CHAPTER I

INTRODUCTION

1.1. Study Background

Corruption is considered as one of the most widely recurring threat that still exists in today's society. Economist have described corruption as a social issue which negatively affects the growth and development of a nation economically, politically and socially (Okogbule, 2006). No countries have ever been free of corruption. However, the issue of corruption has received a distinct attention especially in developing countries due to the immense freedom of press and rapid development of democracy. High level of corruption had caused countries a great deal of damage, including a slow progress of economic growth, wastage of public resources and it jeopardizes the environment for domestic and foreign investment. Moreover, corruption lead to the misuse of government power. For instance, bribery and any form of extortion weakens a country's democracy and good governance by violating its formal processes. Politically, corruption undermines the legitimacy and transparency of a country's regime and thus lead to a loss of public support and trust. The worst of all is that in the long-run, corruption can eventually cause a country in poverty as a result of income inequality and the limitation of public resources access. In a sense, corruption affects every stakeholder at all levels.

In the business world, corruption exists in the form of corporate scandals. For the past decades, the media and news report have been filled with the ever-expanding list of scandals revealing unethical business practices. For instance, one of the top corporate scandals of all time is the case of Enron Corp. that took place in the early twenty-first century. It was found that Enron had manipulated its balance sheets as a way to boost its earnings (Brickey, 2003). As a result, the company ended up in bankruptcy. It was reported that Enron's CEO and the auditors at that time were mainly responsible for the company's collapse. It became clear that the corruption was originated internally by the company's top executives.

Since then, many stakeholders such as public, government, consumers and investors have requested a strong demand of ethical behavior within public and private organizations. The result of corporate scandals have made stakeholders evaluate the performance of organization not only based on its profitability, but also on the ethical values demonstrated by its employees and management (Mirshekary & Lawrence, 2009). In addition, this demand has affected the role of educational institution. Colleges and universities have been viewed as an instrument to educate and train students, the country's future decision makers, in improving the fundamental understanding of business ethics (Vaiman & Rikhardsson, 2015).

However, the problem is that corrupt behavior has spread deeply not only in political and business sectors but also in educational level. Prior

literatures have defined corruption as an unethical action that is done with the intention to gain private benefits (Waldman, 1974; Treisman, 2000; Dion, 2010). Unfortunately, students' engagement of academic dishonesty falls within the rubric of unethical behaviors. According to Ferrell and Daniel (1995), academic dishonesty is defined as any type of misconduct in which includes as simple as cheating on test and assignments, plagiarism and misuse of resources, theft and mutilation of library materials as well as manipulation of faculty (Mckibban & Burdsal, 2013). It is believed that students perform academic misconduct in order to earn higher grade, which is a similar form of gaining personal benefits. Therefore, it cannot be denied that corruptive behavior exists within students and is represented by unethical behaviors performed in academic setting.

The challenge is that numerous past researches had shown a continuous increase of academic misconduct within colleges and universities. One of the most comprehensive studies of college cheating found that 33% of students admitted to cheating on exams and 50% had cheated on written assignment (Mccabe, Treviño, & Butterfield, 2001). Moreover, the result of a previous research stated that business students were generally more unethical in their behavior and attitudes than non-business majors. This indicates that business students cheat more compared to other students within the university. Thus, prior research suggested a need for more ethical exposure in business courses to help

students distinguish ethical from unethical decisions (Smyth & Davis, 2004). As a result, research on these academic misconducts have potentially offered further research in the area of business ethics.

Furthermore, it has been claimed that "students who are ethically corrupted and do not respect academic integrity at higher institutions might not respect the integrity of their future professionals and careers" (Mulisa, 2015). This implies that students who violates ethical behavior in academic setting will likely implement corruptive behavior in future workplace. It indicates that the existence of academic misconduct has threatened students' moral values. This becomes a problem since business students are expected to be the future business leaders. Moreover, academic misconduct among students has also caused a major drawback to the integral values of business ethics education (Floyd, Xu, & Atkins, 2013). Meaning that the prevalence of academic misconduct among students in college and universities deters the achievement of higher educational institutions fundamental aim.

Nonetheless, attempts have been made to eradicate students from having corruptive behavior. Most research have focused on the motives and behavior of the students involved in academic misconduct rather than the alleged students (Cabral-cardoso & Cabral-cardoso, 2004). It is believed that finding out the causes would help reduce the occurrence. Thus, prior studies tend to investigate factors which cause individual to engage in unethical behavior. McCabe and Trevino (1997) have

investigated the influences of individual and contextual factors on self-reported academic dishonesty. Individual's characteristics includes age, gender, and grade-point-average while contextual factors refer to the level of cheating among peers, peer disapproval of cheating, fraternity/sorority membership, and the perceived severity of penalties for cheating. In addition, previous study have also added ethical factors which also influence academic dishonesty behavior of students (Ellahi, Mushtaq, & Khan, 2013). These studies seem to relate with individual's attitude toward the behavior.

