

DEVELOPING MORALLY COMPETENT ACCOUNTANTS: INSTITUTIONALIZING THE MORAL GRADE POINT AVERAGE (MGPA)

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ABSTRACT

The rash of financial scandals that have occurred over the last two decades have truly damaged the credibility of accountants all over the world. One way that has been proposed to restore the accountants' damaged reputation is that universities provide the right ethical climate to produce morally competent accountants to better deal with the various ethical dilemmas present in the accounting workplace. For the Muslim accounting student, Islamic universities are in prime position to fulfil this crucial objective of training him or her to become an accounting professional who follows the commands of Almighty Allah in discharging all his duties. The problem is that this critical issue of imbuing moral values amongst these students is not actually measured by Islamic universities; it is only assumed. Without actually measuring the moral competencies of these students, this paper argues that Islamic universities are remiss in fulfilling their moral obligations as stated by their various mission statements. More importantly, the accounting lecturers and administrators at these universities will be held accountable by Almighty Allah regarding the extent to which they have fulfilled their obligations towards these accounting students. In order to make the issue of moral competence of equal importance with technical accounting competence, and more importantly to be able to successfully fulfil their accountability

to Allah, it was suggested that Islamic universities institutionalize the issue of moral competency amongst accounting students by introducing the Moral Grade Point Average (MGPA). A scenario-based instrument called the Muslim Accountant Moral Competency Test, MAMOC, was developed through extensive consultations with Islamic accounting scholars to aid Islamic universities in their quest to introduce the MGPA. MAMOC has 9 ethical scenarios which are to measure 9 attributes of a morally competent Muslim accountant. A pilot test proved the clarity of the instrument, and the reliability of the scoring system with an Intra-Class correlation coefficient of 0.943.

Keywords: Moral competence, Islamic universities, accounting students, moral grade point average, accountability

INTRODUCTION

Over the last two decades, there have been a series of financial scandals; from Enron to WorldCom, from Parmalat to Tyco; and more recently the Global Financial Crisis (Bayou et.al, 2011). These scandals greatly damaged the credibility of accountants as the preparers and guardians of financial statements and other relevant financial information. The loss of credibility is not surprising as financial shenanigans cannot occur without the complicity of accountants. What then is the solution to this dangerous malaise of morally bankrupt accountants?

One proposed solution is that tertiary institutions must play a critical role in the development of moral competency amongst accounting students, which, hopefully, will translate into the development of morally competent accountants in the future. These tertiary institutions must provide the right ethical climate for the fostering of morality amongst these future accountants. Accounting lecturers must not only teach morality in the classroom, but must also practice what they preach in their daily interactions with these accounting students (Falkenberg & Woiceshyn, 2008; Dellaportas et al., 2012). This proposition is in line with Victor & Cullen (1987) ethical climate theory which states that the ethical principles that are modelled and encouraged in an organization will have an impact on the moral competencies of the individual members of that organization. Simply put, a university that teaches, embodies and rewards good behaviour will impact the moral competencies of the accounting students enrolled there.

For the Muslim accountant, the issue of moral competency is of paramount importance. This is because in Islam, a person's whole life is supposed to be in the service of Almighty Allah. The Most Merciful Creator tells us this in the following verse of the Noble Qur'an, Say, *"Indeed, my prayer, my rites of sacrifice, my living and my dying are for Allah, Lord of the worlds (Al-an'am: 162)*. The degree of a Muslim's obedience to the commands of Allah as stated in the Noble Qur'an and *Sunnah* of the Prophet Muhammad (Peace be upon him [PBUH]) determines his or her success in this life, and more importantly, in the eternal life to come. The stakes are incredibly high, as the outcome of a Muslim's actions in this life is either eternal bliss in Paradise or eternal pain and misery in Hell Fire.

In line with the proposition that universities have a crucial role in shaping the moral competencies of accounting students, Islamic universities serve this role for Muslim accounting students. This is because they possess an "Islamic ethical identity" (Haniffa & Hudaib, 2007) as they are based on religious foundations, i.e. the Islamic Shari'ah which has as its ultimate goal, the betterment of society as evidenced by sincere obedience of Allah's laws in all aspects of life. The ethical identity of Islamic Universities leads to an expectation that Muslim accounting students who graduate from these institutions would be imbued with a higher level of moral competence, from an Islamic perspective, than when they enrolled.

