

Determinants of Accounting Students' Perceptions of Earnings Management Practices with the Level of Ethical Knowledge

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DOI: [10.46821/equity.v5i1.515](https://doi.org/10.46821/equity.v5i1.515)

ABSTRACTS

Phenomena related to earnings management practices pose an ethical dilemma, especially for accounting students. This study aims to analyze the effect of ethical orientation idealism and relativism on accounting students' perceptions of earnings management practices with the level of ethical knowledge as a moderating variable. The research was conducted on accounting students, Tadulako University from July to September 2023 with a total sample size of 267, with PLS analysis. The results of the study prove the influence of idealism has no effect on the perception of accounting students regarding earnings management practices. Relativism has a positive effect on accounting students' perceptions of earnings management practices. The level of ethical knowledge strengthens the influence of idealism and relativism on accounting students' perceptions of earnings management practices. Idealism and relativism simultaneously have a positive effect on student perceptions of earnings management practices. Therefore, the results of this study can be used as a reference for academics so that in the learning process they can slip ethical values in every lesson and discuss case studies about accounting scandals that occur.

Keywords: Idealism, Relativism, Perception, Earnings Management, Ethical Knowledge

ABSTRAK

Fenomena praktik manajemen laba menghadirkan dilema etika, khususnya bagi mahasiswa di jurusan akuntansi. Penelitian ini untuk menguji dampak orientasi etika, idealisme dan relativisme, terhadap persepsi mahasiswa akuntansi mengenai manajemen laba, dengan mempertimbangkan tingkat pengetahuan etika sebagai faktor moderasi. Penelitian ini dilakukan di kalangan mahasiswa akuntansi di Universitas Tadulako dari Juli hingga September 2023, menggunakan ukuran sampel sebanyak 267 partisipan dan menggunakan analisis PLS. Temuan penelitian menunjukkan bahwa idealisme tidak secara signifikan memengaruhi persepsi mahasiswa akuntansi terhadap praktik manajemen laba. Sebaliknya, relativisme memberikan efek positif pada persepsi ini. Selain itu, tingkat pengetahuan etika meningkatkan hubungan antara idealisme dan relativisme dan persepsi mahasiswa terhadap praktik manajemen laba. Lebih jauh lagi, idealisme dan relativisme secara kolektif memiliki dampak positif pada persepsi mahasiswa terhadap praktik-praktik ini. Akibatnya, hasil penelitian ini dapat menjadi referensi berharga bagi dunia akademis, yang menyarankan bahwa prinsip-prinsip etika harus diintegrasikan ke dalam kurikulum pendidikan, beserta studi kasus akuntansi di dunia nyata.

Kata Kunci: Idealisme, Relativisme, Persepsi, Manajemen Laba, Pengetahuan Etika

How to Cite:

Rinaia, S., Jurana, Din, M., and Paranoan, S. (2024). Determinants of Accounting Students' Perceptions of Earnings Management Practices with the Level of Ethical Knowledge. *Equity: Jurnal Akuntansi*, 5(1), 29-42. <https://doi.org/10.46821/equity.v5i1.515>.

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INTRODUCTION

In the financial statements, the performance of a company can be seen from the accounting profit earned by the company in certain periods. This is because earnings contain various information that shows how the company's financial condition. In preparing financial statements, it is influenced by two factors, namely the fairness factor (fairness value) and the sincerity factor (sincerity value) (Abernethy et al., 2012). Both factors can determine the quality of financial statement information and must be a concern for accountants, because accounting data has the potential to be applied unethically.

The term earnings management is not a stranger to management and accounting observers, both practitioners and academics. According to Davidson, et.al in Agoes & Ardana (2009) Earnings management is the process of taking certain deliberate steps within the limits of generally accepted accounting principles to produce the desired level of reported earnings. The essence of earnings management is an ability to manipulate the available options and make the right choices to achieve the expected level of profit (Ahmed Riahi and Belkaoui, 2007: 200 in Sulistiawan et al., 2011). In this case, there are different views on earnings management practices, this raises an ethical dilemma. On the one hand, earnings management is seen as an action that should not be taken because with earnings management the information provided does not fully reflect the state of the company and obscures the true value of the company.

