

The Ethics and Procedures of Financial and Sustainability Reporting: Accounting Students' Perceptions

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ABSTRACT

Purpose: This study examines accounting students' perceptions of the ethics and procedures of financial reporting and sustainability reporting, and tests whether these perceptions differ between lower-level and upper-level students.

Research Method: A descriptive quantitative survey was conducted using cluster sampling. A questionnaire grouped items into five categories: misstatement, disclosure, cost and benefit, accountability, and the usefulness of sustainability reporting. Responses from 166 students, split into lower-level and upper-level groups, were analyzed using descriptive statistics, Levene's homogeneity test, and the Mann-Whitney U test.

Results and Discussion: All five hypotheses were rejected (Asymp. Sig. (2-tailed) ranging from 0.105 to 0.928, all > 0.05), indicating no significant differences in perception between the two groups across the five categories tested.

Implications: The findings suggest that semester level does not produce a significant difference in students' perceptions of financial reporting and sustainability reporting ethics, which may inform how accounting ethics is sequenced in the curriculum.

Originality: This study jointly assesses perceptions of financial reporting ethics and sustainability reporting across student levels within a single instrument.

Keywords: student perception; financial reporting ethics; sustainability reporting; accounting education; triple bottom line.

1. Introduction

In an increasingly digital economy, the ethics and procedures governing the preparation of financial statements remain a central concern for firms seeking to comply with generally accepted accounting standards. Beyond financial reporting, firms are also expected to engage in sustainability reporting in response to growing demands for transparency regarding their social, environmental, and economic impact, the so-called triple bottom line, as a dimension of corporate responsibility that extends well beyond financial performance (Du Toit, 2024). Several factors underpin the need for sustainability reporting. First, stakeholders such as investors, customers, and the wider community increasingly expect firms to disclose honest information about the environmental and social consequences of their operations (Hörisch et al., 2020). Second, regulatory requirements in Indonesia, as set out in POJK No.

51 of 2017, oblige firms, particularly listed issuers, to prepare sustainability reports in line with recognized standards such as the Global Reporting Initiative (GRI). Third, sustainability reporting can help firms identify non-financial risks, including climate change and social issues, while revealing new economic opportunities. Fourth, firms that report transparently tend to enjoy a stronger reputation, higher customer loyalty, and reduced environmental exposure. Finally, investors increasingly use Environmental, Social, and Governance (ESG) considerations to assess long-term corporate sustainability rather than short-term financial performance alone.

Transparent and comprehensive financial and sustainability reports represent a firm's effort to strengthen the trust of both shareholders and stakeholders. Such reporting rests on four governing principles, accountability, responsibility, transparency, and fairness, which together help ensure that the firm is managed in a sound, transparent, professional, and equitable manner (Kumar et al., 2026).

In practice, however, firms still face obstacles in producing financial and sustainability reports that are reliable, fair, and accountable. One obstacle is the conflict of interest between management and operational personnel (the firm's managers or accountants), since the preparation of financial and sustainability reports is inseparable from accountants' behavior, in particular, whether they adopt conservative or comparatively liberal policies, and the level of reported earnings they wish to present. A further conflict arises in the disclosure of information: users expect to obtain all the information they need from the reports, yet accountants may be unable to provide it, because collecting, preparing, and safeguarding sensitive financial and sustainability data is costly (Li et al., 2023). These high information-gathering costs are often resisted by management or owners, who fear they may erode the firm's profits, even though evidence suggests that the long-term value of sustainability disclosure can outweigh its short-term costs (Buallay, 2019).

Both internal and external factors shape the ethics and behavior of accountants. Internal factors include personal character, age, gender, ethical maturity, moral integrity, professional commitment, and the cultural values an accountant brings to decision-making. External factors include the education an accountant has received, competitive market pressures, government regulations, corporate policies, and economic crises. Accounting education exerts a particularly strong influence on ethical behavior; the way accounting students, the profession's future accountants, understand the ethics of financial and sustainability reporting is therefore both important and consequential (Chan & Leung, 2006). Ethics education plays a central role in shaping students into ethical, principled, responsible, and professional individuals (Davis & Lagrone, 1994). Accounting education has, moreover, undergone a paradigm shift in which teaching emphasizes not only technical theory but also students' moral and ethical sensitivity as they confront the transformation of accounting in the digital age.