There is a popular saying attributed to management guru, Peter Drucker, that "what gets measured gets done" (Price, 1996; Bisschoff, 2001; Woodard, 2004). Currently, the Cumulative Grade Point Average (henceforth CGPA) is used to measure the academic performance of accounting students in all universities, including Islamic ones. The problem with the CGPA is that it only assesses the students' technical competence in accounting. The crucial goal of Islamic universities to develop the moral competencies of Muslim accounting students is not measured at all by these universities; it is only assumed that the students leaving these universities are morally prepared to tackle the many ethical dilemmas they are likely to encounter as they pursue their careers as professional accountants. From an Islamic perspective, this is a glaring gap in service delivery by these universities, as the administrators and lecturers of these universities are accountable to Almighty Allah regarding their promise to develop accounting students imbued with Islamic values.

This accountability is evidenced by the following verse of the Noble Quran: *"It is most hateful in the sight of Allah that you say that which you do not"* (Q61:3).

This paper proposes that Islamic universities introduce a Moral Grade Point Average (MGPA) to measure the moral competencies of Muslim accounting students during their study period. The graduation of these students should depend not only on their CGPA but on earning an acceptable MGPA. By institutionalizing the MGPA, Islamic universities make a profound statement to all stakeholders that the issue of moral competence is just as important as technical competence in accounting. More importantly, they fulfil their accountability to Almighty Allah by delivering on the solemn promise they made to develop Muslim accountants imbued with Islamic values.

From a Malaysian perspective, the institutionalization of the MGPA is particularly pertinent to the 24 Islamic universities currently established; 2 public and 22 private (Fadzly, 2010). These universities have several thousand Muslim accounting students enrolled in their accounting programmes, and as Malaysia has a 61.3 percent Muslim population, these students represent a fair amount of Malaysia's future accountants (CIA World Fact Book, 2015). Additionally, accountants are in great demand in Malaysia, considering that every organization, regardless of which industry it belongs to, requires the services of accountants to take care of its financial records and to provide a reasonable assurance of the trustworthiness of these financial records (Zainul, 2013; Ali, 2014; Ismail, 2014).

Although the MGPA is discussed primarily from an Islamic point of view, a majority

of the moral attributes that are promoted, such as trustworthiness, professional conduct, professional competence, objectivity and confidentiality, are also applicable to non-Muslim accountants. The specific scenarios developed in this paper to measure these attributes can be easily adapted for the non-Muslim audience.

The rest of the paper proceeds as follows: Firstly, a working definition for moral competence in this paper is presented. Secondly, a focused literature review is presented providing empirical evidence that the ethical climate of universities has an impact on the moral competencies of accounting students. Thirdly, an instrument developed to measure the moral competencies of Muslim accounting students is presented. Fourthly, the mode of implementing the MGPA by Islamic universities is suggested, and the paper ends with a conclusion.

DEFINING MORAL COMPETENCE

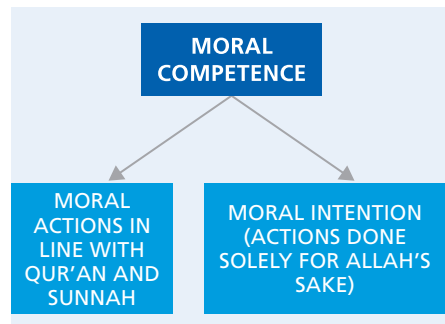
One of the most widely cited definitions of moral competence is that postulated by Kohlberg (1964). Kohlberg described a morally competent person as one who has the capacity to make decisions and judgements which are moral (i.e. based on one's internal principles) and to act in accordance with such judgements (Chaganti, 2012). The problem with Kohlberg's definition is that it is too vague in its description of what should be considered a moral action. The definition leaves the choice of morality to each individual's whims and desires, and thus opens the door for the possibility of a lot of conflict between people. This is because one person's idea of what is moral might be the complete opposite of another person's idea of a moral action.