To find out the perceptions of accounting students at the Faculty of Economics and Business, Tadulako University, the authors made observations by interviewing ten accounting students at Tadulako University randomly, consisting of four men and six women. The results of these observations show that there are various perceptions of students regarding earnings management practices, this is due to many factors which each student has different factors. Student behavior needs to be studied to determine the extent to which they will behave ethically or not in the future. The results of previous studies also argue that there are differences in student perceptions of earnings management practices. Research that discusses student perceptions of earnings management practices, one of which is research conducted by Kusumawardani (2017) where the results of her research show that women can be more ethical than men in addressing earnings management practices, and student idealism has a negative effect on student perceptions of earnings management practices, while relativism has a positive effect on student perceptions of earnings management practices. Research conducted by Nugroho & Aisyah (2018) the results of this study indicate that there are differences in perceptions between students with high levels of ethical knowledge and low ethical knowledge of creative accounting practices.

Although there have been many studies on the perceptions of accounting students regarding earnings management practices, these studies only focus on how accounting students perceive earnings management practices. In this study, the authors want to know the perceptions of Tadulako University accounting students towards earnings management practices by looking at the individual side of the student by using the characteristics of ethical orientation, namely student idealism and student relativism. This study also uses a moderation method to determine the condition of these students, namely with the level of ethical knowledge of the accounting profession as a moderating variable. The purpose of the research is to determine the effect of idealism ethical orientation on accounting students' perceptions of earnings management practices; the effect of relativism ethical orientation on accounting students' perceptions of earnings

management practices; The level of ethical knowledge affects the relationship between student idealism and accounting students' perceptions of earnings management practices; The level of ethical knowledge affects the relationship between student relativism and accounting students' perceptions of earnings management practices.

RESEARCH METHODS

Location and time of research

The research was conducted at the Department of Accounting, Faculty of Economics and Business, Tadulako University in July-September 2023. This research is quantitative research. The population in this study were accounting students of the Faculty of Economics and Business, University of Tadulako from 2016 to 2020 totaling 810 active students. The sample in this study amounted to 267 respondents who were taken using the Solvin formula with simple random sampling technique. Researchers use accounting student respondents because they are considered to reflect the understanding of future accountants regarding earnings management practices. The variable to be measured in this study is students' perceptions of earnings management practices. The independent variables in this study are ethical orientation idealism and relativism, and the moderating variable in this study is the level of ethical knowledge.

Research Approach

The research approach was carried out with a qualitative approach in the form of questionnaires to respondents. Student perceptions of earnings management practices are measured by indicators of recording fictitious transactions, fraudulent company actions, managerial engineering, shifting cost or income periods, and revenue recognition. Indicators of idealism ethical orientation according to Nazaruddin (2012) include attitudes that are believed not to harm others, one should not threaten the honor and welfare of others, actions taken in accordance with universal norms, moral actions are in accordance with ideal actions. Indicators of relativism ethical orientation according to Nazaruddin (2012) include different ethical rules in each community, different moral standards adapted to the environment, strict application of ethical rules will create better human relations, lies are considered moral or not. Meanwhile, the indicator of the level of ethical knowledge is how much information or information an accountant knows or realizes about the accounting guidelines issued by IAI and the application of the code of ethics. The level of knowledge referred to in this study is the knowledge of accounting students about the ethics of the accounting profession.

Data Collection Methods

The data collection method in this study is using a questionnaire distributed using google form through social networking applications.

Data Analysis

The method of data analysis and management in this study uses the PLS approach with the help of WarpPLS 8.0. Before data analysis is carried out, instrument testing is first carried out, namely the measurement model (outer model) which consists of validity and reliability tests, then testing the structural model (inner model) including

R-squared (R2), effect size (F2), Q-squared (Q2), and model fit tests, as well as moderation tests.

