CULTURAL FACTORS AFFECTING THE ETHICAL DECISIONS OF ACCOUNTING - AUDITING STUDENTS

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Abstract: ***This research study was conducted to determine the influence level of cultural factors including education, gender, power distance, and risk-taking propensity on the ethical decisions of economics students in the accounting and auditing field in Vietnam. Data were collected from 194 valid observations through an online questionnaire with four specific ethical scenarios, targeting students from universities in Hanoi and several practicing auditors. Quantitative methods were applied with structural equation modeling (SEM) analysis, path analysis, and linear regression techniques. Research results show that cultural factors all have significant impacts on the ethical awareness and intention of learners and practitioners. Specifically, risk-taking propensity has an inverse effect on ethical awareness; females demonstrate higher levels of ethical sensitivity than males. Notably, power distance is the strongest influencing factor, clearly reflecting the vertical organizational cultural characteristics in Vietnam. Regarding the education factor: final-year students have higher ethical awareness than first-year students; major students are more cautious with risks. An important finding contrary to initial expectations was that auditors actually had higher ethical awareness scores than students (on an inverse scale). This indicates that auditors' actual ethical awareness is lower than that of students, reflecting a gap between academic ethics and practice ethics. This issue is discussed in depth in the paper. The research model achieved good fit and explained 53.8% of the dependent variable's variance. Based on these findings, the research confirms the central role of cultural factors, while providing empirical basis for recommendations on innovating ethics training programs, human resource management strategies, and building transparent corporate culture in the auditing industry.***

• Keywords: *ethical decisions, cultural factors, accounting - auditing students.*

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1. Introduction

After more than 30 years of development, Vietnam's independent auditing industry has achieved much progress in scale, but the quality of audit decisions on an ethical foundation remains a challenge, reflected in the limited number of auditors with practicing certificates. International research has demonstrated that cultural factors such as education, gender, power distance, and risk-taking propensity have important influences on ethical decisions.

However, empirical studies on the influence of these cultural factors in the specific context of Vietnam are very few. Although there have been some studies on professional ethics, a significant research gap remains: no study has simultaneously analyzed the impact of all four cultural factors mentioned above on the ethical decisions of students and auditors in Vietnam. Particularly, the risk-taking propensity factor - which is closely related to professional skepticism and audit risk assessment - has not been adequately surveyed. Filling this gap is necessary to contribute to improving professional quality and ethics.

2. Theoretical framework and research hypotheses

Research on ethical decisions in auditing is built upon the theoretical foundation of Rest (1986) with a four-stage process: awareness of ethical issues (AWR), ethical judgment (JUDG), ethical intention (INT), and ethical behavior. Jones (1991) expanded this model with the concept of moral intensity, affirming that individual characteristics and organizational context both play important roles. In the accounting and auditing field, this model has been tested by many empirical studies and confirmed for reliability (Cohen et al., 2001; Vinson et al., 2020).

Additionally, Hofstede's (1980) cultural dimensions theory provides an analytical framework for the influence of national culture on individual behavior in organizations. Two aspects particularly important for ethical behavior are power distance (PDI) and uncertainty avoidance. Vietnam is assessed as a country with a high PDI index, reflecting cultural characteristics of respecting hierarchy and power (Hofstede Insights, 1980). This characteristic may

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influence how individuals identify and respond to ethical issues.

From the above theoretical framework, four cultural factors were identified as having potential impacts on ethical decisions in the accounting and auditing field. Risk-taking propensity has been demonstrated to have an inverse relationship with ethical awareness (Sitkin & Pablo, 1992; Vinson et al., 2020). Gender shows differences, as females are often more ethically sensitive and cautious (Kohlberg, 1976; Gilligan, 1977; Bernardi & Arnold, 1997). The greater the power distance, the more it diminishes the ability to identify and challenge unethical behaviors from superiors (Vitell et al., 1993; Taylor & Curtis, 2011). Education (level, year of study, major) has a positive influence on the development of ethical competence (Pascarella & Terenzini, 1991; Cohen et al., 2001). Based on this, the research hypotheses are proposed as follows:

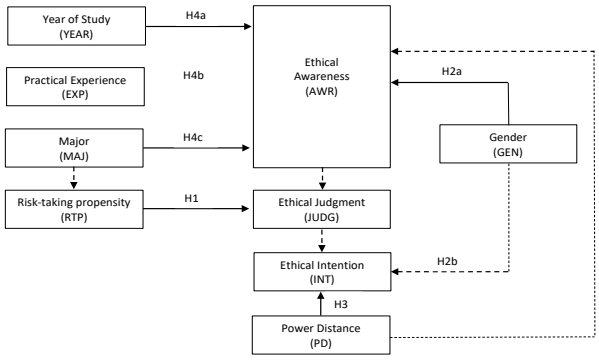
Table 1. Research Hypotheses

Code	Hypothesis	Theoretical Basis
H1	Risk-taking propensity (RTP) has an inverse effect on ethical awareness (AWR).	Sitkin & Pablo (1992); Jones (1991); Vinson et al. (2020)
H2a	Gender (GEN) directly affects ethical intention (INT) (females have higher ethical intention than males).	Kohlberg (1976); Gilligan (1977); Bernardi & Arnold (1997)
H2b	Gender (GEN) indirectly affects ethical intention through risk-taking propensity (RTP).	Vinson et al. (2020)
H3a	Power distance (PD) has an inverse effect on ethical awareness (AWR).	Hofstede (1980); Vitell et al. (1993); Taylor & Curtis (2011)
H3b	Power distance (PD) directly affects ethical intention (INT).	Taylor & Curtis (2011)
H4a	Year 3-4 students (YEAR) have higher ethical awareness (AWR) than year 1-2 students.	Rest (1986); Cohen et al. (2001)
H4b	Auditors (EXP) have better ethical competence (AWR) than students (with expectation of negative regression coefficient due to inverse scale).	Cohen et al. (2001)
H4c	Accounting-auditing major students (MAJ) have higher ethical awareness (AWR) than non-major students.	Pascarella & Terenzini (1991)
H4d	Education level (EXP, YEAR) and major (MAJ) affect risk-taking propensity (RTP).	Sitkin and Pablo (1992)

Note: AWR, JUDG, and INT use inverse scales - high score = low ethics (high unethical intention).

Based on the theoretical framework and research hypotheses, the author proposes a research model including independent variables: Gender (GEN), Power distance (PD), Experience (EXP), Year of study (YEAR), Major (MAJ). Mediating variables: Risk-taking propensity (RTP), Ethical awareness (AWR), Ethical judgment (JUDG). Dependent variable: Ethical intention (INT). Gender (GEN), Ethical Awareness (AWR).

It should be noted that the variables Ethical Awareness (AWR), Ethical Judgment (JUDG), and Ethical Intention (INT) in this study are measured using an inverse scale. This means that higher scores reflect lower ethical competence/intention (i.e., higher intention to perform unethical behavior). Therefore, when interpreting results, a positive regression coefficient indicates a negative impact on ethics (increased unethical intention); conversely, a negative regression coefficient indicates a positive impact (decreased unethical intention, i.e., increased ethical intention).



3. Research methodology

The study uses quantitative methods with a 5-point Likert scale. Data were collected from 194 valid observations, including year 3-4 accounting-auditing students in Hanoi and several practicing auditors. Data were processed using SPSS and AMOS 22.0.

Four ethical scenarios used in this study were inherited and adapted from the works of Cohen et al. (2001), Curtis et al. (2012), and Vinson et al. (2020). The first scenario, "Close friend loan request," addresses approving an ineligible loan due to personal conflict of interest. The second scenario, "Termination decision," revolves around choosing to terminate a competent young employee instead of a long-term employee. The third scenario, "Gift expenses," reflects the abuse of travel expenses for personal purposes. The fourth scenario, "Justice arbitrator," describes silence in the face of gift-receiving and procedure-ignoring behavior from superiors.

4. Research results

4.1. Scale Reliability Testing

Table 2. Cronbach's Alpha Test Results

Scale	Number of Observed Variables	Cronbach's Alpha	Conclusion
Power Distance (PD)	3	0.774	Acceptable
Ethical Awareness - Scenario 1	4	0.872	Acceptable
Ethical Awareness - Scenario 2	4	0.874	Acceptable
Ethical Awareness - Scenario 3	4	0.900	Acceptable
Ethical Awareness - Scenario 4	4	0.909	Acceptable
Ethical Awareness - Composite	4	0.900	Acceptable

Cronbach's Alpha was used to assess the reliability of the scales. According to Hair et al. (2010), Cronbach's Alpha coefficient ≥ 0.7 is considered satisfactory. Next, exploratory factor analysis (EFA) was conducted to assess the convergent and discriminant validity of the scales.

