

# THE INFLUENCE OF PERCEIVED SYSTEM OF JUSTICE, MAGNITUDE OF CONSEQUENCES AND SOCIAL CONSENSUS ON ETHICAL DECISION-MAKING AMONG PROFESSIONAL ACCOUNTANTS IN NIGERIA

**Collins Sankay Oboh**  
Department of Accounting  
University of Lagos  
Lagos, Nigeria.

## Abstract

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*The purpose of this study is to investigate the influences of the perceived system of justice, the magnitude of consequences, and social consensus on the ethical decision-making (EDM) process of professional accountants in Nigeria. This is aimed to provide empirical evidence on the moral imperatives of dilemmatic ethical situations that will guide appropriate actions towards improving the EDM process of professional accountants. The study uses a structured questionnaire containing four pre-tested vignettes of ethical dilemmas and measurement scales to obtain data from professional accountants, which are analysed using Pearson correlation matrix and multiple regression techniques. The results show that perceived system of justice (which is perceived to be less efficient as it should be) has a negative influence, while the magnitude of consequences and social consensus have positive influences on professional accountants' EDM process. The evidence provided in this study can be integrated into the ethics code for professional accountants. Professional accounting bodies such as the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN) can use the findings of this study to enhance ethics instructions and training in educational settings. This study represents one of the first empirical attempts to relate professional accountants' perception of the Nigerian system of justice to their EDM processes, which has some implications for future theorisation on EDM.*

**Keywords:** Ethical decision-making, Magnitude of consequences, Social consensus, System of justice, Professional accountants, Nigeria

## Introduction

The issue of ethics in the accounting profession has resurfaced following widespread cases of money laundering, tax evasion, corporate frauds, and theft of public funds in many countries. Despite the significant contributions of accountancy to the global economy, recurring news headlines and reports of questionable accounting practices have attracted severe backlash against the profession (Bakre, 2007; Herbert et al., 2016; Oboh & Ajibolade, 2018; Sikka, 2009). Contrary to the assertion of being defenders of the public interest, professional accountants are accused of colluding with the directors and management of companies and with public officeholders, using their professional expertise to

evade taxes, siphon shareholders funds, misstate companies' accounts and loot public funds (Bakre, 2007; Oboh, 2019; Otusanya, 2010; Otusanya & Uadiale, 2014; Sikka, 2017). Being an issue of global concern, in 2016, the Group of Twenty (G-20) leaders in alliance with the International Federation of Accountants (IFAC) appealed to the accountancy profession to be more practical in promoting financial integrity, transparency and real accountability which will, in turn, restore confidence in institutions, businesses, and governments all over the world (Kirtley & Choudhury, 2016). By the profession, accountants are supposed to abide by an ethics code, defend the public interest in economic and financial matters, and be the conscience of organisations. But contrary to the spirit of the profession, documented evidence has shown that some accountants wilfully engage in questionable practices for personal benefits (Bakre, 2007; Oboh & Ajibolade, 2018; Sikka, 2009; Uche, 2002). The estimated annual revenues lost to questionable accounting practices globally should be about \$2.6 trillion (Oboh, 2019; Sikka & Lehman, 2015).

In response towards addressing some of the issues of questionable accounting practices, over the past thirty years of business ethics research, considerable research efforts have been vested towards understanding accountants' ethical decision-making (EDM) processes and moral development. These research efforts are, however, limited to the developed countries like America and other European countries. Empirical evidence from developing countries with high corruption profile and weak governments are sparse (Musbah, Cowton, & Tyfa, 2016; Oboh, 2019). Notably, in Nigeria, there is a dearth of empirical evidence on the influences on accountants' moral development and EDM processes. The few studies (e.g., Bakre, 2007; Ajibolade, 2008; Adeyeye, Adeyemi, & Otusanya, 2010; Ogunleye, 2015) which exist are limited to individual demographics such as age, gender and experience, and organisational factors. Empirical evidence on the way professional accountants perceive the system of justice in Nigeria and moral intensity of ethical issues appears to be missing in prior studies. There is, therefore, a need to advance our knowledge on how accountants' perceptions of the system of justice and moral intensity of ethical issues influence their EDM process. This could serve as a guide to accounting educators and professional accounting bodies in Nigeria (and other developing countries) towards the moral development and training of current and prospective professional accountants.

Accordingly, this study builds on survey data to provide empirical evidence on the influences of two dimensions of Jones' (1991) moral intensity construct (magnitude of consequences and social consensus) on three stages (ethical recognition, ethical judgment, and ethical intention) of Rest's (1979) EDM model. The study provides further insight into the way professional accountants perceive the Nigerian system of justice and how their perception influences their EDM processes. Nigeria constitutes the domain for this investigation because of its paradoxical position in the global scene. Firstly, as Africa's largest economy, a nation blessed with abundant natural and human resources. Secondly, as one of the most corrupt nations in the world (Ajibolade & Oboh, 2017, Transparency International, 2017; Oboh, 2019). Over twenty years (1996 to 2016), Transparency International has ranked Nigeria consistently among the most corrupt nations in the world. In a report published in 2017,

Transparency International ranked Nigeria 40th and 21st most corrupt country among 176 countries and 46 Sub-Saharan African countries respectively. This deplorable position of Nigeria in the world's corruption perception index (CPI) provides further justification for this study. The study, therefore, has value for the accounting profession in Nigeria and, by extension, other developing countries with high corruption profile and weak governments.

As the two foremost professional accounting bodies in Nigeria, the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN), seek to enhance their members' moral conducts, this study provides empirical evidence to assist not only these accounting bodies but also accounting educators and regulators towards the moral development of current and future accountants. The evidence in this study can be integrated into the ethics code for professional accountants. It can also be used to enhance moral instructions and training in educational settings. The study has potentials to contribute to the development and design of a well-thought-out curriculum for accounting ethics education at the undergraduate level, as there is yet to be a provision for a discrete ethics course in the Benchmark Minimum Academic Standards (BMAS) of NUC in Nigeria (Ogunleye, 2015; Oboh & Ajibolade, 2018; Oboh, 2019). This is important because introducing future accountants to issues of moral intensity and ethical dilemmas would aid their moral development and EDM processes. The other parts of the study are organised as follows: the literature review which includes the conceptual framework, theoretical underpinning and hypotheses development; the methodological choices are next explained, followed by the results and discussion, and then, the conclusion and limitation of the study.

## **Literature Review**

### ***A Brief on the Nigerian System of Justice***

Generally, the government of any nation has an exclusive duty to combat crimes and ensure justice, peace, and order. In Nigeria, the government combats crimes through its judiciary arm, being the third wing of government saddled with the duty of interpreting the law and maintaining its integrity. According to Adeosun (2018), the process and system of combating crimes are known as the criminal justice system. The system has an overall objective not only to punish crimes but also to control and inhibit them. It plays a central role in maintaining law and order under three wings - namely, the police, the courts, and the prisons. The system embodies a whole range of crime-regulating procedures designed to maintain order, peace, and tranquillity (Moses, 2011). It performs its task through various means of investigating, apprehending, arraigning, arbitrating, and sanctioning of individuals who violate constituted laws and authorities. The effectiveness of the system is measured generally by its capacity to achieve the objectives of deterrence, justice, rehabilitation, and reintegration (Moses, 2011; Ukwai & Okpa, 2017). While the 1999 constitution makes provision for an autonomous judiciary, it appears as though the judiciary is subject to pressures from the executive and legislative wings and influences by desperate politicians. Despite the crucial roles being played in the fight against financial and economic crimes, the Nigerian system of justice appears to suffer from inefficiency and widespread corruption (Akanmidu, 2018). There is a need for the justice system to avoid sentiments and biases, corrupt

inducement of judges, and delay in justice delivery. As it seems, the justice system in Nigeria may need considerable reformations to restore justice in the system again (Esoimeme, 2018).

