

The Impact of Management Ethics on Digital pricing Decisions in Educational Institutions: Experimental Design

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Abstract: Education is important for enhancing life quality. The higher educational attainment provides more chances for creating opportunities which produces better quality of life is. On other hand, cost in higher education is expensive. This research aims to investigate the impact of management ethics on education digital pricing. The method for this research is experiment. This method is appropriate for this objective because it increases internal validity of this causality. The respondents of this study are 40 accounting students who completed cost accounting. The respondent were given the ethical scenarios and were measured their ethical level. Furthermore, they should completed education digital pricing cases. This result of study shows that ethics level affects education digital pricing. Hence, people still consider that education is social resources which should be accessed by children.

I. INTRODUCTION

Education is important to society because it provides a development of the intellectual and professional. It also plays an important role in supporting competitiveness of country. The Government of Indonesia have a political commitments for achieving basic education (SD, SMP, SMA) for all citizens. This commitment in education system should enhance government performance in distribution of basic education.

For support the government commitment, the number of private schools is significantly growing. It is different from state school which offered without charge and funded by taxation. Therefore, management of private school to make digital pricing decisions. Most of private school determine appropriate annual fees in order to attract new students. For that, digital costing is important and crucial thing in this process.

Digital costing is crucial decision in some organization especially in education. When organization inaccurate for digital costing some product, it results underdigital costing and over digital costing for their product (Coskun, 2013). Underdigital costing lead to improper digital costing, digital pricing of product, and decision for capital investment [1]. On other hand, Overdigital costing produces high price of product and low of turn over of inventory.

In education, digital costing is very complex case because it integrates ethics and profit. Besides that, it also affected by many factors such as public image, customer demand, legal regulations, political country's economic conditions,

and other factors. Digital costing in educational institution determines based on market and cost based approaches.

From business view, education institution should low cost and high sales price for acquiring high profit. On other hand, ethics requires low sales price in order to be accessible by middle income community. Price gouging is ethical case [1]. For that, most people perceive that price gouging is immoral.

Based on perception that price gouging is immoral, management who has high level of ethics will avoid it. Armstrong [2] and Piper et al. [3] show that management who received ethical course have awareness of unethical behavior. For that, ethics course is important for professional curricula such as accounting, dentistry [4] and medicine [5].

Ethic comprehension course should increase their their awareness on immoral behavior and increase their capability for dealing in some complex ethical case. Beside that it depends on methods of ethics learning. This propositions consistent with arguments of Armstrong [2] and Piper et al. [3]. Finally, price gouging is case which related to ethics comprehension. Based on this phenomena, this paper investigates the impact ethics on education digital costing.

II. LITERATURE REVIEW

Digital pricing Decision

Digital pricing in educational institution is process for determining price of annual fee that students are willy to pay. Most of management determines prices based on some consideration such as customers, rivals, cost, timing, legal, image, market, political (Hilton, Milton, & Sello, 2008).

Price gouging occurs when seller spikes prices of products even goods or services beyond reasonable or fair price. For that, it is assumed exploitative and unethical extent. For example, average of rice is Rp 10.000. If any seller provide rice in Rp. 50.000, it could be price gouging.

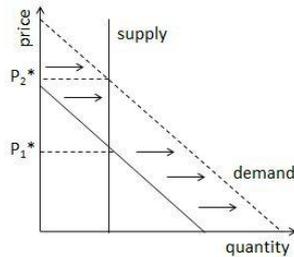
Price gouging is perceived as immoral and explicitly illegal in some countries. Some researchers have investigated the consequence of of price ceilings on supply and demand graph. Rockoff, (1984) stated that In United States, government have fixed the rent of apartment, price of gasoline, and the wages for unskilled labor. Price ceilings are implemented by government for ensure citizens obtain critical goods and services (Rockoff, 2008).

Revised Manuscript Received on March 26, 2019.

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Some economist critics of price gouging because it caused by increase in demand would which impact on increase in price but not lead an increase in the quantity. It could be described as graph below,



In these cases, however, higher prices can still be helpful in that they allocate goods more efficiently than artificially low prices combined with shortages would. For example, higher prices during peak demand times discourage hoarding by those who happen to get to the store first, leaving more to go around for others who value the items more.

Ethic Level

Ethics is very essential for decision making. For that, some profession such as medicine, law, and accounting should integrate ethic in its curriculum. Kohlberg [17] stated that ethical level should be developed through education. For that, ethics level should increase their awareness on immoral behavior and increase their ability in moral decision making.