Although the ethics and perceptions of accounting students have been widely studied, most prior work focuses on the ethics of financial reporting in general and has not specifically linked it to sustainability reporting, which has now become a central demand of corporate governance (James, 2015). Research comparing students' perceptions across stages of their accounting education also remains limited, and evidence from the Indonesian setting is especially scarce (Latifah & Ivada, 2025; Putra & Michael, 2026). This study addresses that gap. Lower- and upper-level accounting students are compared because they sit at different points in their curricular exposure: upper-level students have generally completed more coursework in financial accounting, auditing, and professional ethics, and might therefore be expected to display more mature ethical judgment. By comparing the two groups, this study evaluates whether the process of accounting education shapes perceptions of the ethics of

financial and sustainability reporting, while offering an original contribution to the literature on accounting ethics education in Indonesia.

Against this background, this study examines how accounting students, the profession's future practitioners, perceive the ethics of financial and sustainability reporting in the current era of digital transformation. The study is expected to offer theoretical value as a reference for the development of accounting scholarship, as well as practical value for accounting students and accounting educators, who are responsible for producing graduates of high ethical standards, integrity, and moral judgment, capable of preparing reliable financial reports and transparent sustainability reports (Othman & Ameer, 2024; Wyness & Dalton, 2018).

The remainder of this paper is organized as follows. Section 2 provides a literature review and hypothesis development. Section 3 presents research methodology. Section 4 provides empirical results and discussion. Section 5 presents the conclusion.

2. Literature Review and Hypothesis Development

2.1 Agency Theory

Agency theory explains the contractual relationship between a principal (the owner of the firm) and an agent (the manager) who conducts the firm's activities on the principal's behalf. Because the agent holds private interests that are not always aligned with those of the principal, and because the agent typically has superior access to the firm's operational information, this relationship is prone to conflicts of interest and to the opportunistic use of that information advantage (Kumar et al., 2026). In the reporting context, the same information asymmetry shapes how managers exercise discretion over recognition, measurement, and disclosure, and it underlies the demand for credible financial and sustainability information that allows principals to monitor the agent's conduct (Roberts & Mahoney, 2004). Agency theory, therefore, frames financial and sustainability reporting not merely as a technical exercise but as a governance mechanism for aligning the interests of managers with those of the parties who rely on their reports.

2.2 Stakeholder Theory

Stakeholder theory holds that a firm's success and continuity depend on its ability to manage relationships with all parties who have an interest in, or are affected by, its activities, rather than with shareholders alone (Hörisch et al., 2020). The theory assigns responsibility to a range of groups, including employees, customers, local communities, suppliers, the government, and the natural environment. It treats the creation of shared value, rather than the maximization of owners' profit alone, as the central purpose of business activity (Roberts & Mahoney, 2004). Beyond its instrumental logic, stakeholder theory also rests on an ethical foundation, since it regards social and moral responsibility as integral to corporate decision-making (Woodbine, 2008). When combined with legitimacy theory, it offers a particularly useful lens for sustainability reporting: firms disclose social and environmental information not only to inform stakeholders but also to demonstrate that their conduct conforms to societal expectations (Prakash et al., 2026). This study draws on both agency and stakeholder theory, treating perceptions of financial and sustainability reporting as reflecting the twin demands of monitoring managerial discretion and discharging accountability to a broad set of stakeholders.

2.3 Ethics

The word "ethics" derives from the Greek terms *ethos* and *ethikos*, referring respectively to custom and character and to the morality that arises from habit and conduct. In the accounting context, ethics concerns the values and judgments that guide preparers in deciding what is right or wrong when they recognize, measure, and disclose information. Because accounting standards cannot anticipate every situation, professional conduct ultimately rests on the ethical reasoning of the individual accountant (Dellaportas, 2006). Ethics is therefore not peripheral to reporting but central to it: the reliability of financial and sustainability information depends on the moral commitments of those who prepare it (Seay, 2015).