Another definition of moral competence is that proposed by Calkins (2000) as cited by Fadzly (2010). He defined moral competence from a religious context “as a person’s ability to make moral decisions, namely, in light of the principles set out by the religion” (Fadzly, 2010). Calkin’s (2000) definition also suffers from a similar problem to that of Kohlberg’s, in that he fails to specify a particular religion from which these principles can be derived. There are so many religions in the world and there is bound to be conflict. Consider for example that “Satanism” is a recognized religion in the West, and it considers that man is an animal and is not bound by any laws whatsoever. The highest expression of morality in this religion is the fulfilment of one’s desires, regardless of what these desires are (Dyrendal, 2009). Suffice it to say that if morality is based on any individual’s “internal principles” or on any random “religion”, chaos would reign supreme in the world.

As regards a working definition of moral competence for Muslim accounting students who are the focus of this paper, reference is made to Islam’s two primary sources of morals, The Noble Quran and the *Sunnah* of the Prophet Muhammad (PBUH). Allah, the Most Gracious, says in the following verses of the Noble Quran: Say, [O Muhammad], “If you should love Allah, then follow me, [so] Allah will love you and forgive you your sins. And Allah is Forgiving and Merciful.” Say, “Obey Allah and the Messenger.” But if they turn away - then indeed, Allah does not like the disbelievers. [Aal-i-Imran (3): 31-32]. In addition, in a *hadith* narrated by Abu Hurairah, the Prophet Muhammad (PBUH) said: “I was sent to perfect good character.” (Al-Adab Al-Mufrad, Book 1, *Hadith* 273).

From the verses of the Noble Quran and the *hadith* above, we can derive the following definition of moral competence: Moral competence is the ability to make moral decisions in line with the commands of Allah in the Noble Qur’an, and in accordance with the *Sunnah* of the Prophet Muhammad (PBUH). In Islam, this concept of moral competence is made up of two separate but interdependent parts: 1) knowing the right thing to do (moral action), and 2) doing the right thing for Allah’s sake alone (moral intention). In the sight of Almighty Allah, a moral action is only acceptable if the moral intention is solely for His pleasure. The Blessed Prophet Muhammad (PBUH) explains this very important point in the famous *hadith* narrated by Umar bin Al-Khattab: The Messenger of Allah (PBUH) said, “*The deeds are considered by the intentions, and a person will get the reward according to his intention. So whoever emigrated for Allah and His Messenger, his emigration will be for Allah and His Messenger; and whoever emigrated for worldly benefits or for a woman to marry, his emigration would be for what he emigrated for*” (*Riyad as-Salihin, Book 1, Hadith 1*). **Figure 1** below shows the conceptualization of moral competence utilized in this paper.

Figure 1:
Conceptualization of Moral Competence



LITERATURE REVIEW: THE IMPACT OF UNIVERSITY ETHICAL CLIMATE ON THE MORAL COMPETENCIES OF ACCOUNTING STUDENTS

The papers reviewed in this section focused on an important aspect of a university's ethical climate: ethics education. Proponents of increased ethics education for accounting students argued that more ethics education will lead to the development of more morally competent accountants. All, but one, of the papers reviewed found support for this proposition. A brief description of these studies is provided in the following paragraphs.

Sullivan (2004) assessed the moral competencies of 32 third year and final year accounting students before and after a four-hour ethics symposium was conducted. The symposium was conducted over three class sessions at the University of Southern California, USA. The Index of Ethical Congruence was used to measure the students' moral competence. The Index of Ethical Congruence was developed by Davis in 1984, and consists of fifteen ethical dilemma scenarios based on the AICPA Code of Professional Conduct. The findings of Sullivan's (2004) study supported the assertion that ethics education does have a positive impact on the moral competencies of accounting students, as he found that the moral competence of the students increased significantly after participating in the ethics symposium.

Dellaportas (2006) using the Defining Issues Test (henceforth DIT), developed by James Rest in 1974, also lent support to the positive impact of ethics education on accounting students' moral competencies.

He surveyed 27 final-year accounting students enrolled in an accounting ethics course entitled "Ethical Issues in accounting" at an Australian university. The students' moral competencies were measured before and after the ethics course, and the results revealed that their post-course moral competence scores were significantly higher than their pre-course moral competence scores.