### **Moral Intensity**

Thomas Jones first introduced the concept of moral intensity into empirical literature in 1991. He criticises existing ethics models for failing to recognise the nature of an ethical issue itself and its influence on EDM processes in organisations (Jones, 1991). For Jones, existing models present an incomplete picture of individuals' EDM processes because they allude that irrespective of the characteristics of the ethical issues involved, individuals will decide and act in the same way. To address these deficiencies in existing ethics models, Jones adapted to Rest's (1979) EDM model to design the moral intensity construct which incorporates the moral imperatives of ethical issues in a situation (Jones, 1991; Craft, 2013). The construct, although consists of six components (See Table 1), Jones notes that each component is independent and can influence EDM significantly.

**Table 1:** Moral intensity dimensions

Dimensions	Meaning
Magnitude of consequences	The extent of harm (or benefit) done to the victims (or beneficiaries) of a moral act
Social consensus	The extent of societal agreement that an intended act is evil (or good)
Probability of effect	The likelihood that an act will eventually occur and will cause the predicted harm (or benefit)
Temporal immediacy	The period between the present and the inception of the consequences of a moral act
Proximity	The sensation of closeness (cultural, social, psychological or physical) that a moral agent has for victims of the evil act
Concentration of effect	The function of the number of individuals being affected by an act of a given magnitude

**Source:** Jones (1991)

According to Jones (1991), there is a variability of moral issues concerning their intensity, and the issue-contingent model of EDM could add considerably to the understanding of moral processes in organisations. That is, the influence of moral intensity may vary significantly from one issue to another issue of morality, with many issues realising low levels and a few issues realising high levels. Although Jones' moral intensity construct contains six components or dimensions, it is the interest of this study to examine the first two dimensions - the magnitude of consequences and social consensus. While these two dimensions of moral intensity have received more research consideration in business ethics studies than the other four (Lehnert et al., 2015; Oboh, 2019), the evidence of their effects on EDM is limited to studies from the developed nations (Musbah et al., 2016). Evidence relating to their effects on EDM from developing nations is sparse. Besides, in his submission, Jones calls for more research

efforts to provide evidence on the significance of the moral intensity construct as it affects EDM processes. Accordingly, this study builds on data from Nigeria, which represents developing countries with high corruption profiles and weak governments, to help our understanding on how professional accountants perceive moral issues and how their perception influences their EDM processes in dilemmatic ethical situations.

### **James Rest Ethical Decision-Making (EDM) Theoretical Model**

The model of EDM developed by James Rest in 1979 is the most crucial framework in understanding EDM processes within organisations (Craft, 2013; Schwartz, 2016; Musbah et al., 2016). It is a theoretical model of decision-making that identifies four distinct psychological processes involved in the decision to behave ethically. The model, which describes individual cognitive stages in a decision-making situation, has four stages, namely ethical recognition, ethical judgment, ethical intention, and ethical behaviour. Ethical recognition, which is stage one of the model, is fundamental in the whole process of EDM because being ethically sensitive is fundamental in initiating the EDM process (Rest, 1982; Trevino & Blown, 2004). This stage involves individuals' ability to recognise that an intended action or decision could affect the good, expectations and interests of some individual directly or indirectly in a manner that may violate one or more moral principles, or by conflicting a common practice or universally held social norm (Rest, 1982, 1986). The theories of reasoned action (TRA) and planned behaviour (TPB) suggest that an individual's ability to identify ethical situations are influenced by background factors such as personal, social and informational factors (Rest, 1986; Ajzen & Fishbein, 2005). Jones' model also suggests that moral intensity plays a crucial role in recognising moral issues and, consequently, in engaging in the act of EDM (Jones, 1991). Generally, individuals have the notion that to be ethical is straightforward, and when confronted with an ethical situation, they would easily decide on the right thing. However, this is rarely true because ethical decisions do not come with signs to the decisionmaker (Trevino & Blown, 2004), and a majority of decisionmakers do not always recognise or perceive that a decision may involve an ethical issue (Rest, 1982). In reality, the processes of ethical judgment are seldom initiated without the decisionmaker recognising or perceiving the nature of an ethical issue. While ethical sensitivity does not mean ethicality (Sparks & Hunt, 1998), recognising a moral issue initiates the ethical judgment phase, and understanding this first step is central to the understanding of the EDM process more generally (Rest, 1982; Trevino & Blown, 2004).

Ethical judgment, which is stage two of Rest's EDM model, involves deciding on the most ethical course of action among possible alternatives (Rest, 1982; Schwartz, 2016). At this stage, when confronted with dilemmatic ethical situations, individuals should be able to judge and decide on the most ethical option among the available alternatives, which depends mostly on the individuals' cognitive aptitude and moral development stage (Rest, 1986). This stage was modelled principally after Kohlberg's cognitive reasoning and moral development (CMD) theory. The theory, which was developed by Lawrence Kohlberg in 1958, addresses how the cognitive processes of EDM become more sophisticated as individuals develop (Kohlberg, 1973; Rest, 1982; Trevino, 1986; Craft, 2013;

Schwartz, 2016). It holds that moral reasoning is the basis for ethical judgment and behaviour. Kohlberg argues that individuals' ability to make ethical judgment develops in stages in a six-stage progression grouped under three levels of morality, namely pre-conventional, conventional, and post-conventional levels (Kohlberg, 1973). At the pre-conventional level, Kohlberg argues that individuals are responsive to cultural rules and labels of 'good' and 'bad,' 'right' or 'wrong,' mainly when expressed in terms of physical or hedonistic consequences of action (punishment, rewards, and exchange of favors). This level of morality consists of the first and second stages of moral development, which are punishment and obedience orientation and instrumental relativist orientation. At the conventional level, Kohlberg notes that individuals become aware of the interest of others and their duties to society. These individuals seek to maintain the expectations of their families, groups, or nation, which is perceived as valuable in their own right regardless of immediate and undeniable consequences. This level of morality consists of the third and fourth stages of moral development, which are good boy---nice girl orientation and law and order orientation. At the post-conventional level, Kohlberg defines morality in view of legality and application different from the authorities of the groups or persons holding the principles. These principles are generally agreeable to individuals who strive to live in a just society, and they withstand tests of logical comprehensiveness. This level of morality consists of the fifth and sixth stages of moral development, which are social-contract legalistic orientation and universal ethical principle orientation.

Still, within the ethical judgment stage, Sparks and Hunt (1998) argue that the processing required for making ethical judgments might not occur if no problem is perceived. Therefore, for individuals to be able to decide on the available courses of action that is morally right, they have to first perceive or recognise the moral issues itself in the situation. Here, an individual's perception of the presence of a moral issue, alternatives and consequences may be affected by specific experiences, which in turn, alongside with deontological norms, and the appraisal of consequences, may lead to teleological and deontological evaluations, and then, to moral judgments (Jones, 1991; Trevino & Blown, 2004). The intuitionist models, however, project that a decisionmaker does not engage in the cognitive process, but makes decisions "intuitively" outside of consciousness (Woiceshyn, 2011). Prior business ethics studies have shown that the ability of individuals to make a moral judgment is affected by individual and organisational variables, and the characterisers of the issue itself (Jones, 1991; Craft, 2013).