A substantial body of research argues that ethical reasoning can be developed through accounting education rather than being fixed before students enter university. Studies report that discrete ethics courses and the integration of reflective learning and virtue ethics can strengthen students' moral reasoning and sensitivity (Dellaportas, 2006; Mintz, 2006), while professional commitment and anticipatory socialization further shape their ethical orientation (Elias, 2006). At the same time, evidence is mixed: some interventions produce measurable gains in ethical sensitivity, whereas others find little change, suggesting that the effect of education on ethics depends on pedagogy, context, and the characteristics of the students themselves (Nawaah et al., 2024; Taylor, 2013) (Taylor, 2013; Nawaah, Akhtar, Jafar, & Azmi, 2024).

A recurring theme in this literature is ethical sensitivity, the capacity to recognize that a situation contains an ethical dimension in the first place. Research shows that ethical sensitivity can be measured and that it varies across individuals and cultural settings (Lin & Ho, 2008; Shawver & Sennetti, 2009), and that accounting students' sensitivity is shaped by their ethical reasoning and personal characteristics (Chan & Leung, 2006). For the present study, this body of work motivates the expectation that exposure to more advanced accounting coursework, which includes greater ethical content, might be associated with differences in students' perceptions of the ethics of financial and sustainability reporting.

2.4 Perception

Perception is the process by which an individual selects, organizes, and interprets the stimuli they receive into a meaningful picture of the world. Both internal factors, such as prior knowledge, values, and experience, and external factors, such as education and social context, shape it. In an educational setting, perception is therefore not static: as students accumulate knowledge and experience, the way they interpret a given issue may change.

In the accounting domain, students' perceptions have been studied as an indicator of their professional and ethical orientation. (James, 2015) examined accounting majors' perceptions of the advantages and disadvantages of sustainability and integrated reporting, finding that students recognize both the benefits of fuller disclosure and its costs and challenges. Cross-cultural work likewise shows that the deliberative reasoning of accounting students varies with their background and training (Ge & Thomas, 2008). Because perception is partly a function of accumulated education, comparing students at different stages of an accounting program offers a way to assess whether curricular exposure is associated with differences in how reporting ethics is understood.

2.5 Misstatement in Financial Statements

A misstatement in financial statements is the presentation of information that is incorrect or contrary to fact, or the omission of material amounts and disclosures, whether intentional or unintentional. Such misstatements can render financial statements misleading and thereby distort users' decisions, which is why the integrity of reported information is treated as a core ethical obligation of the preparer (Comunale et al., 2006).

Misstatements are conventionally classified into two types: (1) error, an unintentional mistake such as a miscalculation, the incorrect application of an accounting principle or method, or negligence in processing data; and (2) fraud, a deliberate act to manipulate or overstate assets or revenue, or to omit material information for a particular purpose. The distinction matters for accounting education because recognizing when a reporting choice crosses from judgment into manipulation is precisely the ethical sensitivity that prior work finds varies markedly among students (Chan & Leung, 2006).

2.6 Disclosure of Sensitive Information

Disclosure is the presentation of information to stakeholders, whether requested or not, about a firm's operating and financial performance and financial risks. In the context of financial statements, disclosure requires that the statements contain adequate information on, and explanation of, the results of a business unit's operating and financing activities, and that they accurately depict the economic events affecting its results and continuity. Theoretical surveys of corporate disclosure trace this obligation to the firm's accountability to its stakeholders, linking disclosure practice directly to stakeholder and legitimacy theory (Hörisch et al., 2020; Omran & El-Galfy, 2014).

Disclosure in financial and sustainability reports is conventionally grouped into two types: mandatory disclosure, required by standards and regulations, and voluntary disclosure, provided at the firm's discretion. In the sustainability domain, the quality of voluntary disclosure varies widely with the standards adopted and the preparer's intent, and weak or selective disclosure can undermine the very stakeholder accountability it is meant to serve (Boiral & Heras-Saizarbitoria, 2020; Safari & Areeb, 2020).

2.7 Cost and Benefit of Information Disclosure

An accounting system is designed to meet the requirements of applicable laws, regulations, and generally accepted accounting standards, and to serve the interests of shareholders and stakeholders, while balancing the costs and benefits of disclosure. This cost-benefit trade-off is central to the sustainability-reporting debate, where firms must judge whether the gains from fuller disclosure justify its expense (Buallay, 2019).