RESULTS AND DISCUSSION

1. Outer Model Testing

a. Reliability Test (Composite Reliability)

The reliability assessment conducted in this study seeks to evaluate a questionnaire designed as an indicator of the variable under investigation. A questionnaire is considered reliable if respondents' answers to its items demonstrate consistency or stability across time. The evaluation of construct reliability can be quantified using two primary criteria: composite reliability and Cronbach's alpha.

Table 1. Composite Reliability and Cronbach's Alpha values

| Variables | Composite Reliability | Cronbach's Alpha | Criteria | Status |
|-------------------------------------|-----------------------|------------------|----------|----------|
| Ethical orientation idealism (X1) | 0.908 | 0.887 | >0,7 | Reliabl |
| Ethical orientation relativism (X2) | 0.925 | 0.908 | >0,7 | Reliable |
| Level of ethical knowledge (Z) | 0.906 | 0.888 | >0,7 | Reliable |
| Earnings management practices (Y) | 0.839 | 0.759 | >0,7 | Reliable |

Source: WarpPLS output (2023)

b. Validity Test (Convergent validity)

Convergent validity refers to the extent to which the measurement outcomes of a given construct exhibit a positive correlation with the measurement outcomes of other constructs that are theoretically expected to be positively correlated. In the context of Partial Least Squares (PLS) analysis utilizing reflective indicators, assessments of convergent validity are primarily based on the average variance extracted (AVE) value. Indicators exhibiting a loading value below 0.50 should be considered for removal from the model. Conversely, for indicators with loading values ranging from 0.50 to 0.70, it is essential to evaluate the implications of retaining or removing these indicators on both the average variance extracted and the composite reliability.

Table 2. Loading Factor Value (Outer Loadings)

| Latent Variable | Outer-loadings |
|--|----------------|
| Ethical Orientation Idealism (X1) | |
| X1.1 | 0.704 |
| X1.2 | 0.623 |
| X1.3 | 0.778 |
| X1.4 | 0.750 |
| X1.5 | 0.779 |
| X1.6 | 0.777 |
| X1.7 | 0.643 |
| X1.8 | 0.643 |
| X1.9 | 0.673 |
| X1.10 | 0.664 |

| Latent Variable | Outer-loadings |
|--|-----------------------|
| Ethical Orientation Relativism (X2) | |
| X2.1 | 0.600 |
| X2.2 | 0.583 |
| X2.3 | 0.810 |
| X2.4 | 0.759 |
| X2.5 | 0.789 |
| X2.6 | 0.821 |
| X2.7 | 0.861 |
| X2.8 | 0.793 |
| X2.9 | 0.663 |
| X2.10 | 0.712 |
| Ethics Knowledge Level (Z) | |
| Z.1 | 0.682 |
| Z.2 | 0.716 |
| Z.3 | 0.513 |
| Z.4 | 0.550 |
| Z.5 | 0.586 |
| Z.6 | 0.534 |
| Z.7 | 0.738 |
| Z.8 | 0.672 |
| Z.9 | 0.590 |
| Z.10 | 0.554 |
| Z.11 | 0.724 |
| Z.12 | 0.760 |
| Z.13 | 0.599 |
| Z.14 | 0.547 |
| Z.15 | 0.570 |
| Earnings Management Practices (Y) | |
| Y.1 | 0.588 |
| Y.2 | 0.520 |
| Y.3 | 0.820 |
| Y.4 | 0.821 |
| Y.5 | 0.796 |

Source: WarpPLS output (2023)

c. Discriminant Validity Test

Discriminant validity is assessed to confirm that each construct associated with the variables is distinct from those of other variables. The evaluation of discriminant validity involves analyzing the square root of the Average Variance Extracted (AVE) for each variable and comparing it to the correlation coefficients of the other variables.