Christensen et al. (2007) suggested that whilst several studies like Sullivan (2004) and Dellaportas (2006) have shown that ethics education has a positive impact on accounting students' moral competence, this impact may be as a result of students' pre-existing religiosity. Using accounting students' participation in church as a proxy for religiosity, they used a pretest-posttest control design and a survey instrument developed by Conroy and Emerson (2004) with twenty five ethical vignettes to determine the effect of ethics education on the moral competencies of eighty one accounting students in a small western American university. Regarding the choice of instrument to measure the moral competencies of the selected students, Christensen et al. (2007) acknowledged that the DIT would have been their first choice, but there is a fee for using it. The results of their study showed that ethics education improved the moral competence of students that were active in church services, but had no impact on the moral competence of students who did not participate in church activities. The implication of these results is that religiosity is a necessary pre-condition, if ethics education is to have a positive impact on the moral competence of accounting students.

Abdulmohammadi & Baker (2007) argued that a person with a high level of moral

competence as measured by the DIT could still engage in unethical behavior when faced with a real-life ethical dilemma. They attempted to investigate the relationship between moral competence and moral action amongst accounting students. They used the DIT to measure the selected students' moral competencies (78 graduate students and 58 undergraduate students), and they used involvement in plagiarism as a proxy for immoral action. Using the internet plagiarism checking tool, turnitin.com, they evaluated the writing assignments in three undergraduate and three capstone graduate accounting courses in an American university to determine the level of plagiarism involved by individual students. Their findings were very interesting, as they found support for "a significant inverse relationship" (Abdulmohammadi & Baker, 2007) between moral competence and plagiarism. Simply put, the higher an accounting student's level of moral competence, the less likely he or she was to engage in unethical practices.

Holmes et al. (2012), like Abdulmohammadi & Baker (2007), also attempted to bridge the gap between moral competence and moral action. The DIT was also their instrument of choice for determining the moral competencies of 630 students in a New Zealand University. However they used a tax evasion experiment as their proxy for moral action, as opposed to Abdulmohammadi & Baker (2007) who used engagement in plagiarism. Despite this difference in proxy for moral action, Holmes et al. (2012) also found a positive relationship between moral competence and moral action. However, they do admit that the use of an experiment is only "an artificial representation of the real world" (Holmes et al., 2012).

Saat et al. (2010) also used the DIT to measure the moral competencies of 272 third-year accounting students studying in 6 Malaysian universities, four of which offered ethics courses, and two of which did not offer ethics courses, and thus served as a control group. Like several studies conducted previously, Saat et al. (2010) found that the moral competencies of students who had taken an ethics course improved significantly more than for those students who did not take an ethics course. The evidence continues to mount signifying that ethics education does improve accounting students' moral competencies.

The findings of Padia & Maroun's (2012) South African study went against the grain of the findings of the other ethics education-related studies reviewed so far. Whilst the other studies have found that ethics education improves the moral competencies of accounting students, they found that accounting students in South Africa continued to display a propensity for unethical behavior despite the proliferation of ethics courses in South African universities. 383 second-year accounting students were surveyed using an instrument developed by Neureuther et al. (2011) that consisted of 17 questions based on short ethical scenarios. Students' responses to the questions would reveal their propensity to commit unethical actions when faced with ethical dilemmas. The study's findings revealed that when faced with ethical dilemmas that involved self-gain, students were more likely to engage in unethical practices. Padia & Maroun (2012) suggested that their findings show that ethics education alone is not enough to improve the moral competencies of accounting students; other variables may play an important role. They argued that their results are in line

with other studies like those of Low et al. (2008), McMillan (2004), O'Fallon & Butterfield (2005), Ritter (2006) and Weber (1990) who hold the belief that formal ethics education has no impact on the moral competencies of students. They also posited that when a situation involves self-gain, people are generally inclined to act in ways that will benefit themselves even if they are aware that the action is unethical; no amount of formal ethics training is going to change that human instinct of selfish interest. Another reason why Padia & Maroun's (2012) findings is different from the majority could be because they did not use a DIT-related instrument to measure the moral competencies of students in their sample.