The ethical intention, which is stage three of Rest's EDM model, is the subjective probability that a particular behavioural substitute will be implemented (Ajzen & Fishbein, 2005). This stage is an essential determinant of ethical behaviour (Buchan, 2005). It holds that an individual must have the desire to be an ethical person to act ethically and make ethical decisions (Mintz & Morris, 2008). According to Armstrong et al. (2003), ethical intention is the commitment to an ethical course of action, preferring ethical values to other values, and assuming personal responsibility for the outcomes. Generally, while an individual is pressured internally (influences within) and externally (outside influences) to lessen the desires to act ethically, the individual must prioritise a specific ethical alternative over other alternatives (Mintz & Morris, 2008). The theory of planned behaviour (TPB) is known to provide explicitly a classic framework in understanding the variables that associate with

individuals' ethical intention (Ajzen, 1991; Ajzen & Fishbein, 2005; Ajibolade, 2008). The theories of reasoned action and planned behaviour, which are devoted to the third and fourth stages (ethical intention and ethical behaviour) of Rest's model, hold that ethical intention is the immediate precursor to ethical behaviour which is influenced by individuals' attitudes towards a behaviour, subjective norms and perceived behavioural controls (Ajzen, 1991; Ajzen & Fishbein, 2005). According to Trevino and Blown (2004), though individuals may intend to make right decisions, but may not be able to follow through with their intentions and do what is right because of internal and external pressures. Hence, the intention to act ethically may not automatically translate to actual action in the face of a real-life situation (Ajibolade et al., 2014). Prior evidence suggests that individuals' intention to behave ethically may be influenced by individual, organisational and social factors (Ford & Richardson, 1994; Ajzen & Fishbein, 2005; Craft, 2013; Musbah et al., 2016).

Ethical behaviour is stage four and the final stage of Rest's EDM model. Here, individuals act or make decisions based on their intention (Ajzen, 1991). At this stage, Rest (1982, 1986) argues that implementing or executing a proposed action plan involves setting the order of actual actions, going around unexpected difficulties and impediments, overcoming frustration and fatigue, repelling distractions and other allurements and keeping the focus on the ultimate goal. Although the EDM framework follows a sequential prototype, Rest (1979) notes that the stages of the framework are different and that success in a stage does not guarantee success in any other stage. Usually, an individual may know what is ethically right and have the desire to act ethically, but internal and external pressures may influence the individual to act otherwise. Therefore, individuals at this stage must develop the willpower to act ethically and make ethical decisions (Rest, 1986; Mintz & Morris, 2008; Shawver & Sennetti, 2009; Valentine et al., 2014). Behaviourists and psychologists have shown that individuals are influenced, motivated and compelled by internal and external factors to behave ethically or otherwise when faced with situations that may be unclear or ambiguous on what the ethical stance should be (Dellaportas, 2006; Mintz & Morris, 2008). Determination, competence, resoluteness, and character are virtues of this stage of EDM process (Rest, 1982). Generally, this stage of the EDM model is the least researched (O'Fallon & Butterfield, 2005; Craft, 2013), which according to Musbah et al. (2016) is a sensitivity area and quite challenging to measure.

Accordingly, this study examines ethical recognition (moral awareness or sensitivity), ethical judgment and ethical intention, three of the four stages of Rest's EDM model. Ethical behaviour, which is the fourth and final stage, was not considered due to measurement issue and bias (Trevino, 1992; Musbah et al., 2016; Oboh, 2019). Besides, many behavioural theories and models suggest that the best sole predictor of an individual's behaviour is his/her intention to perform the behaviour (Flory et al., 1992; Ajzen & Fishbein, 2005). In prior studies, ethical intention has been used to proxy for ethical behaviour because it is believed that the more serious the intent to perform a behaviour, the likelihood that the behaviour would be performed (Buchan, 2005; Craft, 2013).

### **Prior Evidence and Hypotheses Development**

Generally, there is little or no evidence relating accountants' perception of the Nigerian justice system to their EDM processes. However, some few studies have found a significant relationship between the system of justice in Nigeria and economic and financial crimes, which we can learn from and build upon. For example, Salihu and Gholami (2018) examined the issues of corrupt practices in the judiciary, the implications on the administration of justice, and the war against corrupt practices in Nigeria. Findings from the study show that the Nigerian judicial system is dominated by corrupt practices, which stand as the major obstacle to the fight against economic and financial crimes in the country. We understand from Salihu and Gholami that the fight against economic and financial crimes suffers defeat because of the corrupt state of the justice system in Nigeria. Accordingly, a corrupt judiciary system may have a negative influence on the moral disposition of the populace of a society. That is, when members of society perceive the place of justice to be infested with injustice and corrupt practices such as delayed justices, bribery, and sentiments, they may be influenced negatively to compromise their moral conducts. Arguably, this submission resonates with the position of the Holy Bible, which says that "Because sentence against an evil work is not executed speedily. Therefore the heart of the sons of men is fully set in them to do evil" (Ecclesiastes 8:11, King James Version). Accordingly, we may relate Salihu and Gholami's argument to the fact that the way individuals perceive the justice system of a society may influence their morals, whether positively or negatively may depend on their perception of the system.

Furthermore, the investigation of Esoimeme (2018) provides some understanding of issues relating to the new anti-corruption policy of the Nigerian Judicial Council. From his investigation on the level of effectiveness of the deterrent measures of the new anti-corruption policy, we understand that for the anti-corruption policy to be active and achieve its desired objectives, the Nigerian judicial system would need a considerable transformation. Esoimeme's position suggests that economic and financial crimes thrive in Nigeria because the Nigerian judicial system is plagued with many systemic problems. Therefore, it should be of interest to the accounting profession and other stakeholders to understand how accountants perceive the justice system in Nigeria and how their perception of the system affects their EDM process in dilemmatic ethical situations. This is important because accountants are supposed to be defenders of the public interest in economic and financial matters. They are supposed to promote financial integrity, transparency, and real accountability, which are requisite to stimulating actual development and economic prosperity (Kirtley & Choudhury, 2016). Thus, to form an opinion on how the perceived system of justice influences the EDM process of professional accountants in Nigeria, this study is designed to test the following hypotheses:

- H1a:** The perceived system of justice in Nigeria has a significant influence on the ethical recognition of professional accountants.
- H1b:** The perceived system of justice in Nigeria has a significant influence on the ethical judgment of professional accountants.
- H1c:** The perceived system of justice in Nigeria has a significant influence on the ethical intention of professional accountants.

Furthermore, concerning the issues of moral intensity, in a review of over a hundred empirical articles that test the EDM model in business, Loe, Ferrell, and Mansfield (2000) found only two studies that investigated the dimensions of moral intensity of which both studies reported a significant influence on EDM process. Moral intensity is one of those themes in business ethics in the call for more research evidence across regions (Craft, 2013; Musbah et al., 2016). This is because a large portion of prior evidence on moral intensity variables and EDM is from the developed nations, mostly from the United States (US) and other European countries. In examining the individual, social and organisational sources of sharing and variation of moral reasoning among managers in the US, Granitz (2003) applied the regression analysis approach and found that among other variables, personal moral intensity had the most substantial influence on sharing and variation of moral reasoning among the managers. Applying a multivariate analysis of variance (MANOVA) tests, Leitsch (2004) examined differences in the perception of moral intensity in the EDM of accounting students in the US. Leitsch's results show that the magnitude of consequences, the concentration of effect, proximity, and the probability of effect indicate more influences than social consensus and temporal immediacy on the students' EDM. O'Fallon and Butterfield's (2005) review of one hundred and seventy-four articles on EDM shows that all of the thirty-two articles on moral intensity except one found a consistent result.