Table 3. EFA Analysis Results

Scenario	KMO Index	Bartlett's Test (Sig.)	Number of Factors	Variance Extracted (%)	Factor Loading
Scenario 1	0.813	0.000	2	65.8%	0.464 - 0.856
Scenario 2	0.834	0.000	2	67.2%	0.577 - 0.815
Scenario 3	0.849	0.000	2	68.9%	0.529 - 0.846
Scenario 4	0.861	0.000	2	71.4%	0.533 - 0.900

CFA results show that Average Variance Extracted (AVE) for ethical awareness was all ≥ 0.5. The Power Distance scale had AVE in the range of 0.439 - 0.479 (< 0.5) but Composite Reliability (CR) reached 0.698 - 0.729 (> 0.6) so it is still acceptable. After confirming the reliability and validity of the scales, the study conducted descriptive statistics and correlation matrix analysis between variables.

4.2. Descriptive Statistics and Correlation Matrix

Table 4. Pearson Correlation Matrix

Variable	GEN	EXP	YEAR	MAJ	RTP	PD	AWR	JUDG	INT
GEN	1								
EXP	-0.015	1							
YEAR	0.010	-0.189**	1						
MAJ	-0.020	0.023	0.231**	1					
RTP	-0.106	-0.131	-0.104	-0.202**	1				
PD	-0.201**	0.246**	-0.043	0.009	0.200**	1			
AWR	-0.193	0.240	-0.125*	-0.112	0.217**	0.724	1		
JUDG	-0.191**	0.125	-0.073	-0.098	0.305**	0.718**	0.900**	1	
INT	-0.285**	-0.083	0.053	0.078	0.333**	0.317**	0.424**	0.510**	1

Note: **. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed). Variable coding: GEN (1=Female); EXP (1=Auditor); YEAR (1=Year 3-4); MAJ (1=Accounting-Auditing major). Inverse scale: Higher AWR, JUDG indicates lower ethics.

Results show:

Power distance (PD) has the strongest positive correlation with AWR (r = 0.724), meaning the greater the PD, the lower the ethical awareness (higher AWR score).

Gender (GEN - Female) has a negative correlation with AWR (r = -0.193), meaning females have lower AWR scores (higher ethical awareness).

Experience (EXP - Auditor) has a positive correlation with AWR (r = 0.240), showing that auditors have higher AWR scores than students, meaning their ethical awareness (according to this scale) is lower than students.

4.3. Path Analysis and Regression Results

Table 5. Multiple Regression Results (Dependent Variable: Ethical Intention - INT)

Independent Variable	Unstandardized Coefficient (B)	Std. Error	Standardized Coefficient (β)	t	Sig.	VIF
Constant	4.351	6.639		0.655	0.513	
GEN	-9.746	3.030	-0.210	-3.217	0.002**	1.048
RTP	5.407	1.472	0.244	3.673	0.000***	1.085
PD	6.194	1.679	0.254	3.688	0.000***	1.170
Adjusted R^2 = 0.538						

Regression analysis was conducted to test the hypotheses. For the dependent variable Ethical Intention (INT), after including all variables in the model, results showed that only Gender (GEN), Risk-taking propensity (RTP), and Power distance (PD) were statistically significant. Specific results are presented in Table 5.

The Gender variable (GEN) has a negative coefficient (B = -9.746), indicating that females have lower INT scores than males. Since INT is an inverse scale, lower INT scores mean lower unethical intention, i.e., females tend to make more ethical decisions. Conversely, the Risk-taking propensity (RTP) and Power distance (PD) variables have positive coefficients (B = +5.407 and +6.194), indicating that increased RTP and PD increase INT scores. Since INT is an inverse scale, increased INT scores mean increased unethical intention, implying that when risk-taking propensity and power distance increase, individuals tend to perform more unethical behaviors. A summary of the hypothesis testing results is presented in detail in Table 6 below:

Table 6. Summary of Hypothesis Testing Results

Hypothesis	Relationship	Standardized Coefficient	P-value	Conclusion
H1	RTP → AWR	0.217**	0.002	Accepted (High RTP reduces ethical awareness)
H2a	GEN → INT	-0.193**	0.007	Accepted (Females have higher ethical intention than males)
H2b	GEN → RTP	-0.106	0.140	Rejected
H3a	PD → AWR	0.724***	0.000	Accepted (High PD reduces ethical awareness)
H3b	PD → INT	0.254***	0.000	Accepted (PD directly affects INT)
H4a	YEAR (3-4 vs 1-2) → AWR	-0.125*	0.013	Accepted (Final-year students have higher ethical awareness)
H4b	EXP (Auditor vs Student) → AWR	0.240**	0.001	Accepted but contrary to expectation (Auditors have higher AWR = lower ethics than students)
H4c	MAJ → AWR	-0.112	0.151	Rejected
H4d	MAJ → RTP	-0.202**	0.009	Accepted (Major students are more cautious with risks)

5. Discussion

The research results yield many important findings about the impact of cultural factors on ethical decisions in the accounting and auditing field.