From an Islamic perspective, the concept of ethical climate refers to the impact of the company you keep on your moral competence. To safeguard our faith and to be consistent in our righteous deeds, Allah, the Most Gracious, advises us to always stay within the ranks of the righteous in the following verse of the Noble Qur'an: *And keep yourself patient [by being] with those who call upon their Lord in the morning and the evening, seeking His countenance. And let not your eyes pass beyond them, desiring adornments of the worldly life, and do not obey one whose heart We have made heedless of Our remembrance and who follows his desire and whose affair is ever [in] neglect* (al-Kahf: 28). The Prophet Muhammad (PBUH) reinforces this message in the following hadith narrated by Abu Hurairah: *I heard the Prophet (PBUH) saying, "Man follows his friend's religion, you should be careful who you take for friends"* (Jami' at-Tirmidhi 2378, Book 36, Hadith 75).

MEASURING THE MORAL GRADE POINT AVERAGE OF MUSLIM ACCOUNTING STUDENTS

Developing the profile of a morally competent Muslim Accountant

In order to develop an appropriate instrument which Islamic universities can use to measure the moral competencies of their accounting students, it was necessary to develop a comprehensive profile of what constitutes a morally competent Muslim accountant. The profile was developed from the perspective of the Muslim accounting graduate, and was divided into two components:

- 1) Finding the "right" job
- 2) Following an Islamic "code of conduct"

A discussion of these two components is presented below.

Finding the "right" job

Nu'man b. Bashir (Allah be pleased with him) reported: *I heard Allah's Messenger (PBUH) as having said this (and Nu'man) pointed towards his ears with his fingers): What is lawful is evident and what is unlawful is evident, and in between them are the things doubtful which many people do not know. So he who guards against doubtful things keeps his religion and honor blameless, and he who indulges in doubtful things indulges in fact in unlawful things, just as a shepherd who pastures his animals round a preserve will soon pasture them in it. Beware, every king has a preserve, and the things God has declared unlawful are His preserves. Beware, in the body there is a piece of flesh; if it is sound, the whole body is sound and if it is corrupt the whole body is corrupt, and hearken, it is the heart* (Sahih Muslim 1599a, Book 22, Hadith 133).

For the Muslim accounting graduate, the first challenge that faces him or her is finding the “right” job. The “right” job is one where all activities are in line with the Qur’an and *Sunnah*. As the *hadith* above teaches us, the permissible jobs are clear and the prohibited jobs are clear, and the morally competent Muslim accountant must be able to make this distinction. The permissible activities are numerous in number, and thus the Muslim accountant has many options. Say, *“My Lord has only forbidden immoralities - what is apparent of them and what is concealed - and sin, and oppression without right, and that you associate with Allah that for which He has not sent down authority, and that you say about Allah that which you do not know”* (Al-Araf: 33). However, there are certain kinds of jobs the Muslim accountant has to avoid because the activities that they engage in are incompatible with the commands of Almighty Allah....*And cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allah; indeed, Allah is severe in penalty* (Al-Maeda: 2). Some of the most commonly known *haram* activities include:

- i) dealing in interest,
- ii) gambling, and
- iii) dealing with intoxicants.

After securing a job at an Allah-approved organization, the next concern for the morally competent Muslim accountant is to fulfil his or her duties in accordance with the commands of Almighty Allah. This “Code of Conduct” represents the second component of the profile.

Following an Islamic Code of Conduct

As mentioned several times already in previous parts of this paper, every act of a morally competent Muslim must be done

with the objective of earning the pleasure of The Most Gracious Allah. A Muslim accountant must thus keep this critical objective in mind whilst discharging his or her duties. The objective of this component of the profile was to develop a comprehensive Islamic code of conduct that includes all the qualities that a morally Muslim accountant must display in order to please his Creator. In order to develop this code of conduct for Muslim accountants, this paper adopted a two-pronged approach.

The first prong was to adopt the code of conduct for Muslim accountants developed by the Accounting and Audit Organization for Islamic Financial Institutions (AAOIFI) as a foundation for this component of the profile. AAOIFI’s code of conduct for Muslim accountants was published in 1991 and is derived from the Noble Qur’an and *Sunnah*; this made it an excellent starting point. AAOIFI’s code of conduct contains five ethical principles described below:

1. **Trustworthiness:** The Muslim accountant should be straightforward and honest whilst discharging his duties, and must never present untruthful information.
2. **Objectivity:** The Muslim accountant should be fair, impartial and free from any conflict of interest.
3. **Professional competence and diligence:** The Muslim accountant must possess the requisite skill necessary to successfully discharge his duties.
4. **Confidentiality:** The Muslim accountant must never divulge information obtained about an organization during the course of discharging his or her duties without permission unless he or she is legally or professionally obliged to do so.