Table 3. Discriminant Validity Value

| Latent Variable | X1 | X2 | Z | Y |
|-------------------------------------|-------|-------|-------|-------|
| Ethical orientation idealism (X1) | 0.706 | 0.315 | 0.560 | 0.028 |
| Ethical orientation relativism (X2) | 0.315 | 0.745 | 0.352 | 0.393 |
| Level of ethical knowledge (Z) | 0.560 | 0.352 | 0.628 | 0.132 |
| Earnings management practices (Y) | 0.028 | 0.393 | 0.132 | 0.720 |

Source: WarpPLS output (2023)

2. Structural Model Measurement (inner model)

Inner model testing constitutes a structural framework designed to elucidate the causal relationships among latent variables. The analysis of structural models serves as a methodological approach to empirically evaluate hypotheses.

a. Coefficient of Determination (R²)

The coefficient of determination (R²) serves as an indicator of the proportion of variance in endogenous constructs that can be accounted for by exogenous constructs within the framework of the model.

Table 4. R-squared value

| Variables | R-squared |
|--|-----------|
| Student perceptions of earnings management practices (Y) | 0.224 |

Source: WarpPLS output (2023)

b. Predictive Validity Test (Q²)

Q-squared (Q²) testing is employed to evaluate the predictive validity or relevance of a collection of exogenous and endogenous latent variables. For a model to demonstrate predictive validity, it is essential that its Q-squared value exceeds zero.

Table 5. Q-squared value

| Variables | Q-squared |
|--|-----------|
| Student perceptions of earnings management practices (Y) | 0.246 |

Source: WarpPLS output (2023)

c. Effect Size Test (F²)

The effect size value obtained is useful for regulating how much influence the predictor variable has on the criteria.

Table 6. Effect Size Value

| | X1 | X2 | Z | Y | Z*X1 | Z*X2 |
|---|-------|--------|---|---|-------|-------|
| Y | 0.026 | 0.189 | | | 0.022 | 0.012 |
| | Wea | Medium | | | Wea | Wea |

Source: WarpPLS output (2023)

d. Model Fit Test

The model fit test is used to determine whether a model has a match with the data. The model fit test in the WarpPLS 8.0 program can be seen in the general result output.

Table 7. Model Fit Testing Results

| Parameters | Value | Limitations | Conclusion |
|--------------------------------|-------------------|-------------|------------|
| Average path coefficient (APC) | 0.261, P<0.001 | P<0,05 | Model Fit |

| Parameters | Value | Limitations | Conclusion |
|---------------------------------------|-------------------|---|------------|
| Average R-squared (ARS) | 0.224, P<0.001 | P<0,05 | Model Fit |
| Average adjusted R-squared (AARS) | 0.212, P<0.001 | P<0.05 | Model Fit |
| Average block VIF (AVIF) | 2.374 | acceptable if <= 5, ideally <= 3.3 | Model Fit |
| Average full collinearity VIF (AFVIF) | 2.230 | acceptable if <= 5, ideally <= 3.3 | Model Fit |
| Tenenhaus GoF (GoF) | 0.379 | small >= 0.1, medium >= 0.25, large >= 0.36 | Model Fit |

Source: WarpPLS output (2023)

e. Hypothesis Testing Results

The significance of all hypotheses in this study is assessed through the p-value. Specifically, a p-value less than 0.05 indicates that the hypothesis is accepted, whereas a p-value greater than 0.05 leads to the rejection of the hypothesis. Additionally, the strength of the relationship or influence between the variables is evaluated using the estimated path coefficient. The subsequent section will present a chart detailing the path coefficients identified in this study:

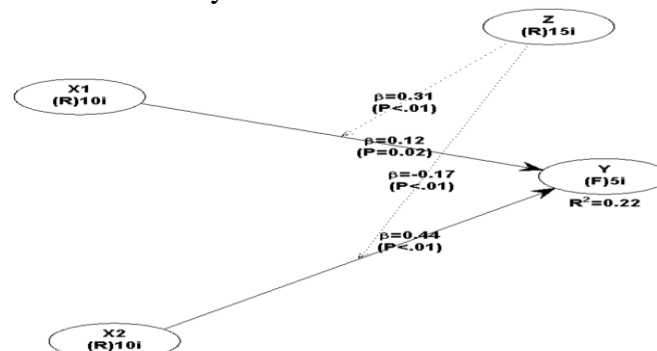


Figure 1: Research Outcome Model

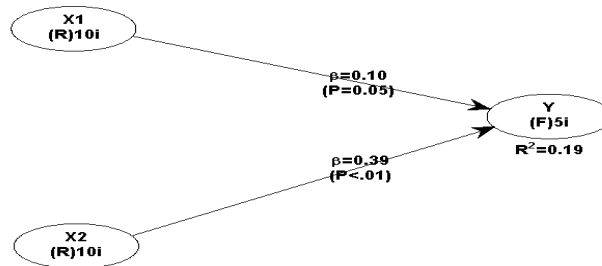
Source: WarpPLS output (2023)

- H1 = Which states that the ethical orientation of idealism affects the perception of accounting students regarding earnings management practices cannot be accepted or **rejected**.
- H2 = Which states that relativism ethical orientation affects the perception of accounting students regarding earnings management practices **is accepted**.
- H3 = Which states that the level of ethical knowledge can moderate the effect of idealism ethical orientation on accounting students' perceptions of earnings management practices can be **accepted**.
- H4 = Which states that the level of ethical knowledge can moderate the effect of relativism ethical orientation on accounting students' perceptions of earnings management practices can be **accepted**.

f. Moderation Test

Based on the results of hypothesis testing above, the multiple regression analysis equation is obtained as follows:

a. First Equation



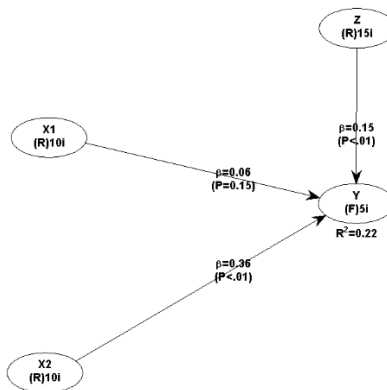
Model Equation 1

Source: WarpPLS output (2023)

$$Y = 0.10\beta_1 X_1 + 0.39\beta_2 X_2 + e \dots \dots \dots (1)$$

Based on the test results of equation 1, it shows that the coefficients of β_1 and β_2 show positive results.

b. Second Equation



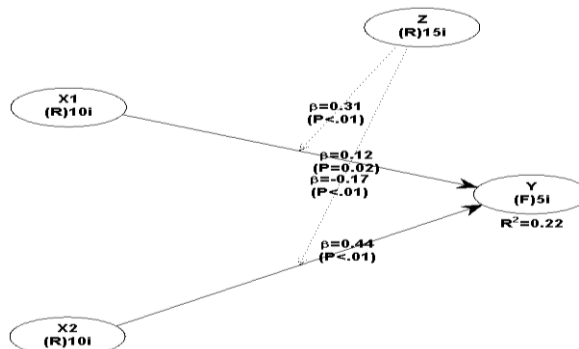
Model Equation 2

Source: WarpPLS output (2023)

$$Y = 0.06\beta_1 X_1 + 0.36\beta_2 X_2 + 0.15\beta_3 Z + e \dots \dots \dots (2)$$

Based on the test results of equation 2, it shows that the coefficient of β_3 shows positive and significant results.

c. Third Equation



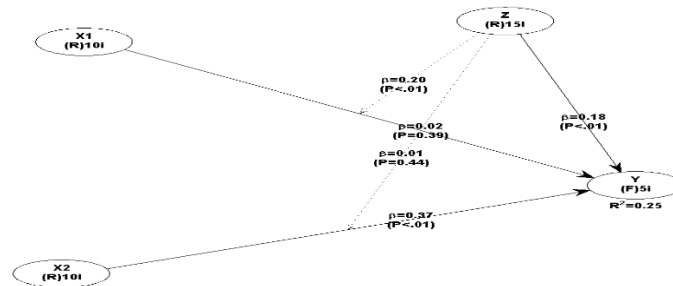
Model Equation 3

Source: WarpPLS output (2023)

$$Y = 0.12\beta_1 X_1 + 0.44\beta_2 X_2 + 0.31\beta_4 X_1 Z + 0.17\beta_5 X_2 Z + e \dots \dots \dots (3)$$