Further evidence from McMahon and Harvey (2007) shows that perceived moral intensity factors were among the variables that significantly predicted the ethical judgment of undergraduate students at a large university in the United States. Wasieleski and Hayibor (2008) examined whether certain features of moral intensity aid an individual's ability to identify violators of a conditional rule of a social contract. The results from the z-test show no significant association between moral intensity features and ethical recognition or awareness. The findings of Miyazaki (2009) show that the amounts of deductibles in an insurance claim situation influenced the perceived ethicality and fairness regarding an insurance claim-padding incident. The ANOVA results indicated that higher amounts of deductibles resulted in a stronger perception that insurance claim padding is just to the insurance company and weaker perceptions that the behaviour is questionable. In an exploratory study, Mencl and May (2009) investigated the direct influences of and associations between the magnitude of consequences and several types of proximity (psychological, social & physical) and the effect of empathy on the EDM of human resource professionals in the US. The correlation and regression analyses show that the magnitude of consequences has a direct relationship with principle-based evaluation.

Karacaer, Gohar, Aygün, and Sayin (2009) investigated the influences of individual values on EDM among Pakistani and Turkish professional accountants. While the study shows no difference in mean scores of perceived moral intensity in Pakistan and Turkey, the regression analysis shows that perceived moral intensity influenced the ethical judgments and behavioural intentions of professional accountants in the two countries. Similarly, comparing the US and Ireland, Sweeney, Arnold, and Pierce (2010) investigated the influence of the perceived moral culture of firms and selected demographic characteristics on auditors' moral evaluation of, and intention to engage in, different time pressure-induced dysfunctional behaviours. The findings from the Pearson correlation, factorial

analysis, and regression estimates suggest that perceived pressure to engage in dysfunctional behaviours and unethical tone at the top were significant in forming an ethical evaluation. However, only perceived unethical pressure had a significant impact on the intention to engage in the behaviours. The results also show that the country significantly influenced the analysis outcome, with US respondents reporting higher ethical evaluations and lower intentions to engage in unethical acts than Irish respondents. In Craft (2013), twenty-two articles relating to moral intensity and EDM were reviewed: five on moral recognition, twelve on moral judgment, and five on moral intention. The outcome of the review shows that all twenty-two studies reported significant effects of moral intensity dimensions on EDM process.

Bobek, Hageman, and Radtke (2015) assessed the extent to which professional role, gender, and decision context influence the EDM of public accounting professionals in the US. The results from the correlation analysis and ANCOVA show that moral intensity related significantly to males' EDM, and not to females' EDM. In another exploratory study, Nathan (2015) examined how South African circumstantial and social influences affect the moral standards of prospective chartered accountants in South Africa. The study found that environmental and societal variables, including lack of consequences, egoism, and justification, negatively influenced the ethical standards of prospective South African chartered accountants. Ogunleye (2015) also found in Nigeria that situational variables significantly influenced the ethical perception and predisposition of accountants than personal demography. Further evidence from Musbah et al. (2016) shows that magnitude of consequences, social consensus, and temporary immediacy are significant determinants of the EDM process among Libyan management accountants. Revisiting the issues of moral intensity and EDM, Shawver and Miller (2017) examined whether the perceived moral intensity of accounting students could be enhanced with a limited ethics intervention in an advanced accounting course. The results from the multivariate analysis show that after the intervention, moral intensity is more related to moral recognition, moral judgment, and moral intention of senior accounting students in two medium-sized liberal US universities.

Commonly, the findings on the influence of moral intensity on EDM process have been consistent over the years. Most of the studies reported positive influences of moral intensity dimensions on EDM. This, therefore, suggests that the right perception of the moral imperatives of a situation involving an ethical dilemma would influence EDM process positively. As argued by Shawver and Miller (2017), moral decisions are influenced heavily by the intensity of the moral issue, and that the more flagrant the act, the more individuals assess it as unethical. Generally, while there is a consensus among accounting and business ethics academics that moral intensity components correlate with EDM positively, majority of the studies on moral intensity are from the developed nations. There is limited empirical evidence from less developed and developing countries where the issue of corruption is alarming. Therefore, providing empirical evidence on the influence of moral intensity on EDM using samples from Nigeria, a country with high corruption profile and weak government, would be a significant contribution to the body of literature on moral intensity and EDM. Accordingly, the current study is

designed to test the following hypotheses relating to the magnitude of consequences, social consensus, and EDM:

**H2a:** The magnitude of consequences of an ethical issue has a significant influence on the ethical recognition of professional accountants.

**H2b:** The magnitude of consequences of an ethical issue has a significant influence on the ethical judgment of professional accountants.

**H2c:** The magnitude of consequences of an ethical issue has a significant influence on the ethical intention of professional accountants.

**H3a:** The social consensus of an ethical issue has a significant influence on the ethical recognition of professional accountants.

**H3b:** The social consensus of an ethical issue has a significant influence on the ethical judgment of professional accountants.

**H3c:** The social consensus of an ethical issue has a significant influence on the ethical intention of professional accountants.

## **Methodology**

### **Research Design, Population, and Sample Size**

A survey design was adopted for this study, and data were collected from professional accountants working in private and public organisations. These professionals are members of ICAN and ANAN, Nigeria's foremost and oldest professional accounting bodies. The available records of ICAN and ANAN memberships show that these Institutes have about 41,774 and 20,049 members respectively (ICAN, 2017; ANAN, 2017), which gives a population of 61,823 professional accountants. The study used Yamane's (1967) formula to determine the sample size to be 397 professional accountants drawn from private and public organisations.

### **Research Instrument and Measurement of Variables**

This study uses a structured questionnaire containing pre-tested measurement scales to obtain data from professional accountants. Specifically, it adopted three pre-tested vignettes of moral dilemmas from Flory et al. (1992), which were created initially by the Institute of Management Accountants (IMA) in the US. Over three decades of accounting and business ethics research, these vignettes have been certified as reliable and valid in measuring ethical variables (Leitsch, 2004; Musbah et al., 2016). The characters, organisations, and places in each vignette were changed to appropriate the vignettes into the Nigerian situation. Also, one vignette from Oboh (2018) was used in this study, which involves different moral issues commonly found in many organisations in Nigeria. The four vignettes and scales were used to measure the magnitude of consequences, social consensus, and the stages of EDM (ethical recognition, ethical judgment, and ethical intention).

$n = N / (1 + Ne^2)$ . Where 'n' = sample size, 'N' = population and 'e' = error limit (5%).  $N = 61,823$ ;  
Sample size:  $n = 61,823 / [1 + 61,823 \times (0.05)^2] = 397$ .