5. **Professional conduct and technical standards:** The Muslim accountant must observe the rules of professional conduct and obey the accounting and auditing standards of Shariah-compliant organizations.

The second prong was to interview and consult extensively five Islamic scholars who were well versed in the Qur'an and *Sunnah*, particularly in the areas of "Islamic accounting" as well as "*Fiqh Mu'amalat*" (Laws of Islamic business transactions). A brief background of each of these scholars is provided as follows: Scholar 1 completed his first degree in Quran & Sunnah from the Islamic University in Madinah, and then completed his Masters and PhD in "*Fiqh Mu'amalat*" at the International Islamic University Malaysia. Scholar 2 also completed his first degree in Quran & Sunnah from the Islamic University in Madinah, and has since been active as a *Shariah*-compliance advisor for several businesses. Scholar 3 completed his Islamic education in Nigeria, obtained a Masters in *Shariah* and a PhD in Islamic Banking and Finance at the International Islamic University Malaysia. Scholar 4 obtained his Bachelor's Degree in *Fiqh and Usul-Fiqh* from the Islamic University in Madinah, and his Masters and PhD in the same field from the International Islamic University Malaysia. Scholar 5 completed his Bachelor's, Masters and PhD degrees in Islamic Revealed Knowledge and Heritage from the International Islamic University Malaysia.

These consultations established the content validity of AAOIFI's code of conduct. In addition to the five qualities listed by AAOIFI's code of conduct, the scholars suggested that three more qualities be added under the umbrella of "Faith-Driven"

conduct, which are unique to the Muslim accountant. These qualities included:

- 1) Avoiding interest,
- 2) Avoiding gambling, and
- 3) Avoiding physical contact with the opposite sex (*non-mahram*).

In total the developed profile of the ideal Muslim accountant had nine key qualities listed below:

- 1) Finding the right job;
- 2) Trustworthiness;
- 3) Objectivity;
- 4) Professional competence and diligence;
- 5) Confidentiality;
- 6) Professional conduct and technical standards;
- 7) Avoiding interest;
- 8) Avoiding gambling;
- 9) Avoiding physical contact with the opposite sex.

Developing an instrument to measure the moral competence of Muslim accounting students

An extensive review of the moral competence scholarship revealed that the majority of accounting-specific studies adopted one of the four following measures of moral competence:

- 1) Rest's (1974) Defining Issues Test (DIT),
- 2) Lind's (1978) Moral Judgment Test (MJT),
- 3) Flory et al. (1992) Multidimensional Ethics Measure (MEM) and
- 4) Thorne's (2000) Accounting-specific Defining Issues Test (ADIT).

Brief descriptions of these measures follow in the subsequent paragraphs.

The DIT was developed by American James Rest in 1974. It is based on Kohlberg's (1958) theory of cognitive moral development and comprises of six hypothetical moral dilemmas. Every dilemma is followed

by twelve statements representing different recommendations on how the dilemmas should be resolved. The participants are asked to rate each statement according to its importance in descending order. They are then required to consider all twelve items simultaneously and rank the four most important of the twelve in making their decision. Participants with the highest level of moral competence, as determined by the Principled score (P score) would be expected to display a complex ability to consider the perspectives of several individuals within a social system (Fadzly, 2010; Monzon et al., 2010; Cummings et al., 2010; Lan et al., 2011; Yunus & Abdul Rashid, 2011).

The DIT has been used extensively over the last four decades, with over a thousand studies using it. It has also proved to be very reliable with test-retest correlations and internal reliabilities in the .80s. According to Cummings et al. (2012), several hundred thousand respondents in over 40 countries have completed the DIT, and over a hundred new studies utilize the DIT every year. In recent times, a shorter version of the DIT called the DIT-2 was developed by Rest and Narvaez. It contains 5 moral dilemmas as opposed to six in the original DIT (Lan et al., 2011).

