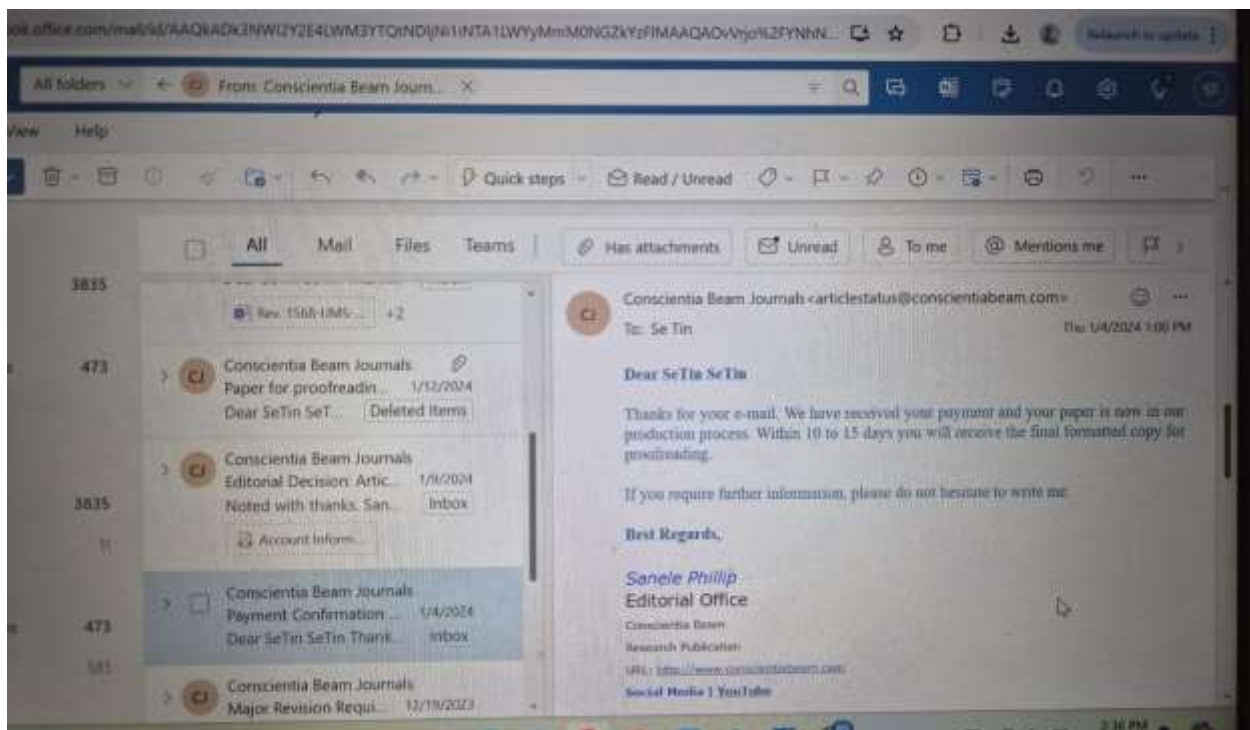
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