To measure perceived system of justice, the respondents were asked to rate the Nigerian system of justice in a 4-point Likert type scale, from 'very efficient' (4) to 'not efficient' (1). The measurement of moral intensity and the stages of EDM were based on the adopted vignettes and scales. The respondents were asked to indicate their level of agreement to each statement associated to the vignettes on a 5-point Likert scale, from 'strongly agree' (5) to 'strongly disagree' (1). To measure ethical recognition, the respondents were asked to indicate whether the situation in each vignette involved an ethical problem. The respondents were also asked to indicate whether they agreed with the decision of the decision maker in each vignette to measure ethical judgment. To measure ethical intention, the respondents were asked to indicate whether they would make the same decision if they were the decision-maker in each vignette (reversed-coded). To measure the magnitude of consequences, the respondents were asked to indicate whether the overall harm (if any) as a result of the action of the decision maker would be minimal (reversed-coding). Social consensus was measured by asking the respondents to indicate whether most people would agree that the action of the decision maker is wrong (see Singhapakdi et al., 1996; Musbah et al., 2016; Leitsch, 2004).

Subject experts scrutinise the questionnaire to ensure content validity and reliability. The instrument was pre-tested on twenty chartered accountants (ICAN members), which were excluded from the survey. With the support of five assistants, the instrument was administered to the respondents in their offices. Contact persons in large organisations were given some copies of the questionnaire who distributed to the respondents (only members of ICAN and ANAN) in those organisations, which were collected within the specified period (fourteen days). In all, 397 copies of questionnaire were administered, and 352(88.66%) copies were returned. Of the copies returned, 329 (82.87%) were found usable for analysis, which is considered a satisfactory response rate. To address the issue of social desirability bias, the research instrument was accompanied with a cover letter which had the official address and logo of the researcher's University. The respondents were duly informed in the cover letter of the purpose of the study (an academic exercise), and they were assured of the confidentiality of their responses. This may be one of the reasons for the high response rate recorded in the study. The response rate achieved may also be attributed to the respondents' group (professional accountants in private and public organisations) and method of questionnaire distribution (personal contact) (see Randall & Gibson, 1990; Bampton & Cowton, 2013). Cronbach alpha was computed to establish a degree of reliability of the instrument. The values obtained for the combined measures for magnitude of consequences and social consensus are 70% and 73% respectively, while that of ethical recognition, ethical judgment, and ethical intention are 69%, 56%, and 71% respectively; thus, alluding that the instrument and scales used in measuring the variables are reliable, stable and consistent (see Nunnally, 1978; Field, 2009).

### ***Model Specifications and Data Analysis Method***

To test the proposed influences of the perceived system of justice, the magnitude of consequences, and social consensus on the ethical decision-making (EDM) process of professional accountants, the following regression models were tested in the study:

$$ER_i = \beta_{10} + \beta_{11}PSJ_i + \beta_{12}MC_i + \beta_{13}SC_i + \varepsilon_i \quad (1)$$

$$EJ_i = \beta_{20} + \beta_{21}PSJ_i + \beta_{22}MC_i + \beta_{23}SC_i + \varepsilon_i \quad (2)$$

$$EI_i = \beta_{30} + \beta_{31}PSJ_i + \beta_{32}MC_i + \beta_{33}SC_i + \varepsilon_i \quad (3)$$

Where:

ER, EJ and EI are ethical recognition, ethical judgment, and ethical intention respectively. PSJ is perceived system of justice; MC is the magnitude of consequences, and SC is social consensus.  $\hat{\alpha}_{10}$ ,  $\hat{\alpha}_{20}$  and  $\hat{\alpha}_{30}$  are the intercepts for the models (Models 1, 2 and 3), while  $\hat{\alpha}_{11} \dots \hat{\alpha}_{13}$ ,  $\hat{\alpha}_{21} \dots \hat{\alpha}_{23}$  and  $\hat{\alpha}_{31} \dots \hat{\alpha}_{33}$  are the regression coefficients for each model and  $\varepsilon$  is the error term. Pearson correlation analysis was performed to show the association between the dependent and independent variables. Multiple regression estimates are used to estimate models 1, 2, and 3 and to test the study's hypotheses. The p-values of the test statistics for the three stages of EDM (ethical recognition, ethical judgment, and ethical intention) are used to decide whether to support a hypothesis or not. A hypothesis is supported only if the p-value is significant (i.e.,  $p = .05$ ). The assumptions of linearity, homogeneity of variances, and normality of data distribution are assessed using scatterplots and histograms. Durbin-Watson test is used to assess the serial correlation between errors (see Tables 4, 5, and 6).

## Results and Discussion

### **Descriptive Analysis**

Table 2 displays that over half of the respondents (72%) are male, which reflect the general gender demography in the accounting profession in Nigeria. Over two-thirds of the respondents (73.2%) are within ages 30 and 50 years, and they have worked for at least 5 years and above (87.5%). Just over a third of the respondents (40.1%) have a postgraduate degree along with their bachelor's degree, and 68.1% are certified members of ICAN and 31.9% members of ANAN. Finally, about half of the respondents (49.5%) were drawn from public sector organizations and the remainder (50.5%) from private sector organizations. The respondents' demographic composition shows that the data were obtained from mature, educated, and professional individuals which validate their responses to the ethical issues contained in the instrument.

Furthermore, Table 2 shows that the system of justice in Nigeria is perceived by the respondents to be inefficient ( $\mu = 1.97$ ). They observed that the consequence of the decision maker's action in each vignette is of significant magnitude ( $\mu = 3.76$ ). The respondents also considered that most people in Nigeria would agree that the decision maker's action in each vignette is wrong ( $\mu = 3.60$ ). Regarding the stages of EDM, the mean score for ethical recognition ( $\mu = 4.47$ ) indicates that the respondents recognised the situation in each vignette to involve an ethical dilemma. The mean score for ethical judgment ( $\mu = 4.00$ ) indicates that the respondents made an ethical judgment about the ethical dilemma contained in each vignette. The mean score for ethical intention ( $\mu = 3.76$ ) indicates that the respondents have a predisposition towards making ethical decisions when confronted with ethical dilemmas.

Table 2: Respondents' demographics: Perceived system of justice, Moral intensity, and EDM stages