The cost of information disclosure comprises the expenditures arising from collecting and providing financial and non-financial information, namely: (1) preparation and collection costs; (2) audit and verification costs; (3) dissemination costs; (4) competitive costs that arise when competitors exploit a firm's information; and (5) litigation costs that arise when a firm is deemed to have provided misleading or inaccurate financial and non-financial information.

The benefit of information disclosure refers to the advantages gained by the firm and the users of its financial statements: (1) transparent and adequate disclosure reduces information risk for investors and lowers the cost of capital and debt; (2) it narrows the information gap between management and shareholders, which can raise market confidence in the firm; (3) it increases trading frequency and share

liquidity; (4) it earns the reputation and trust of creditors and stakeholders by providing credible information; and (5) it enables investors, creditors, and other stakeholders to make more accurate decisions based on transparent, complete, and reliable information. Empirical work supports the first of these benefits in particular: fuller disclosure of sustainability information is associated with a lower cost of equity capital (Atasel et al., 2020; Li et al., 2023).

2.8 Accountability to Users of Financial Statements

Financial statements are a crucial tool for conveying a company's financial information to external stakeholders, particularly those with limited insight into the organization's internal workings (Auliyah & Agit, 2024). Accountability refers to corporate management's conformity with applicable laws and regulations, along with a clear system for measuring how the firm responds to its shareholders and stakeholders (Muslim & Mais, 2023). Framed through stakeholder theory, accountability extends beyond owners to the full set of parties affected by the firm, and sustainability reporting is one of its principal instruments (Hörisch et al., 2020; Woodbine, 2008).

In the corporate-governance literature, this accountability principle is commonly articulated through five aspects of good governance: (1) disclosure and transparency; (2) the equitable treatment of all shareholders (fairness); (3) the rights of shareholders and ownership functions; (4) the responsibilities of the firm's management or board of directors; and (5) the role of stakeholders in corporate governance. How preparers interpret and weight these obligations is itself shaped by their ethical orientation and professional socialization, which accounting education seeks to develop (Elias, 2006).

H1: *There is a difference in perception regarding misstatement in financial statements between lower-level and upper-level accounting students.*

H2: *There is a difference in perception regarding the disclosure of sensitive information in financial statements between lower-level and upper-level accounting students.*

H3: *There is a difference in perception regarding the cost and benefit of disclosing financial-statement information between lower-level and upper-level accounting students.*

H4: *There is a difference in perception regarding accountability to users of financial statements between lower-level and upper-level accounting students.*

H5: *There is a difference in perception regarding the need for transparent disclosure in sustainability reports between lower-level and upper-level accounting students.*

3. Research Method

This study employs cluster sampling and draws on primary data collected via a questionnaire distributed to accounting students at Universitas Tarumanagara. The research instrument is a 12-item questionnaire measuring accounting students' views on the ethics of fair and reliable financial reporting. The 12 items are grouped into five categories: misstatement, disclosure, cost and benefit, accountability, and the usefulness of sustainability reporting. The questionnaire data were analyzed using descriptive statistics, Levene's homogeneity test, and the Mann-Whitney U test with SPSS.

The population of this study comprises students enrolled in the Accounting study program at Universitas Tarumanagara. Sampling was conducted using a cluster sampling technique, in which classes were selected as clusters, and all students in the selected clusters served as respondents. A total of 166

students were obtained as respondents, divided into two groups: lower-level accounting students (who had not yet taken the auditing course) and upper-level accounting students (who had already taken the auditing course). This grouping was intended to test whether the stage of accounting education influences perceptions of reporting ethics. The research instrument was a closed-ended questionnaire consisting of 12 statements, measured on a four-point Likert scale (1 = strongly disagree, 4 = strongly agree). The twelve statements were grouped into five categories: misstatement, information disclosure, the cost and benefit of disclosure, accountability, and the usefulness of sustainability reporting.

Before use, the instrument was tested for validity and reliability. Validity testing was conducted to ensure that each item measured the intended construct, while reliability testing was conducted to assess the instrument's internal consistency. Data collection was conducted voluntarily, in accordance with the principles of research ethics. Before completing the questionnaire, respondents were informed of the purpose of the study, assured of the confidentiality of their identities, and informed that the data would be used solely for academic purposes.