Regarding risk-taking propensity, the study confirms that this factor has an inverse effect on ethical awareness (H1 accepted). This implies that individuals with high risk-taking propensity tend to evaluate issues as less ethically sensitive, thereby posing potential risks to audit quality. This finding is consistent with previous studies by Sitkin and Pablo (1992) as well as Vinson et al. (2020).

Regarding gender, the results affirm that females are more cautious in ethical decisions (H2a accepted), consistent with studies by Kohlberg (1976) and Gilligan (1977). However, gender did not show a statistically significant influence on risk-taking propensity (H2b rejected, p = 0.140 > 0.05). This can be explained by the specific cultural characteristics of Vietnam, where gender roles in education and profession are strongly converging, gradually narrowing the gap in risk approach between males and females.

Regarding power distance, this is the strongest influencing factor in the model (H3a, $\beta = 0.724$), clearly reflecting the characteristic "subordinates dare not question superiors" in Vietnam, where subordinates find it difficult to question superiors' actions. Not stopping at indirect impact through awareness, power distance also directly affects ethical intention (H3b). This shows that even when aware of the issue, individuals may still make biased decisions under power pressure from superiors.

Regarding the impact of education, the study records multi-dimensional findings. First, final-year students have higher ethical awareness than first-year students (H4a accepted), affirming the positive effect of university education in forming and developing professional ethical competence. Second, accounting-auditing major students also show more caution with risks compared to non-major students (H4d accepted), indicating the influence of specialized training programs on risk perception.

However, a finding contrary to initial expectations was that auditors had higher ethical awareness (AWR) scores than students. On an inverse scale, this means that the actual ethical awareness of auditors in the survey sample was lower than that of students (H4b accepted but contrary to expectation). This "paradox" can be explained by the difference between "textbook ethics" and "practice ethics." While students often evaluate situations idealistically and strictly based on what they have learned, auditors with practical experience may have developed more pragmatic thinking, able to distinguish minor violations that may be acceptable in professional contexts. For example, a student might think that receiving gifts from clients is completely unacceptable, while an experienced auditor might consider this normal behavior if the gift value is insignificant and does not affect independence. Nevertheless, this result also raises an alarming concern about the risk of "ethical erosion" in the practice process, when ethical standards may gradually be worn down by work pressures and professional practice.

6. Conclusion and recommendations

This study was conducted to determine the influence level of cultural factors including education, gender, power distance, and risk-taking propensity on the ethical decisions of economics students in the accounting and auditing field in Vietnam. Through a survey of 194 subjects including students and auditors in Hanoi, combined with quantitative analysis techniques such as structural equation modeling (SEM) and regression, the study achieved important findings.

Results show that all four cultural factors considered have significant impacts on ethical awareness and intention. Specifically, risk-taking propensity has an inverse effect on ethical awareness, meaning that people who are more willing to accept risks tend to underestimate the ethical sensitivity of the issue. Regarding gender, females show higher levels of ethical sensitivity and tend to make more ethical decisions than males, although there is no clear difference in risk-taking propensity. Most notably, power distance is the strongest influencing factor, not only indirectly affecting through awareness but also directly affecting behavioral intention, reflecting the vertical organizational cultural characteristics in Vietnam. Regarding education, final-year students and major students have higher ethical awareness and risk caution. However, an important finding is that auditors had lower ethical awareness scores than students, indicating a gap between academic ethics and practice ethics, while warning of the risk of "ethical erosion" in the practice process. The research model explains 53.8% of the dependent variable's variance, affirming the explanatory value of cultural factors.

Based on the above results, the study proposes several recommendations. For educational institutions, ethics content should be introduced early in teaching, combining theory with complex practical scenarios to narrow the gap between theory and practice. For businesses, transparent culture should be built, power distance should be narrowed, two-way dialogue encouraged, and whistleblowers protected. For professional associations, retraining programs on ethics should be implemented for experienced auditors to prevent ethical erosion, while building a bank of practical scenarios in Vietnam as reference and training materials.

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