	Frequency	%	Moral Intensity					EDM Stages					
			PSJ	MC	SC	ER	EJ	EI					
			M(SD)	M(SD)	M(SD)	M(SD)	M(SD)	M(SD)					
Gender:													
Female	92	28.0	2.02(.629)	3.82(.824)	3.53(.902)	4.43(.553)	3.98(.670)	3.74(.855)					
Male	237	72.0	1.94(.633)	3.74(.854)	3.62(.806)	4.49(.578)	4.00(.644)	3.77(.849)					
Age bracket:													
< 30 years	34	10.4	1.82(.758)	3.51(.907)	3.54(.744)	4.43(.588)	3.81(.707)	3.51(.872)					
30-<40 years	131	39.8	1.90(.580)	3.77(.820)	3.51(.826)	4.51(.550)	3.97(.628)	3.74(.859)					
40 - 50 years	110	33.4	2.01(.657)	3.82(.865)	3.73(.867)	4.48(.581)	4.06(.636)	3.84(.828)					
> 50 years	44	13.4	2.11(.579)	3.88(.742)	3.49(.852)	4.38(.564)	4.06(.603)	3.96(.711)					
Professional membership:													
ICAN	224	68.1	1.84(.591)	3.92(.770)	3.56(.871)	4.56(.494)	4.04(.626)	3.88(.806)					
ANAN	105	31.9	2.23(.639)	3.42(.903)	3.67(.744)	4.28(.671)	3.90(.693)	3.53(.894)					
Sectorial distribution:													
Private	166	50.5	1.83(.642)	3.91(.843)	3.57(.915)	4.61(.500)	4.09(.636)	3.89(.826)					
Public	163	49.5	2.11(.590)	3.61(.823)	3.62(.742)	4.34(.607)	3.90(.654)	3.64(.857)					
Education:													
First degree (B.Sc., HND)	191	58.1	1.95(.653)	3.70(.834)	3.58(.763)	4.40(.596)	3.95(.627)	3.68(.830)					
Postgraduate degree (M.Sc., MBA, Phil)	138	41.9	1.99(.604)	3.85(.856)	3.62(.924)	4.57(.521)	4.06(.679)	3.89(.863)					
Work experience													
< 5 years	40	12.2	1.83(.675)	3.56(.102)	3.56(.746)	4.46(.595)	3.99(.666)	3.60(.910)					
5- < 15 years	161	48.9	1.93(.618)	3.80(.837)	3.62(.811)	4.51(.573)	3.97(.649)	3.75(.875)					
15 - 25 years	93	28.3	2.00(.646)	3.78(.796)	3.63(.881)	4.42(.546)	3.99(.643)	3.82(.809)					
> 25 years	34	10.3	2.21(.538)	3.78(.814)	3.46(.923)	4.47(.615)	4.14(.680)	3.89(.769)					
<b>Total</b>	<b>329</b>	<b>100</b>	<b>1.97(.632)</b>	<b>3.76(.846)</b>	<b>3.60(.833)</b>	<b>4.47(.571)</b>	<b>4.00(.651)</b>	<b>3.76(.850)</b>					

M = mean & SD = standard deviation. PSJ is perceived system of justice; MC is the magnitude of consequences, SC is social consensus, ER is ethical recognition; EJ is ethical judgment & EI is ethical intention

### **Pearson Correlation Analysis**

Correlation analysis was performed to establish an association between the independent variables and the stages of EDM to assess the nature of the association that exists between them. The correlation was performed for each vignette and the combined measures. However, the study uses only the results for the combined measures to make final inferences on the association between the independent variables and the stages of EDM. Table 3 displays the Pearson correlation results. From the table, there is a negative correlation between the perceived system of justice and ethical recognition in vignettes 1, 3 and 4 ( $p < .05$ ) and no relationship is seen with ethical recognition in vignette 2. There is also no significant correlation between the perceived system of justice and ethical judgment and intention ( $p > .05$ ) in the four vignettes. For the combined measures, the perceived system of justice correlates negatively with ethical recognition (ER:  $p < .01$ ,  $r = -.159$ ), which suggests that the perception of the system of justice in Nigeria as inefficient has a negative influence on professional accountants' ethical sensitivity.

Table 3 also shows that magnitude of consequences correlates positively with the stages of EDM in each vignette ( $p < .01$ ) and for the combined measures (ER:  $p < .01$ ,  $r = .377$ ; EJ:  $p < .01$ ,  $r = .395$ ; EI:  $p < .01$ ,  $r = .618$ ), which suggests that the perceived magnitude of consequences of an ethical issue will influence professional accountants' EDM positively. Social consensus also correlates positively with EDM stages ( $p < .05$ ). However, no significant relationship between social consensus and ethical recognition is seen in vignettes 1 and 3 ( $p > .05$ ). For the combined measures, social consensus correlates positively with ethical recognition, ethical judgment and ethical intention (ER:  $p < .05$ ,  $r = .118$ ; EJ:  $p < .01$ ,  $r = .207$ ; EI:  $p < .01$ ,  $r = .154$ ), which suggests that societal censure of unethical actions will influence the EDM of professional accountants positively.



EDM Stages & Variables	VIGNETTE 1			VIGNETTE 2			VIGNETTE 3			VIGNETTE 4			COMBINED (1-4)		
	ER	EJ	EI	ER	EJ	EI									
I	-.123*	.015	-.057	-.088	.060	-.082	-.136*	.090	-.011	-.118*	.058	-.069	-.159**	.086	-.076
	.248**	.250**	.401**	.272**	.297**	.539**	.281**	.322**	.410**	.282**	.406**	.562**	.377**	.395**	.618**
	.072	.141*	.138*	.233**	.177**	.210**	.000	.171**	.162**	.173**	.264**	.246**	.118*	.207**	.154**

\*\*significant at .01; \*significant at .05. PSJ is perceived system of justice; MC is magnitude of consequences, SC is social consensus, ER is ethical recognition; EJ is ethical judgment & EI is ethical intention

### **Regression Analysis**

Ensuing from the satisfactory outcomes of the diagnostic test for linearity, normality of data distribution, and homogeneity of variance, regression analysis was performed to test the study's hypotheses. Four vignettes containing ethical dilemmas were put forward to the respondents to assess their ability to recognise the ethical problem, make an ethical judgment concerning the ethical problem in each vignette, and to assess their intention towards making ethical decisions. The decision to support or not support a hypothesis is based specifically on the results of the test statistics for ethical recognition, judgment, and intention for the combined measures. Regarding ethical recognition, Table 4 shows that the perceived system of justice influenced ethical recognition only in vignette 3 ( $\beta = -.111, p < .05$ ). Magnitude of consequences influenced ethical recognition in vignette 1 ( $\beta = .230, p < .01$ ), vignette 2 ( $\beta = .238, p < .01$ ), vignette 3 ( $\beta = .270, p < .01$ ) and vignette 4 ( $\beta = .259, p < .01$ ). Social consensus influenced ethical recognition in vignette 2 ( $\beta = .196, p < .01$ ) and vignette 4 ( $\beta = .141, p < .01$ ) and not in vignettes 1 and 3 ( $p > .05$ ). As to the combined measures, Table 4 shows that perceived system of justice has a negative influence on ethical recognition ( $\beta = -.112, p < .05$ ), while the magnitude of consequences has a positive influence on ethical recognition ( $\beta = .355, p < .01$ ). Social consensus has a non-significant influence on ethical recognition ( $\beta = .091, p > .05$ ). The t-tests in the model indicate that perceived system of justice ( $t = -2.193, p < .05$ ) and magnitude of consequences ( $t = 6.906, p < .01$ ) made significant contributions to the model in predicting the ethical recognition of professional accountants. Overall, the model significantly explained 16% (Adj. R<sup>2</sup>) variations in ethical recognition ( $F = 20.945, p < .01$ ), with the magnitude of consequences having more influence than the other variables.

In relation to ethical judgment, Table 5 shows that perceived system of justice influenced ethical judgment only in vignette 3 ( $\beta = .113, p < .05$ ). Magnitude of consequences influenced ethical judgment in vignette 1 ( $\beta = .246, p < .01$ ), vignette 2 ( $\beta = .283, p < .01$ ), vignette 3 ( $\beta = .334, p < .01$ ) and vignette 4 ( $\beta = .386, p < .01$ ). Social consensus also influenced ethical judgment in vignette 1 ( $\beta = .113, p < .05$ ), vignette 2 ( $\beta = .135, p < .05$ ), vignette 3 ( $\beta = .166, p < .01$ ) and vignette 4 ( $\beta = .221, p < .01$ ). As to the combined measures, Table 5 shows that perceived system of justice ( $\beta = .138, p < .01$ ), magnitude of consequences ( $\beta = .355, p < .01$ ) and social consensus ( $\beta = .091, p < .01$ ) influenced the ethical judgment of the professional accountants positively. The t-tests in the model indicate that all the three explanatory variables, perceived system of justice ( $t = 2.762, p < .01$ ), magnitude of consequences ( $t = 7.990, p < .01$ ) and social consensus ( $t = 3.558, p < .01$ ), made significant contributions to the model in predicting the ethical judgment of professional accountants. Overall, while the model significantly explained 20% (Adj. R<sup>2</sup>) variations in ethical judgment ( $F = 28.054, p < .01$ ), magnitude of consequences had more influence than perceived system of justice and social consensus.