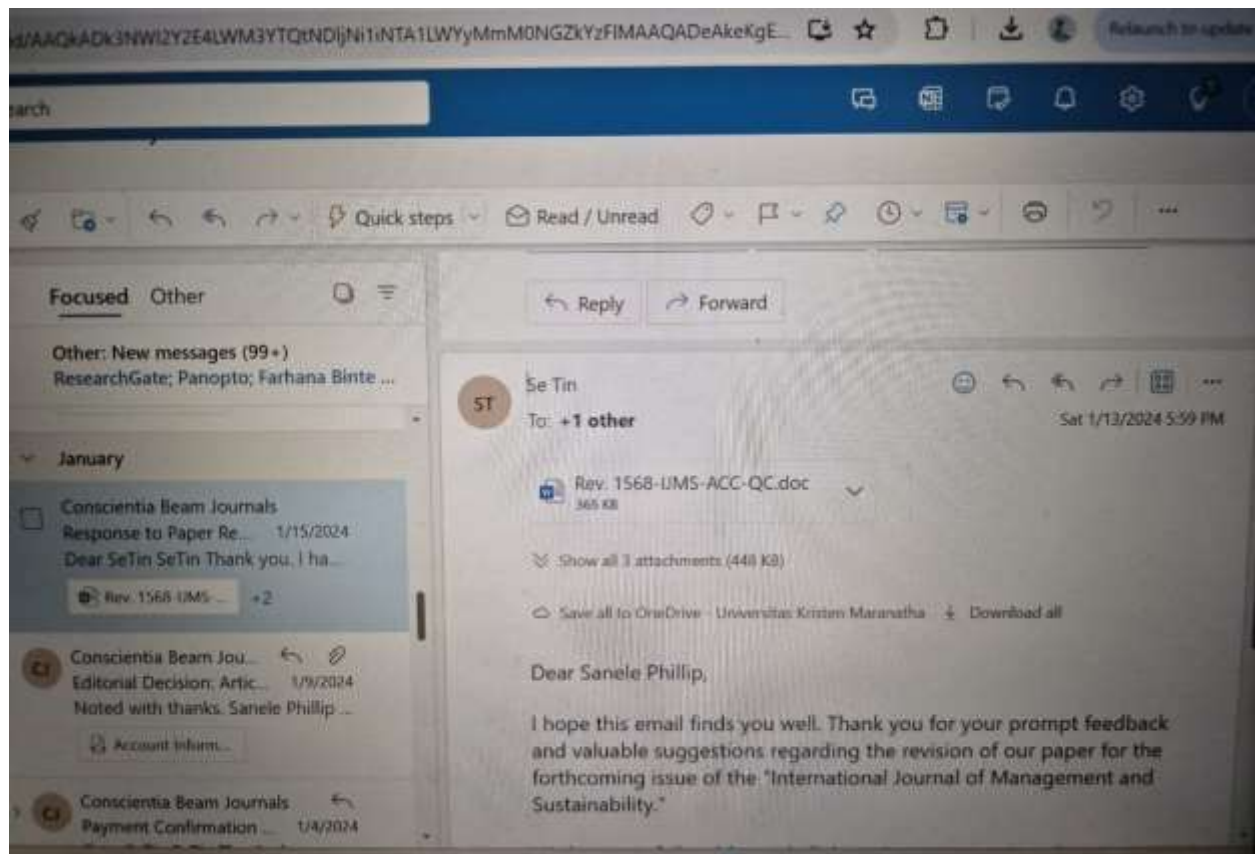