The Moral Judgment Test (MJT) was developed by German researcher George Lind in 1978. Similar to the DIT, the MJT is based on Kohlberg's cognitive moral development theory. The test consists of two stories including difficult moral dilemmas and 24 items based on these stories. There are 12 arguments which give reasons for the justified or unjustified behavior of the hero in each story. The participants are expected to rate their opinions about both dilemmas

on a scale of -4 to 4 (Nermin & Asuman, 2010, Zadanbeh & Zakerian, 2011; Chaganti, 2012).

Whilst the DIT uses the P score to determine a participant's moral competence, the MJT uses a "C-index". The C-Index is defined as "a subject's capability to estimate the moral component of a situation in a greater sense, rather than an estimation of the simple statement and his/her attitude to it" (Zadanbeh & Zakerian, 2011). The author of the MJT, George Lind, makes an interesting comment as to how the moral competence of a participant is determined using the MJT. He states that the "moral judgmental competence [of a participant] does not depend on 'right' or 'wrong' answers, or on the evaluation of the individual arguments. What counts is the overall answer pattern of the participant (Lind, 2011). I found Lind's comments strange because morality by its very nature infers that some actions are right and some are wrong. How then can the moral competence of a person be determined if there is no basis for determining whether a response is moral or immoral?

The MEM was developed by American researchers, Stephen Flory, Thomas Philips, Eric Reidenbach and Donald Robin in 1992. The MEM is an accounting-specific questionnaire that contains four ethical scenarios involving moral dilemmas accountants are likely to face in the workplace. The first scenario deals with the issue of padding expense reports; the second with manipulating company financial statements; the third with disobeying company policy, and the fourth with giving out unwarranted credit. Each scenario ends with the protagonist in the scenario taking a specific action, which participants are required

to rate using eight bipolar scales representing three dimensions of moral equity, relativism and contractualism (Flory et al., 1992; Leitsch, 2004).

The ADIT developed by Canadian researcher Linda Thorne in 2000 was specifically targeted to measure the moral competencies of practicing accountants. ADIT utilizes four ethical cases which capture elements of ethical practice set forth by the Institute of Management Accountants (IMA). These elements are competence, confidentiality, integrity and credibility. Like the DIT, participants are required to rate the importance of 12 items on a 5-point Likert scale. Participants are then asked to rate in descending order the four most important factors they considered in deciding on a moral response to each of the four ethical dilemmas. Participants' moral competence level was determined by a "DP-SCORE" (Thorne, 2000; Ho & Lin, 2008; Fleming et al., 2010).

The DIT and the MJT contain scenarios aimed at measuring moral competence generally. They do not contain accounting-specific scenarios and are thus not suitable for measuring the moral competencies of Muslim accounting students. However, the MEM and the ADIT are specifically targeted at measuring the moral competencies of accountants, and thus they served as a source of inspiration for developing an instrument to measure the moral competencies of Muslim accounting students. The scenarios contained in the MEM and ADIT were assessed critically as to their style and content, and were adopted and modified to suit this paper's context.

A collaborative effort with the five Islamic accounting and *Fiqh* Mu'amalat scholars

resulted in the development of nine inter-related ethical scenarios to measure each on the nine qualities of a morally competent Muslim accountant highlighted above. The instrument thus developed was called "The Muslim Accountant Moral Competency Test" or "MAMOC" (MAMOC and the model answers are presented as an appendix at the end of this paper). The objective of MAMOC was disguised by using a title that implied that understanding the career aspirations of students was the objective of the instrument. This was done to minimize social desirability bias amongst the students, and hopefully to elicit more honest responses to the ethical scenarios. The model answers to each scenario were determined by the scholars, and serve as a scoring guide.

As discussed in an earlier section of this paper, moral competence (MC) from an Islamic perspective is a product of two components: moral action in line with the Qur'an and *Sunnah* (MA) and moral intention to please Almighty Allah alone (MI). For each scenario a student's MC score = $MA * MI$, with a score of "1" if both MA and MI were in accordance with the model answers. As MAMOC has nine scenarios in total, a maximum MC score of "9" could be attained.