**Table 4:** Regression Analysis (Perceived system of justice, Moral intensity, and Ethical recognition)

Variables	VIGNETTE 1		VIGNETTE 2		VIGNETTE 3		VIGNETTE 4		COMBINED (1-4)		Collinearity Statistics		
	B	SE	B	SE	B	SE	B	SE	B	SE	t	Tolerance	VIF
Constant	4.082	.219	3.656	.220	4.139	.219	3.299	.275	3.545	.206	17.204**		
PSJ	-.092	.088	-.079	.063	-.129	.062	-.111*	.081	-.097	.046	-.112*	.982	1.018
MC	1.38	.033	.230**	.153	.034	.238**	.177	.035	.259**	.240	.355**	.977	1.023
SC	.029	.034	.046	.131	.035	.196**	.003	.032	.141**	.063	.091	.994	1.006
F - test	8.221**		14.168**		10.789**		13.232**		20.945**				
R <sup>2</sup> (Adj. R <sup>2</sup> )	.07(.06)		.12(.11)		.09(.08)		.11(.10)		.16(.16)			Average	1.016
Durbin-Watson	1.824		1.989		1.913		1.927		1.840			VIF	

\*\*s significant at .01; \*significant at .05; PSJ is perceived system of justice; MC is magnitude of consequences; SC is social consensus; VIF is variance inflation factor.

**Table 5: Regression Analysis (Perceived system of justice, Moral intensity, and Ethical judgment)**

Variables	VIGNETTE 1		VIGNETTE 2		VIGNETTE 3		VIGNETTE 4		COMBINED (1-4)		Collinearity Statistics		
	B	SE	B	SE	B	SE	B	SE	B	SE	t	Tolerance	VIF
Constant	3.373	.229	2.199	.318	1.793	.304	1.530	.277	2.062	.228	9.023**		
PSJ	.060	.060	.054	.092	.148	.086	.113*	.082	.089	.051	.138**	.982	1.018
MC	1.56	.034	.246**	.264	.049	.283**	.313	.048	.386**	.308	.400**	.977	1.023
SC	.074	.036	.113*	.131	.143	.135*	.198	.044	.221**	.138	.177**	.994	1.006
F - test	9.105**		13.740**		18.458**		30.389**		28.054**				
R <sup>2</sup> (Adj. R <sup>2</sup> )	.08(.07)		.11(.11)		.15(.14)		.22(.21)		.21(.20)			Average	1.016
Durbin-Watson	1.817		1.873		1.948		2.001		1.990			VIF	

\*\*s significant at .01; \*significant at .05; PSJ is perceived system of justice; MC is magnitude of consequences; SC is social consensus; VIF is variance inflation factor.

**Table 6: Regression Analysis (Perceived system of justice, Moral intensity, and Ethical intention)**

Variables	VIGNETTE 1		VIGNETTE 2		VIGNETTE 3		VIGNETTE 4		COMBINED		Collinearity Statistics		
	B	SE	B	SE	B	SE	B	SE	B	SE	t	Tolerance	VIF
Constant	2.125	.339	1.464	.305	1.272	.334	1.132	.282	1.047	.261	4.016**		
PSJ	.004	.090	-.074	.088	-.039	.094	.020	-.052	.005	.059	.004	.982	1.018
MC	.385	.051	.391**	.520	.439	.053	.412**	.563	.614	.044	.611**	.977	1.023
SC	.101	.052	.099	.139	.132**	.158	.049	.162**	.185	.045	.109*	.994	1.006
F - test	22.059**		48.219**		26.122**		58.309**		70.271**				
R <sup>2</sup> (Adj. R <sup>2</sup> )	.17(.16)		.31(.30)		.20(.19)		.35(.35)		.39(.39)			Average	1.016
Durbin-Watson	1.786		1.844		1.943		1.938		1.911			VIF	

\*\*significant at .01; \*significant at .05; PSJ is perceived system of justice; MC is magnitude of consequences; SC is social consensus; VIF is variance inflation factor.

Concerning ethical intention, Table 6 shows that perceived system of justice did not influence ethical intention in the four vignettes ( $p > .05$ ). Magnitude of consequences influenced ethical intention in vignette 1 ( $\beta = .391, p < .01$ ), vignette 2 ( $\beta = .516, p < .01$ ), vignette 3 ( $\beta = .412, p < .01$ ) and vignette 4 ( $\beta = .540, p < .01$ ). Social consensus influenced ethical intention in vignette 2 ( $\beta = .132, p < .01$ ), vignette 3 ( $\beta = .162, p < .01$ ) and vignette 4 ( $\beta = .186, p < .01$ ) and not in vignette 1 ( $p > .05$ ). As to the combined measures, Table 6 shows that perceived system of justice did not influence ethical intention, while magnitude of consequences ( $\beta = .611, p < .01$ ) and social consensus ( $\beta = .109, p < .05$ ) influenced the ethical intention of the professional accountants positively. The t-tests in the model indicate that only magnitude of consequences ( $t = 13.966, p < .01$ ) and social consensus ( $t = 2.508, p < .05$ ) made significant contributions to the model in predicting the ethical intention of professional accountants. Overall, while the model significantly explained 39% (Adj. R<sup>2</sup>) variations in ethical intention ( $F = 70.271, p < .01$ ), magnitude of consequences had more influence than social consensus.

### Summary of Hypotheses Testing

Concerning autocorrelation and collinearity diagnostics, Tables 4, 5 and 6 display the Durbin-Watson tests for the combined measures for Model 1 (1.840), Model 2 (1.990), and Model 3 (1.911) which indicate that the regression estimates are free from serial correlations (autocorrelation). The collinearity diagnostics (VIF < 10; average = 1.016 ~ 1; Tolerance > 0.2) displayed in the Tables indicate that the models are free from collinearity problem. Based on the regression results for ethical recognition (see Table 4), ethical judgment (see Table 5) and ethical intention (see Table 6), and the decision criteria for supporting a hypothesis, the decisions regarding the hypotheses of the study are presented in Table 7.