The collected data were analyzed in three stages. First, descriptive statistics were used to characterize respondents' answers. Second, a test of homogeneity of variance (Levene's test) was conducted to examine the equality of variance between groups. Third, the Mann-Whitney U test, a non-parametric test, was selected because the data are ordinal (Likert scale) and therefore do not meet the normal-distribution assumption required by parametric tests such as the t-test. All tests were conducted at a significance level of 0.05.

4. Results and Discussion

4.1 Analysis Results

The descriptive statistics used in this study comprise the minimum, maximum, mean, standard deviation, range, and sum of the study variables. These statistics characterize the sample used in the study.

The descriptive statistics for the misstatement-in-financial-statements variable are presented in Table 1.

Table 1. Descriptive Statistics for Misstatement in Financial Statements

Code	Statement	Range	Min	Max	Sum	Mean	Std. Dev
6	The company should disclose the various risks it faces in the notes to the financial statements.	2	2	4	580	3.49	0.51
10	I would not disclose information in the financial statements if I thought another company would use it to attack me.	3	1	4	488	2.94	0.85
12	Management salaries and benefits are confidential information and should not be disclosed to the public.	3	1	4	517	3.11	0.72
14	I would deliberately introduce an error into the financial statements if necessary to prevent the company's bankruptcy and protect my employees' job security.	3	1	4	345	2.08	0.98

The descriptive statistics for the misstatement variable indicate that respondents tend to support the principles of transparency and openness in the preparation of financial statements. This is reflected in statement code 6, which obtained the highest mean of 3.49, showing that most respondents agree that firms should disclose the various risks they face in the notes to the financial statements. The standard deviation of 0.51 indicates that respondents' answers were relatively homogeneous. In addition, statement code 12 obtained a mean of 3.11, suggesting that respondents tend to agree that information on management salaries and benefits is confidential and need not be fully published. Meanwhile, statement code 10, with a mean of 2.94, indicates that respondents still exercise some reservations about disclosing financial information, particularly when such information could be used by other parties to the firm's detriment.

Conversely, statement code 14 obtained the lowest mean of 2.08, indicating that most respondents disagree with deliberately introducing errors or manipulation into financial statements, even where the aim is to save the firm and protect employees' job security. This reflects respondents' continued commitment to ethics and integrity in financial reporting. However, the standard deviation of 0.98 indicates considerable variation across respondents, so a small minority would still consider such action under certain conditions. Overall, these results show that respondents favor financial reporting practices that are transparent, accurate, and consistent with the principle of accountability.

The descriptive statistics for the information-disclosure variable are presented in Table 2.

Table 2. Descriptive Statistics for Information Disclosure in Financial Statements (n = 166)

Code	Statement	Range	Min	Max	Sum	Mean	Std. Dev
9	Fuller disclosure in the financial statements is needed to achieve fairness in the stock and bond markets.	2	2	4	573	3.45	0.51
13	The operating budget and profit targets for the coming year should not be disclosed in the financial statements.	3	1	4	458	2.76	0.77
16	Reductions in discretionary spending (the amount of which depends on management policy, such as year-end maintenance and advertising) should be reported in the financial statements.	3	1	4	531	3.20	0.53

The descriptive statistics for the information-disclosure variable indicate that respondents tend to support the importance of openness in achieving fairness in financial reporting. This is reflected in statement code 9, which obtained the highest mean of 3.45, showing that most respondents agree that fuller disclosure in financial statements is needed to achieve fairness in the stock and bond markets. The standard deviation of 0.51 indicates that respondents' answers were relatively homogeneous. In addition, statement code 16 obtained a mean of 3.20, showing that respondents also tend to agree that reductions in discretionary spending, such as year-end maintenance and advertising, should still be reported in the financial statements as a form of corporate transparency.

Conversely, statement code 13 obtained a mean of 2.76, placing respondents in the neutral-to-agree range on the statement that the firm's operating budget and profit targets for the coming year should not be disclosed in the financial statements. This suggests a persisting view that some strategic corporate information is confidential and not wholly appropriate for publication to external parties. The

standard deviation of 0.77 indicates fairly diverse responses. Overall, these descriptive results show that respondents favor transparent and complete disclosure in financial statements, albeit with certain limits regarding strategic corporate information.