Implementing Mamoc at Islamic Universities

As a means of institutionalizing the moral grade point average (MGPA) amongst accounting students enrolled in Islamic universities, it is recommended that MAMOC be utilized as follows: The moral competence of the accounting students is measured in their first year of study, as soon as they enroll. This first assessment serves as a baseline MGPA for each student. As soon as the students begin the first semester

of their final year of study, their MGPA is again assessed to ascertain their final MGPA. The baseline MGPA and final MGPA for each accounting student is then compared to determine the moral development of the student over the course of his or her accounting study.

It is up to each Islamic university to determine an acceptable final MGPA for graduation purposes. For those students whose final MGPA is not up to the predetermined acceptable score, it is recommended that an intensive moral competence seminar be organized for these accounting students in their final semester of study; after the seminar, the students are then administered MAMOC and their final MGPA is again determined. It is strongly recommended that the Islamic university stand firm on the set MGPA score as a graduation requirement, just as they do with the traditional CGPA. This steadfast approach instills in the mind of all relevant stakeholders that the university is truly committed to the development of Muslim accountants imbued with Islamic moral values.

The successful implementation of MAMOC by Islamic universities faces some obstacles which are discussed briefly as follows: Firstly, it adds an additional burden on an already over-worked accounting academic staff at these universities. It is hoped that the importance of measuring the moral competencies of these students will motivate the staff to take on this additional, but very important, task. A second obstacle is the additional cost and time involved in implementing MAMOC. However, from a Malaysian context, as discussed in the next section, there is now a policy initiative to inculcate a more holistic measure of university students' performances that

includes a moral dimension. Such a policy will enable Islamic universities to overcome the cost and time challenges of implementing MAMOC as it now becomes mandatory for them to do so.

A Step in the Right Direction: The Malaysian Example

The Malaysian Ministry of Higher Education has reached the same conclusion that I have: the current cumulative grade point average (CGPA) is insufficient to fully capture the performance of university students. To address this deficiency, in 2015, the Ministry unveiled plans to institute a more holistic measure of university student performance titled "The Integrated Cumulative Grade Point Average" (iCGPA) (Ann, 2015; Khor, 2015; Tay, 2015).

The iCGPA which has been the result of six years of research and consultations will be tested in selected faculties at 5 public universities: Universiti Kebangsaan Malaysia (UKM), Universiti Teknologi Mara (UiTM), Universiti Malaysia Terengganu, Universiti Malaysia Kelantan and Universiti Malaysia Pahang. The iCGPA is intended to provide a more comprehensive measure of student performance by addressing nine specific skill sets:

- 1) Knowledge and understanding,
- 2) Practical skills,
- 3) Social skills and responsibilities,
- 4) Professional skills, ethics and values,
- 5) Communication skills, leadership and teamwork,
- 6) Problem-solving skills and scientific thinking,
- 7) Information management and lifelong learning,
- 8) Entrepreneurship and Management, and
- 9) Unity and patriotism (Ann, 2015; Khor, 2015; Tay, 2015).

The MGPA suggested in this paper would be an excellent measure to address the 4th skill set, "Professional skills, ethics and values", particularly for Islamic universities in Malaysia.

CONCLUSION

In the wake of several accounting-related financial scandals over the last two decades, there is now almost universal recognition that technical competence alone is insufficient for the modern accountant; moral competence is just as important. This is particularly true for the Muslim accountant whose job is considered an act of worship, and thus must be accomplished in a way that is in line with Islamic principles of morality.

Islamic universities around the world are charged with the task of producing Muslim accountants imbued with Islamic values. Currently, these students' academic performances are determined via the traditional Cumulative Grade Point Average. This paper argued that the CGPA is insufficient

to capture the moral development of these students. It suggested that a new moral grade point average (MGPA) be introduced in Islamic universities to focus exclusively on capturing the moral development of Muslim accounting students. A collaborative effort with Islamic accounting scholars led to the development of an instrument called the Muslim Accountant Moral Competency Test (MAMOC) which contained ethical scenarios meant to test the students' moral competencies in various accounting-related contexts.

Islamic universities make a very important claim when they state that their mission statement is the production of accounting professionals imbued with Islamic moral values. Almighty Allah holds them to this claim when He says "*O you who believe! Why do you say that which you do not do?*" (As-Saff: 3). By institutionalizing the MGPA, Islamic university accounting lecturers and administrators go some way in fulfilling their obligation to Almighty Allah and earning His pleasure in this life and the next.

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