Based on the test results of equation 3, it shows that the coefficients β_4 and β_5 show positive and significant results.

d. Fourth Equation



Model Equation 4

Source: WarpPLS output (2023)

$$Y = 0.02\beta_1 X_1 + 0.37\beta_2 X_2 + 0.18\beta_3 Z + 0.20\beta_4 X_1 Z + 0.01\beta_5 X_2 Z + e \dots \dots \dots (4)$$

Based on this equation, it can be seen in equation 2 that the coefficient for the variable β_3 shows significant results with a p-value of $0.001 < 0.05$. In equation 3, the coefficients of β_4 and β_5 show a significant value with a p-value of $0.001 < 0.05$ respectively. Furthermore, in equation 4 the coefficients of β_3 , and β_4 show significant results with a p-value of $0.001 < 0.05$, and the coefficient of β_5 shows insignificant results with a p-value of $0.44 > 0.55$. So it can be concluded that the type of moderating variable in this study is included in the type of Quasi moderator and Predictor moderator.

DISCUSSION

1. The Effect of Idealism Ethical Orientation on Accounting Students' Perceptions of Earnings Management Practices

Based on the results of hypothesis testing, it shows that idealism ethical orientation has no effect on accounting students' perceptions of earnings management practices. This can be seen from the results of distributing questionnaires that most accounting students have a high tolerance attitude towards accountant scandals that occur, where this attitude is very contrary to the attitude of idealism. Idealism itself is an attitude of an individual who strictly adheres to universally applicable ethical rules. According to Nugroho & Aisyah (2018) that the lack of sensitivity of accounting students to accounting scandal problems can be due to the fact that they do not fully understand the rules set by the profession, which are not obtained in lectures so that it will affect the provision of opinions. As for other things that cause the lack of effect of idealism ethical orientation on students' perceptions of earnings management practices because accounting students have not been faced with actual problem situations, so that these students have not been able to understand the situation at hand and have not been able to make an appropriate judgment about an ethical action or not.

This is in line with research conducted by Clara (2018) with the results of the study stating that the ethical orientation of idealism has no effect on the ethical perceptions of accounting students regarding creative accounting practices. In addition, this research is also in line with research conducted by Yuliani (2019) where the results

of the study state that idealism ethical orientation does not significantly affect student perceptions of accountants' unethical behavior. And the results of this study are not in line with research conducted by Nazaruddin (2012) and research conducted by Kusumawardani (2017) which states that idealism has a significant negative effect on student perceptions of earnings management.

Theoretically, the results of this study are not in line with cognitive moral theory which states that a person with high idealism will judge the actions of accountants more firmly, so that a person with high idealism will tend to blame those who commit financial scandals that have a negative impact on many people. The level of understanding of commitment and ethical values in an organization or profession will have more influence on one's idealistic attitude to better recognize ethical issues.

2. The Effect of Ethical Orientation Relativism on Accounting Students' Perceptions of Earnings Management Practices

Based on the results of testing the second hypothesis, it shows that relativism ethical orientation has a positive effect on accounting students' perceptions of earnings management practices. Relativism is a model of pragmatic thinking, which states that ethical rules are not universal because ethics are based on cultures that have different rules. The results of this study indicate that the independent variable of ethical orientation relativism has a linear relationship with the dependent variable of accounting students' perceptions of earnings management practices. This is supported by the results of distributing questionnaires which show that accounting students have a high tolerance attitude towards an accountant's ethical scandal. The attitude of tolerance towards ethical rules in this study is found in the relativism ethical orientation variable, one of which is the indicator "ethical rules vary in each community" which gets the highest answer value in the relativism variable and is also supported by the number of accounting students who answer that selling excessive assets is ethical. So it can be seen that accounting students at Tadulako University have a good relativism attitude with a high level of tolerance. So, if accounting students are faced with ethical dilemma cases such as earnings management practices, these students will not immediately perceive good or bad, but these accounting students will look for the problem first, and observe whether it is good or not if applied to these conditions and how many parties will be harmed or benefited from this practice.