The descriptive statistics for the cost-and-benefit-of-disclosure variable are presented in Table 3.

Table 3. Descriptive Statistics for the Cost and Benefit of Information Disclosure (n = 166)

Code	Statement	Range	Min	Max	Sum	Mean	Std. Dev
8	Publicly listed companies in Indonesia are heavily burdened by the requirement to follow generally accepted accounting principles.	3	1	4	520	3.13	0.68
11	Current accounting standards encourage companies to present more information than investors need.	3	1	4	524	3.16	0.63

The descriptive statistics for the cost-and-benefit-of-disclosure variable indicate that respondents tend to agree that applying accounting standards and principles imposes a certain burden on firms. This is reflected in statement code 8, which obtained a mean of 3.13, showing that most respondents agree that publicly listed firms in Indonesia are appreciably burdened by the requirement to follow generally accepted accounting principles. The standard deviation of 0.68 indicates that respondents' answers were relatively homogeneous, although some variation of opinion remained.

In addition, statement code 11 obtained a mean of 3.16, showing that respondents also tend to agree that current accounting standards encourage firms to present more information than investors actually need. The standard deviation of 0.63 indicates a relatively low dispersion of answers. Overall, these descriptive results indicate that respondents regard the disclosure of financial information as carrying certain costs and burdens for firms, particularly regarding the obligation to present highly detailed information under prevailing accounting standards.

The descriptive statistics for the accountability-to-users-of-financial-statements variable are presented in Table 4.

Table 4. Descriptive Statistics for Accountability to Users of Financial Statements (n = 166)

Code	Statement	Range	Min	Max	Sum	Mean	Std. Dev
7	Company management has a greater responsibility to shareholders than to the company's employees.	3	1	4	504	3.04	0.69
15	The party responsible for protecting investors' interests is the independent auditor, not the company's managers.	3	1	4	427	2.57	0.80

The descriptive statistics for the accountability-to-users variable indicate that respondents hold fairly diverse views about who is responsible for protecting the interests of financial statement users. This is reflected in statement code 7, which obtained a mean of 3.04, showing that respondents tend to agree that management bears greater responsibility towards shareholders than towards employees. The

standard deviation of 0.69 indicates that respondents' answers were relatively homogeneous, with a modest level of variation.

Meanwhile, statement code 15 obtained a mean of 2.57, placing respondents in the neutral-to-disagree range on the view that it is the independent auditor, rather than management, who is responsible for protecting investors' interests. The standard deviation of 0.80 indicates considerable variation among respondents. Overall, these results suggest that respondents still regard management as bearing important responsibility towards financial-statement users, including protecting investors' interests and ensuring that financial information is presented accountably.

The descriptive statistics for the need-for-transparent-disclosure-in-sustainability-reports variable are presented in Table 5.

Table 5. Descriptive Statistics for the Need for Transparent Disclosure in Sustainability Reports

Code	Statement	Range	Min	Max	Sum	Mean	Std. Deviation
17	Sustainability reporting is very important for companies to provide, as a means of enhancing transparency, accountability, and stakeholder trust regarding environmental, social, and governance performance.	2	2	4	580	3.49	0.51

The descriptive statistics for the need-for-transparent-disclosure-in-sustainability-reports variable showed a mean of 3.49, indicating that most respondents strongly agree that firms should provide sustainability reports. This reflects a high level of awareness among respondents of the importance of transparency, accountability, and openness regarding a firm's environmental, social, and governance (ESG) information to stakeholders. The high mean also indicates that sustainability reporting is seen as an important means of strengthening public trust in the firm.

In addition, the standard deviation of 0.51 indicates that respondents' answers were relatively homogeneous, reflecting a high level of agreement on the importance of sustainability reporting. These descriptive results show that respondents regard transparent sustainability disclosure as an important part of modern business practice and good corporate governance, with firms expected to present sustainability information clearly, completely, and accountably to all stakeholders.

As shown in Table 6, the p-value (sig.) for each variable is greater than 0.05; the variances of the two populations can therefore be considered homogeneous. As shown in Table 7, for the variable "perceptions of misstatement in financial statements," the test yielded an Asymp. Sig. (2-tailed) value of 0.225. As this exceeds 0.05, H1 is rejected. It can therefore be concluded that there is no difference in perceptions of misstatement in financial statements between lower-level and upper-level accounting students. This result indicates that the two groups hold relatively similar understandings and views regarding misstatement practices in financial statements.