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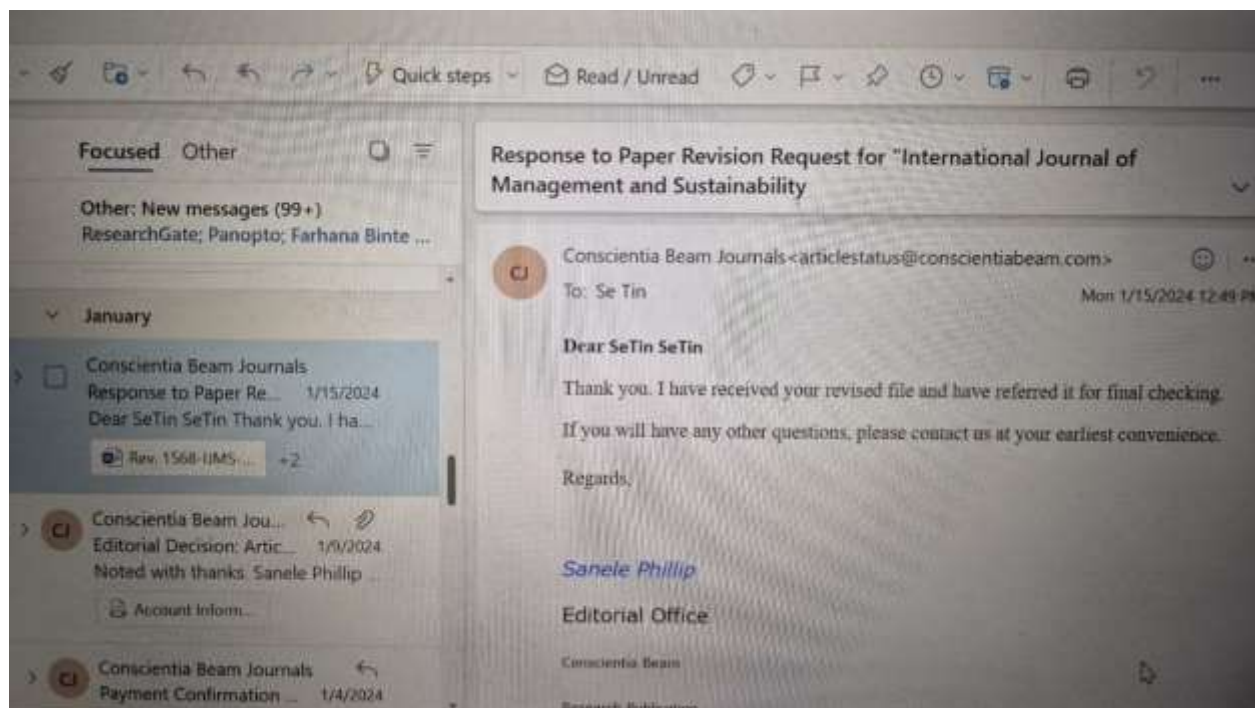
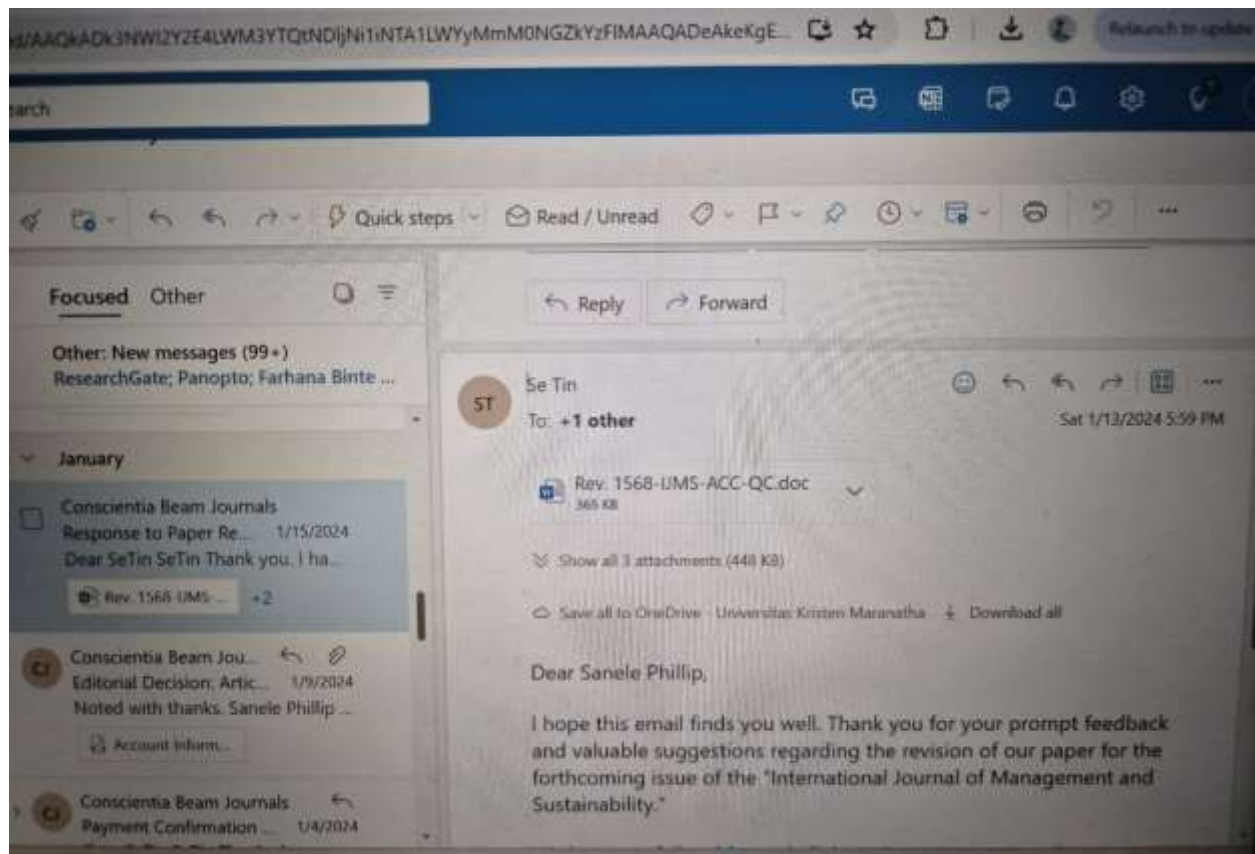