**Table 7:** Summary of Hypotheses Testing

Hypothesis	Statistical analysis	Independent variables	Ethical recognition	Ethical judgment	Ethical intention	Decision
H1a: the perceived system of justice in Nigeria has a significant influence on the ethical recognition of professional accountants.	Regression	Perceived system of justice	Significant			Supported
H1b: the perceived system of justice in Nigeria has a significant influence on the ethical judgment of professional accountants.	Regression	Perceived system of justice		Significant		Supported
H1c: the perceived system of justice in Nigeria has a significant influence on the ethical intention of professional accountants.	Regression	Perceived system of justice			Not significant	Not supported
H2a: the magnitude of consequences of an ethical issue has a significant influence on the ethical recognition of professional accountants.	Regression	Magnitude of consequences	Significant			Supported
H2b: the magnitude of consequences of an ethical issue has a significant influence on the ethical judgment of professional accountants.	Regression	Magnitude of consequences		Significant		Supported

<b>H2c:</b> the magnitude of consequences of an ethical issue has a significant influence on the ethical intention of professional accountants.	Regression	Magnitude of consequences		Significant	Supported
<b>H3a:</b> the social consensus of an ethical issue has a significant influence on the ethical recognition of professional accountants.	Regression	Social consensus	Not significant		Not supported
<b>H3b:</b> the social consensus of an ethical issue has a significant influence on the ethical judgment of professional accountants.	Regression	Social consensus		Significant	Supported
<b>H3c:</b> the social consensus of an ethical issue has a significant influence on the ethical intention of professional accountants.	Regression	Social consensus		Significant	Supported

## Discussion

This study used a multiple regression approach to examine the influences of the perceived system of justice, the magnitude of consequences, and social consensus on the ethical decision-making (EDM) process of professional accountants in Nigeria. Findings from the descriptive analysis show that across socio-demographic characteristics, well over two-thirds of the professionals perceived the system of justice in Nigeria to be less efficient as it should be. The regression results indicate that perceived system of justice has a negative influence on professional accountants' ethical recognition and a positive influence on their ethical judgment. While the results on the influence of the perceived system of justice on EDM are mixed, there is a strong association between how professional accountants perceive the Nigerian system of justice and their EDM processes. The negative influence of the perceived system of justice on accountants' ethical recognition suggests that the system of justice in a nation plays a significant role in determining how the populace would perceive ethical issues in business situations. For example, an accountant may be offered some financial rewards by an organisation to evade taxes. Instead of the accountant to abide by an ethics code, he/she may become insensitive to the ethical issue regarding tax evasion and therefore may accept the offer. Thus, the accountant's decision to accept the offer may not only be motivated by the rewards but also by the way he/she perceives the system of justice, which in this case is perceived to be inefficient. Accordingly, an inefficient system of justice in society may communicate negatively to members of a society that they are sure to get away with wrongdoings. Thus, the negative association between the perceived system of justice and professional accountants' ethical sensitivity may help us to understand why some accountants in Nigeria deliberately engage in questionable accounting practices despite being guided by an ethics code (Uche, 2002; Bakre, 2007). The findings on the perceived system of justice resonate with the argument of Salihu and Gholami (2018) who reported that the Nigerian judicial system is dominated by corrupt practices which stand as a significant hindrance to the fight against economic and financial crimes in the country. There is, however, need for further empirical evidence to theorise on the associated influence the Nigerian system of justice has on the EDM process of accountants and other business professionals.

The regression results further show that the magnitude of consequences has a positive influence on the ethical recognition, judgment, and intention of professional accountants in Nigeria. This finding

suggests that a rightly perceived magnitude of consequences of questionable accounting practices will aid professional accountants in recognising an ethical problem and making ethical decisions in situations involving ethical dilemmas. For example, an accountant may be influenced not to collude with an organisation to evade taxes or loot public funds irrespective of the amount involved if the accountant perceives the magnitude of consequences of such unethical act rightly. The magnitude of consequences here is not the amount of taxes to evade but the unethical act of evading taxes and the associated consequences. Therefore, some professional accountants may desist from unethical decision-making not only that they are bound to abide by an ethics code but also for fear of the associated consequences of such act like a retraction of practicing license or the loss of a job. Consistent with the deterrence theory and Kohlberg's submission at the pre-conventional morality level, this study demonstrates that perceived magnitude of consequences of questionable accounting practices will enhance professional accountants' EDM processes. There is, therefore, a strong association between the magnitude of consequences of questionable accounting practices and professional accountants' EDM process.

Similarly, the regression results show that social consensus has a positive influence on professional accountants' ethical judgment and ethical intention, which suggest that accountants may also abstain from an unethical act and be duty-bound to make ethical decisions when such act is perceived to be consensually wrong. For example, an accountant may be influenced not to collude with any individual or organisation to loot public funds when the accountant perceives a strong societal censure for such questionable practices. Consenting to Kohlberg's submission at the conventional morality level, this study demonstrates that perceived social consensus of questionable accounting practices may discourage professional accountants from questionable accounting practices. It will compel them to make ethical decisions as defenders of the public interest to satisfy the expectations of society. Perceived social consensus, therefore, has a strong relationship with professional accountants' EDM process. These findings are consistent with Singhapakdi, Rao, and Vitell (1996), who argued that moral intensity variables are direct predictors of ethical judgments.

### **Conclusion and Implications**

There is still a lot not known about how professional accountants perceive the moral intensity of ethical issues in business situations in Nigeria. This study examined the influence of professional accountants' perception of the Nigerian system of justice and moral intensity of ethical issues on their EDM processes. The study demonstrates that the perceived system of justice, the magnitude of consequences, and social consensus have significant influences on professional accountants' EDM processes. It, therefore, concludes that besides the influence of ethics code, the way professional accountants perceive the system of justice and moral intensity (magnitude of consequences and social consensus) of ethical issues may determine how they would respond to ethical issues in dilemmatic situations. For example, if an accountant perceives the system of justice to be inefficient and wrongly perceives the moral intensity of ethical issues, the accountant may likely disregard professional ethics code and engage in questionable accounting practices for personal gains. However, if the accountant perceives the system of justice as efficient and perceives the moral

intensity of ethical issues rightly, then the accountant may desist from engaging in questionable accounting practices for fear of being brought to justice.

Accordingly, attention is drawn to the need for a reform of the Nigerian system of justice, as its current state is perceived to be generally inefficient. This is necessary because, if Nigeria must fight the issues of economic and financial crimes to a standstill, the judiciary arm of the government must be proactive and efficient in bringing perpetrators of economic and financial crimes to justice. Future policy development in the accounting profession in Nigeria should also consider the moral intensity of ethical issues. While Uche (2002) and Bakre (2007) observed that accountants compromise their ethical stance to make some personal gains, this study argues that the way accountants perceive the justice system has a role to play in such questionable acts. Thus, through strategic reforms of the system of justice in Nigeria and moral orientation strategy, future professional accountants can be instructed adequately on issues of ethics, which has the potential of influencing their EDM processes. Thus, the evidence in this study could be used to enhance ethics instructions and training for accountants in educational settings, especially in countries like Nigeria where there is yet to be a discrete ethics course in the undergraduate accounting programmes. The system of rewarding ethical conducts and punishing unethical behaviours should also be strengthened through stricter regulations and definitive laws, as these should actively deter professional accountants from questionable accounting practices.

### **Limitation of the Study**

As in prior studies, this study has some limitations that should be considered regarding its conclusion. The use of a questionnaire to measure issues of ethics may bias and somewhat inflate the findings. Future research may advance knowledge on the influences of the perceived system of justice and moral intensity on accountants' EDM by using not only survey questionnaire but also adding interview sessions, which would allow the respondents to express their personal experiences regarding issues of ethics in Nigeria. Also, like many prior ethics studies, this study adopted a single-item scale to measure the dependent variables, which are the stages of Rest's (1979) EDM model. Future research could build on the results by adopting a multidimensional scale to measure the variables. Future research may also extend the findings of this study by examining the remaining four dimensions of Jones' (1991) moral intensity construct, as this study examined only the first two of the six dimensions. Finally, this study represents the first empirical attempt to relate professional accountants' perception of the Nigerian system of justice with their EDM processes. More studies are, therefore, required to expand on the findings of this study and to provide further insight for future theorisation on the associated influence the Nigerian system of justice has on the EDM processes of accounting professionals.

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