For the variable of disclosure of sensitive information in financial statements, the test yielded an Asymp. Sig. value of 0.722. As this exceeds 0.05, H2 is rejected; that is, there is no difference in perceptions of the disclosure of sensitive information between lower-level and upper-level accounting students. For the variable of the cost and benefit of information disclosure, the Asymp. Sig. The value was 0.176, which is also greater than 0.05, so H3 is rejected. This indicates that the two groups hold relatively similar perceptions of the benefits and costs of disclosing financial information.

For the accountability variable to users of financial statements, the test yielded an Asymp. Sig. value of 0.928. As this exceeds 0.05, H4 is rejected; there is thus no difference in users' perceptions of accountability in financial statements between lower- and upper-level accounting students. Likewise, for the variable "need for transparent disclosure in sustainability reports," the Asymp. Sig. The value was 0.105, greater than 0.05, so H5 is rejected. This result indicates that lower-level and upper-level accounting students hold relatively similar perceptions of the importance of transparency in corporate sustainability reporting.

Table 6. Results of the Homogeneity Test (n = 166)

Test of Homogeneity of Variance		Levene Statistic	df1	df2	Sig.
Misstatement	Based on the mean	.111	1	164	.739
	Based on Median	.061	1	164	.805
	Based on Median and with adjusted df	.061	1	163.267	.805
	Based on the trimmed mean	.112	1	164	.739
Information Disclosure	Based on the mean	.073	1	164	.787
	Based on Median	.047	1	164	.829
	Based on Median and with adjusted df	.047	1	163.543	.829
	Based on the trimmed mean	.116	1	164	.734
Cost & Benefit	Based on the mean	3.535	1	164	.062
	Based on Median	2.590	1	164	.109
	Based on Median and with adjusted df	2.590	1	163.988	.109
	Based on the trimmed mean	3.544	1	164	.062
Accountability	Based on the mean	.367	1	164	.546
	Based on Median	.633	1	164	.427
	Based on Median and with adjusted df	.633	1	163.307	.427
	Based on the trimmed mean	.413	1	164	.521
Business Sustainability Reporting	Based on the mean	.913	1	164	.341
	Based on Median	.069	1	164	.793
	Based on Median and with adjusted df	.069	1	163.632	.793
	Based on the trimmed mean	.661	1	164	.417

Table 7. Hypothesis Test Results

	Misstatement	Information Disclosure	Cost & Benefit	Accountability	Business Sustainability Reporting
Mann-Whitney U	3055.000	3319.500	3034.000	3399.500	2992.000
Wilcoxon W	7060.000	7324.500	6037.000	7404.500	5995.000
Z	-1.212	-.355	-1.353	-.090	-1.620
Asymp. Sig. (2-tailed)	.225	.722	.176	.928	.105

a. Grouping Variable: Group

Overall, the hypothesis tests show that each study variable had a p-value above 0.05, so all alternative hypotheses (H1 to H5) are rejected. It can therefore be concluded that there is no significant difference between lower- and upper-level accounting students in their perceptions of misstatement in financial statements, the disclosure of sensitive information, the costs and benefits of information disclosure, accountability to users of financial statements, or the importance of transparency in sustainability reporting. This indicates that the educational level or semester stage of accounting students does not yet produce a significant difference in perceptions of accounting reporting and disclosure issues.

4.2 Discussion

The absence of a significant difference in perception between lower-level and upper-level students across the five categories may be explained in several ways. First, foundational ethical values are likely formed before students enter university, through family upbringing, schooling, and the social environment, so that exposure to advanced accounting coursework does not necessarily reshape ethical perceptions that are already established; prior work has similarly found that personal and background factors weigh heavily on students' ethical sensitivity alongside formal instruction (Chan & Leung, 2006). Second, the ethics content of the curriculum may be delivered largely in normative and theoretical terms, an approach that, as Mintz (2006) notes, is less effective at shifting moral reasoning than reflective or experiential pedagogy and may therefore be too weak to produce measurable differences in attitude across levels of study. Third, an instrument composed of general ethical statements can elicit a tendency towards uniform, socially desirable responses, whereby respondents select the answer regarded as morally correct regardless of their level of study.