The results of this study are in line with research conducted by Yuliani (2019) which states that relativism has a positive effect on student perceptions of accountants' unethical behavior. And the results of this study are also in line with research conducted by Nazaruddin (2012) and research conducted by Kusumawardani (2017) which states that relativism has a significant positive effect on student perceptions of earnings management practices. Meanwhile, the results of this study are not in line with the results of research conducted by Clara (2018) which the results of his research state that ethical orientation relativism has no effect on students' ethical perceptions of creative accounting practices.

Theoretically, the results of this study are in line with cognitive moral theory which states that a person who has low relativism will be more tolerant in finding moral problems and in implementing applicable universal values. High relativists should provide a more tolerant opinion of financial scandals that occur in the accounting world. Ethical orientation relativism in this study has a positive effect on student perceptions of earnings management practices because even though accounting students as respondents have low relativism, they will not necessarily tolerate earnings management practices.

Although each culture has different rules, accounting students will be more assertive in responding to a financial case, where the financial case referred to in this study is a case of earnings management practices.

3. The Level of Ethical Knowledge Moderates the Effect of Ethical Orientation Idealism on Accounting Students' Perceptions of Earnings Management Practices

Based on the results of testing the third hypothesis which explains the level of knowledge can moderate or strengthen the effect of idealism ethical orientation on student perceptions of earnings management practices positively and significantly. Knowledge plays an important role in providing useful information to find solutions to existing problems. The results of the analysis show that the level of ethical knowledge can strengthen the influence of idealism ethical orientation on the perceptions of accounting students at Tadulako University regarding earnings management practices. Therefore, accounting students with a high level of ethical knowledge, the effect of idealism ethical orientation on accounting students' perceptions of earnings management practices will be stronger or accounting students will increasingly think that earnings management practices are not ethical. Conversely, the lower the level of ethical knowledge of accounting students, the lower the influence of ethical idealism on accounting students' perceptions of earnings management practices. This is supported by the results of distributing questionnaires regarding the ethical knowledge of the accounting profession, where the higher the knowledge of accounting students about the professionalism of accountants in carrying out their duties. Thus, the higher the value of the idealism attitude of accounting students. The attitude of accountant professionalism is the attitude of an accountant who always obeys the rules at work, this is in line with the attitude of idealism which always adheres to universally accepted ethical rules.

Based on the research results, it can be seen that accounting students with a high level of ethical knowledge have high idealism ethical orientation characteristics compared to accounting students with a low level of ethical knowledge. Accounting students with a high level of ethical knowledge better understand the rules governing accounting practices and in taking actions tend to understand the rules. Accounting students with a low level of ethical knowledge understand less about the accountant's code of ethics so they tend to ignore the rules governing accounting practices.

Theoretically, the results of the study are in line with the theory used in this study, namely cognitive moral theory at the post-conventional stage at the sixth level of universal ethical principles where a person at that level considers an ethical action based on universally applicable moral rules. The ethical knowledge that a person has can influence his views and decisions to practice earnings management actions. The higher or more positive the level of knowledge and ethical understanding of a person in his environment, it means that the higher or more positive the person's understanding that earnings management practices are bad practices to do. The high ethical knowledge of a student will strengthen student idealism because individuals who have an idealistic attitude in their behavior tend to follow existing rules.

According to Andi, 2011 in Nugroho & Aisyah (2018) students majoring in accounting as academics certainly have high hopes that the Code of Ethics of the Indonesian Accountants Association can become guidelines and rules for all members, both those practicing as public accountants, working in the business world, in government agencies, and in the world of education in fulfilling their professional responsibilities so

as to ensure the quality of the accounting profession in the eyes of society. If the code of ethics can be used as a guideline for accounting practices, of course creative accounting practices, especially earnings management practices, which in the perception of students are unethical practices, can be avoided.