In relation, individuals' corruptive behavior is significantly influenced by psychological factors, moral and religious norms. It has been stated that one of the most important determinants of cheating behavior is student's attitude toward cheating itself (Rettinger & Jordan, 2005). Religion is believed to be the basis of shaping individual's attitude. It is a belief which consists a form of ethics that apply to individual's morality. In other words, religion helps guide a person's course of action based on the values and principles. Therefore, several researches have used ethics and religiosity as a guide in predicting individual's attitude, such as cheating and other unethical behavior in academic area (Rettinger & Jordan, 2005; Mustapha, 2016).

The issue of academic misconduct has been viewed as a growing global concern. Understanding how students think and decide the main influences of committing corruptive behavior is expected to help educators

in minimizing the behavior. Furthermore, it also helps higher educational institutions in evaluating the effectiveness of its academic integrity policies. An earlier study has revealed that one of the reasons why students violates academic integrity is because the sanctions placed by faculties as a result of conducting the behavior are not viewed to have severe effect (Mccabe, Trevino, & Butterfield, 2002). Thus, students tend to ignore the consequences and proceed the behavior.

Indeed, corrupt behavior among students has been perceived as a common behavior in Indonesia. It appears that there are still many people who seems to tolerate academic misconduct. Many believe that cheating, plagiarizing, and other forms of fabrications in academic setting do not provide a detrimental effect since the actions performed is considered as a victimless crime. In most cases, students start to involve in academic misconduct as a one-time opportunity, but ended up as a compelling habit. Moreover, the pressure to succeed have triggered students to only concerns about the outcome rather than the learning process.

Hence, the researcher is motivated to conduct this research due to the rise of academic misconduct among students in higher institution, particularly in business school. Despite of the many possible factors mentioned before, this research is intended to focus on the impact of individual factors on students' corruptive behavior perceptions. The researcher will measure individual factors represented by students' average grade as well as students' academic performance in selected

courses. It would be interesting to see whether ethics and religious values implemented in compulsory business courses in the curriculum promote academic integrity and whether it contributes to students' engagement in academic misconduct. Moreover, there is a limited research that concerned a further elaboration on the comparison of business school students' corruptive behavior perceptions within business schools. Thus, the researcher is also interested to find out whether students, especially Accounting and Management students, within business schools perceived corruptive behavior differently.

1.2. Problem Formulation

The study aims to answer the following problems:

1. Does the academic performance in grade point average (GPA) have a negative impact on students' corruptive behavior perceptions?

2. Does the academic performance in ethics subjects have a negative impact on students' corruptive behavior perceptions?

3. Does the academic performance in religion subjects have a negative impact on students' corruptive behavior perceptions?

4. Is accounting students' corruptive behavior perceptions different from those of management students?

1.3. Limitation of Research Area

The researcher limits the research about "The Impact of Business School Students' Academic Performance on Their Corruptive Behavior Perceptions." In this study, the major constraint for the researcher is the

limitation of time. For this reason, the researcher will only include research participants which consists of Accounting and Management students of the Faculty of Economics in Universitas Islam Indonesia. Also, the researcher only focusses on the individual factors which are students' academic performances in determining the participants' corruptive behavior perceptions.

1.4. Research Objectives

The purposes of this study are:

1. To test whether the academic performance in grade point average (GPA) have a negative impact on corruptive behavior perceptions of Accounting and Management students of Universitas Islam Indonesia.

2. To test whether the academic performance in ethics subjects have a negative impact on corruptive behavior perceptions of Accounting and Management students of Universitas Islam Indonesia.

3. To test whether the academic performance in religion subjects have a negative impact on corruptive behavior perceptions of Accounting and Management students of Universitas Islam Indonesia.

4. To investigate whether Accounting students have different corruptive behavior perceptions compared to Management students of Universitas Islam Indonesia.

1.5. Research Contributions

All of the information generated in this study, is expected to give benefits and substantially useful for the following parties:

1. For researcher

   This research is expected to provide knowledge related to the impact of academic performance in grade point average, ethics and religion subjects of business students of Universitas Islam Indonesia toward their corruptive behavior perceptions. Furthermore, this research is also expected to enhance scientifically and systematically the researcher's ability in analyzing the phenomenon.

2. For academician

   This research is expected to give contribution in the form of additional information and analysis regarding business school students' academic performance to their corruptive behavior perceptions. Additionally, this research is expected to help academicians to take better action in reducing the prevalence of students' academic misconduct within their institutions by providing a curriculum related with academic integrity in which can create a better moral and ethical values for its students.

3. For other researchers

This research can be used as a reference and additional information for further research that might be conducted in the future.

1.6. Systematics of Writing

This research consists of five chapters. The description of each chapter is explained in the following parts:

Chapter I: INTRODUCTION

The first chapter consists of study background, problem formulation, problem limitation, research objectives and the research contributions.

Chapter II: REVIEW OF RELATED LITERATURE

The second chapter describes the review of related literature which consists of theories, previous research and results as well as the development of hypothesis.

Chapter III: RESEARCH METHOD

The third chapter presents a discussion of the data collection process. It covers discussion about the type of study of this research, the research subjects, the data collection methods, the research variables and the techniques used to analyze the data.

Chapter IV: DATA ANALYSIS AND DISCUSSIONS

The fourth chapter explains about the result of findings and

discussion regarding the research analysis.

Chapter V: CONCLUSIONS AND RECOMMENDATIONS

The fifth chapter contains the conclusion of the research

findings, research limitations and research

recommendations for future research.