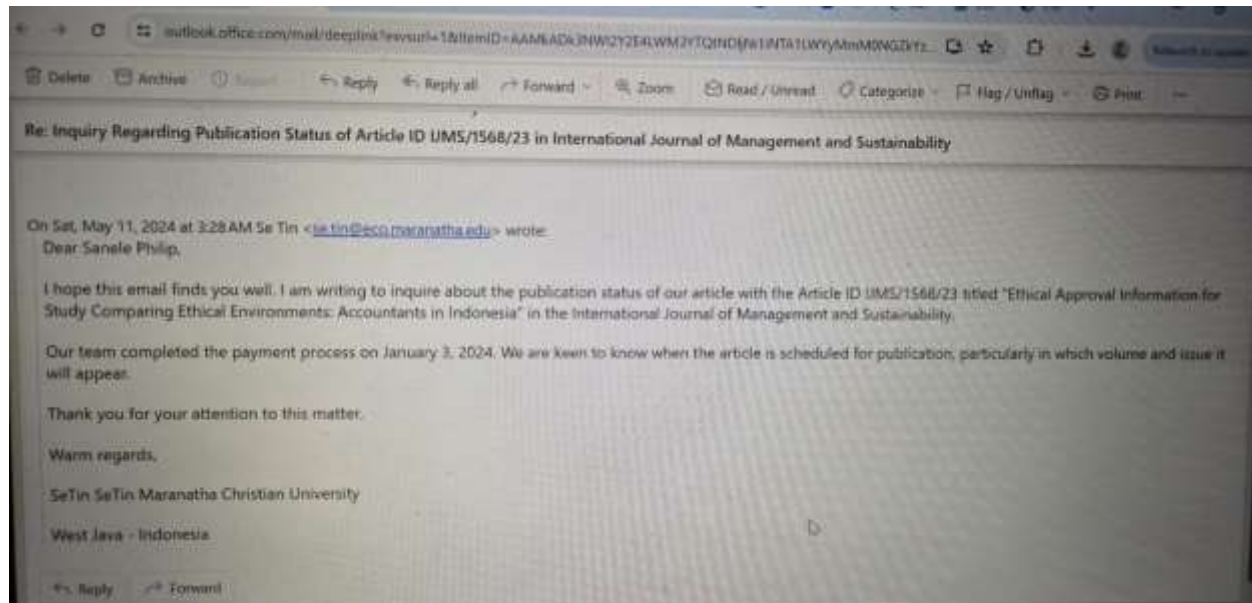
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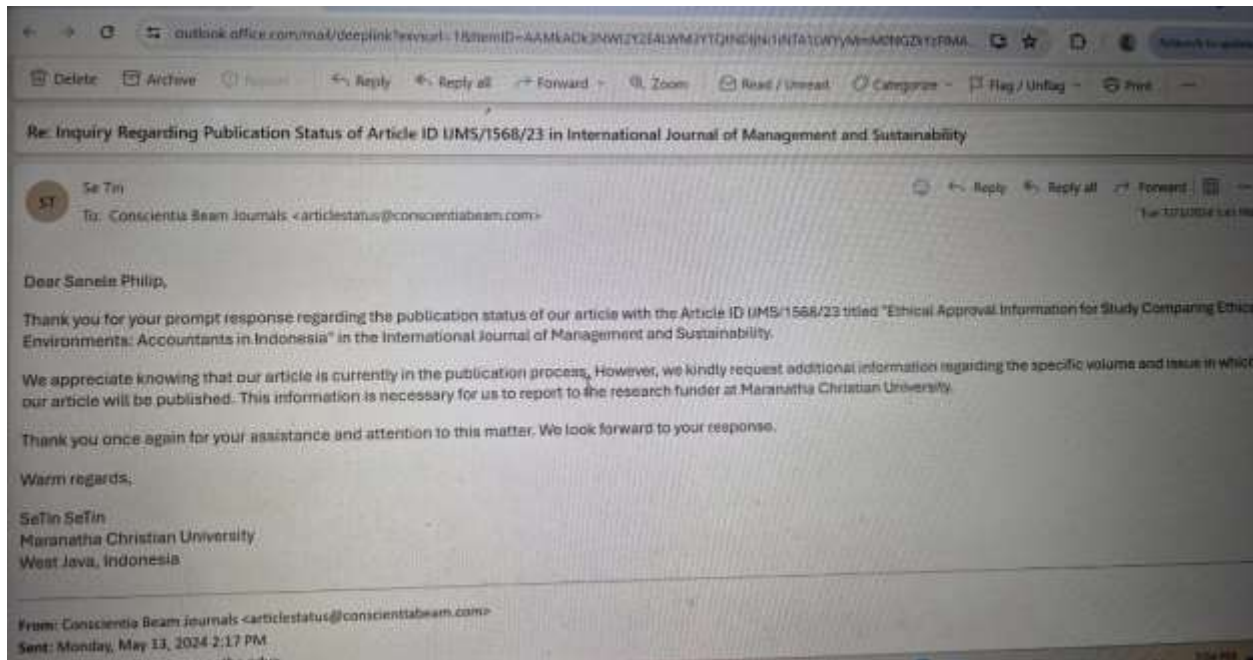
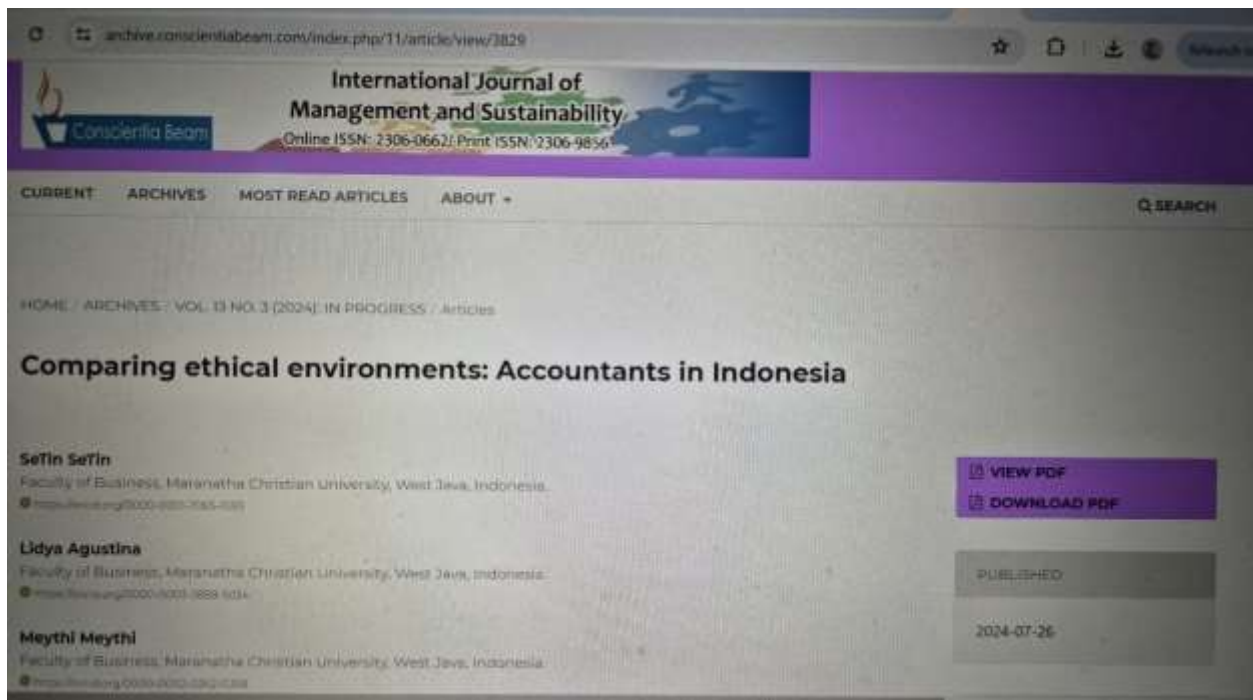




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Comparing ethical environments: Accountants in Indonesia

Se Tin Se Tin^{1*}

Lidya Agustina²

Meythi Meythi³

^{1*}Faculty of Business, Maranatha Christian University, West Java, Indonesia.

Email: se.tin@mcu.marmantha.edu

Email: lidya.agustina@mcu.marmantha.edu

Email: meythi@mcu.marmantha.edu



(+ Corresponding author)

ABSTRACT

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This study aims to compare the ethical environment perceptions between accountants working in public companies and accountants working in private companies. The organization has experienced a decline in ethical values due to numerous accounting scandals and dysfunctional behavior. The institutional logic theory is used as a framework. The data was collected using questionnaires from 768 accountants working in public companies, private companies, and universities in Indonesia. The questions