This finding aligns with studies that question whether formal accounting education reliably advances ethical reasoning, such as Taylor (2013), who found that the value added by ethics training for accountants is far from assured. It contrasts, however, with evidence that targeted ethics instruction can raise moral sensitivity (Chan & Leung, 2006; Mintz, 2006). The divergence suggests that the influence of education on ethical perception is not universal but is contingent on the teaching approach, the cultural context, and respondent characteristics, a contingency underscored by cross-cultural work showing that ethical reasoning varies systematically with cultural setting (Ge & Thomas, 2008; Lin & Ho, 2008). The present study thus enriches the literature by showing that, among accounting students at Universitas Tarumanagara, the level of study is not yet a differentiating factor in perceptions of the ethics of financial and sustainability reporting.

Viewed through the lens of agency and stakeholder theory, this convergence is informative in itself. Both groups appear to have internalized the expectation that managers and accountants are accountable not only to shareholders but also to a broader set of stakeholders, an expectation that lies at the core of the stakeholder perspective on corporate disclosure (Hörisch et al., 2020). If the norm of stakeholder accountability is absorbed early and reinforced consistently across the curriculum, it is plausible that perceptions of misstatement, disclosure, and accountability stabilize well before students reach their final years, leaving little measurable variation to detect between the two groups.

The pattern observed for the sustainability-reporting category warrants particular attention. That lower- and upper-level students hold similarly favorable views of transparent sustainability disclosure suggests that awareness of environmental, social, and governance reporting is now broadly diffused rather than concentrated among advanced students. This is encouraging for the integration of

sustainability into accounting curricula (Othman & Ameer, 2024). However, it also implies that simply adding later-stage coursework may not further deepen sustainability-reporting ethics. Experiential and problem-based approaches, which have been shown to strengthen sustainability learning among accounting students (Wyness & Dalton, 2018), may be needed to move perceptions beyond a baseline level of approval towards more nuanced ethical judgment.

5. Concluding Remarks and Recommendation

Based on the tests above, it can be concluded that: (1) there is no difference in perceptions of misstatement in financial reporting between lower-level and upper-level students; (2) there is no difference in perceptions of the disclosure of sensitive information in financial statements between the two groups; (3) there is no difference in perceptions of the cost and benefit of information disclosure between the two groups; (4) there is no difference in perceptions of accountability to users of financial statements between the two groups; and (5) there is no difference in perceptions of the importance of transparency in sustainability reporting between lower-level and upper-level students.

Taken together, these results show that lower-level and upper-level accounting students hold broadly similar perceptions of the ethics of financial and sustainability reporting. The absence of a significant difference across study levels suggests that ethical orientation in this domain is shaped by factors that precede or extend beyond formal accounting coursework, consistent with evidence that ethical sensitivity is not a straightforward function of curricular exposure. The finding that students at both levels endorse transparent sustainability disclosure is encouraging for the integration of environmental, social, and governance concerns into accounting education (Othman & Ameer, 2024). At the same time, because the study is cross-sectional and measures perceptions at a single point in time, the findings cannot establish whether students will retain these attitudes after entering professional practice; they are more appropriately read as indicating that, within the sample studied, the level of study is not a differentiating factor in ethical perception.

Several recommendations follow for research and practice. First, the population and sample should be broadened to compare students' perceptions across multiple universities and institutional contexts, thereby improving the generalisability of the findings beyond a single setting. Second, longitudinal designs are needed to examine whether ethical perceptions persist or shift as students gain work experience, since a single point-in-time survey cannot capture such change. Third, future work should extend beyond financial and sustainability reporting to students' perceptions of taxation, auditing, and related domains. It should consider experiential and problem-based pedagogies that have been shown to deepen sustainability learning among accounting students. For accounting educators, the results suggest that strengthening ethical sensitivity may require deliberate, reflective interventions rather than reliance on the cumulative effect of advanced coursework alone.

Statement of Use of Generative AI

During the preparation of this work, the author used ChatGPT to assist in improving clarity and readability of the text. The author reviewed and edited the output and takes full responsibility for the content of the publication.

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