4. The Level of Ethical Knowledge Moderates the Effect of Ethical Orientation Relativism on Accounting Students' Perceptions of Earnings Management Practices

Based on the results of testing the fourth hypothesis which explains the level of ethical knowledge can moderate or strengthen the effect of relativism ethical orientation on student perceptions of earnings management practices positively and significantly. Knowledge plays an important role in providing useful information to find solutions to existing problems. The results of the analysis show that the level of ethical knowledge can strengthen the influence of relativism ethical orientation on the perceptions of accounting students at Tadulako University regarding earnings management practices. Therefore, accounting students with a high level of ethical knowledge, the effect of relativism ethical orientation on accounting students' perceptions of earnings management practices will be stronger or accounting students will increasingly assume that earnings management practices are not ethical. Conversely, the lower the level of ethical knowledge of accounting students, the lower the influence of relativism ethical orientation on accounting students' perceptions of earnings management practices. This is supported by the results of distributing questionnaires where the more accounting students understand the moral considerations of accountants in carrying out their duties, the better the relativism attitude of these students will be.

Based on the results of the study, it can be seen that accounting students with a high level of ethical knowledge have low relativism ethical orientation characteristics compared to accounting students with a low level of ethical knowledge. Accounting students with a high level of ethical knowledge have a firm attitude towards the rules governing accounting practices so that in responding to ethical dilemma problems such as profit management, decision making will comply with universally applicable rules. Accounting students with a low level of ethical knowledge do not understand the ethical principles of accountants so that they are less assertive in responding to ethical dilemma problems such as earnings management.

Theoretically this is also supported by cognitive moral theory at the post-conventional stage at the fifth level, namely orientation towards social contact which is related to the knowledge possessed by the individual. An individual at this stage will consider personal relativism, but still emphasize rules and laws. The knowledge received by an individual can certainly change the perspective of each individual. Students who have extensive knowledge of the ethical principles of the accounting profession will be wiser and respond in the form of disapproval of earnings management practices compared to students who have lower knowledge of the ethical principles of the accounting profession.

Individuals who have an attitude of relativism ignore existing principles and look more at the surrounding circumstances before finally acting or responding to an event that violates ethics. Ethical relativism talks about ignoring principles and the absence of a sense of responsibility in one's life experience. However, accounting students who have an attitude of relativism if they have a high level of knowledge of professional ethical principles will be more assertive towards the rules governing accounting practices, and

vice versa if accounting students who have an attitude of relativism with a low level of knowledge and understanding of the ethics of the accounting profession, will be less assertive in assessing ethical dilemma practices and will judge it more according to their own way of thinking.

CONCLUSION

The purpose of this study was to test and obtain empirical evidence about the effect of ethical orientation, idealism, and relativism on accounting students' perceptions of earnings management practices. The statistical testing using WarpPLS 8.0 revealed that the idealism ethical orientation has no effect on accounting students' perceptions of earnings management practices, leading to the rejection of the first hypothesis (H1). Most accounting students exhibit a high tolerance towards earnings management practices, contradicting the strict adherence to universal ethical rules characteristic of idealism. Conversely, relativism ethical orientation positively affects students' perceptions, supporting the second hypothesis (H2). Students with a low relativism attitude are more likely to pay attention to moral values when assessing unethical behavior. Moreover, accounting students with higher ethical knowledge demonstrate stronger idealistic tendencies, perceiving earnings management practices as unethical. Meanwhile, the influence of relativism on ethical perceptions diminishes as students gain a deeper understanding of the ethical standards of the accounting profession.

Despite these findings, the study has several limitations. The research sample consisted solely of 267 undergraduate accounting students from one program across five cohorts, limiting its generalizability. Furthermore, respondents' lack of understanding of the questionnaire statements may have affected the accuracy of their answers. To address these issues, future research should expand the population and sample size to enhance generalization. Additional variables could also be considered to provide a broader perspective, as the independent variables in this study had only a minor impact on the dependent variable. Employing methods beyond questionnaires, such as interviews, could yield more valid and comprehensive data. Furthermore, developing custom research instruments aligned with the study's objectives could help avoid discrepancies and improve the overall quality of the research findings.

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