Ethics level has impact on moral reasoning. For that, Liyanarachchi and Newdick [15] stated that ethics level has impact on intention for whistle a blowing. Poneman & Glazer [7] sated that educational levels affects moral reasoning and their abilities for dealing in ethic dilemma.

Ethics and Digital pricing

Digital costing is important in organization because it will affect for digital pricing their product (Coskun, 2013). Underdigital costing in such product lead to digital pricing of product and capital investmen [1]. Education digital costing is very complicated because combines ethics and profit. Based on business perception, its digital pricing should be high for achieve profit taget. On other hand, price gouging is immoral which should be avoided.

Based on some research shows that ethics comprehension should increase their capability for dealing in ethic dilemma. This propositions also consistent with arguments of Armstrong [2] and Piper et al. [3]. Finally, based on previous arguments, this paper formulates hypothesis (H 1) as follows:

H1: Ethics scores significantly negative influence on price gouging.

III. METHODOLOGY AND RESULT

This research aims to investigate the impact of ethics on price gouging. The participant of this research is students because Nahartyo [18] stated that using accounting major students as surrogation of professional accountant based on similarity between junior and senior judgmnet result. It also focused on behavioral research which not different between

professional and non professional for making simple decision. The case for this research as a follows:

1. Participants of research are chosen randomly. Participants are student which majoring in accounting. Because this research is digital costing case, the participant must completed cost accounting because they are assumed that able to complete digital costing case. After completed digital costing cost, the participant should completed ethics case.

2. The students Participant were given a scenario for digital costing as follow

PT ABC is education organization which facilitates students for achiece a undergraduate degree. Most of its student are low income. If previous tuition (2015) is Rp. 6.000.000. How much you will cost student in 2016?

3. The hypothesis of this research was tested using t test to compare the effect of ethics course on the ethics dilemma. It is appropriate for this study because it is only compare two groups.

Result of Research

1. Participants

The participant of this investigation is student who have completed cost accounting course. Participants in high level ethics is 15 students. Sum of participants are presented in this table.

Table. 1 Sum of participant that analyzed

Ethic Course	Low ethic level	20 student
	High ethic level	15 student

The score for high ethic level and low ethic level respectively was 5.05 (0.78) and 1.75 (0.77). Moreover, the participants feel and appreciate the treatment. For that, treatment is success.

2. Test of Normality

Test of normality is kind of parametric tool which used for identify average difference between dependent variable. Below is result of the Kolmogorov-Smirnov statistic test,

Table. 2 Result of Kolmogorov-Smirnov statistic test

	Whistle Using Information Technology Blow Intention	
	Low Level	High Level
Average	2.500.000	1.250.000
Standard Deviation	853.912.5	112.568,8
Asymp. Sig. (2-tailed)	.070	.089

For that, data for both of group above has normality of distribution because value of Asymp. Sig. (2-tailed) respectively 0.070 and 0.089 (> 0.05).

3. Hypothesis Testing

In condition of high level of ethics, the participant will perceive that price gouging is immoral. For that, they will increase education cost lower than low ethics level. This conclusion based on result of statistic which the average of



course cost 1.250.000 is lower than low ethics level 2.500.000 .

The difference in cost is statistically significant different (F = 0.848, P= 0.044).

Table. 3 Descriptive Statistic

Group	N	Mean	Std. Deviation	Std. Error Mean
High Level	150	1.250.000	112.568,8	.25337
Low Level	20	2.500.000	853.912.5	.14300

Based on some previous research, ethics is important for decision making. It is consistent with statement that ethic level is very important for moral reasoning of student. For that, Poneman & Glazer (1990) state that ethics level increase their sense for increasing moral beliefs. For that, participant who has high level of ethics will perceive that price gouging is immoral.

Table. 4 Independent Samples Test

T	Df	Sig. (2-tailed)	Mean Difference
12.184	33	.000	1.250.000

Based on above result, the difference between groups is significant. For that, participant who has high level of ethics will perceive that price gouging is immoral. This significantly based on result of independent sample test which shows score of Sig. (2-tailed) is smaller than 5% (< 0,05). This findings consistent with Thomas [6] which stated that professional judgment consists of continuous training, knowledge, intention, ethical standard, and experience. Furthermore, this findings also in line with Armstrong [2] which state that relationship between ethics level and moral reasoning is positively significant.

IV. CONCLUSION

The issue in education digital costing is very important because it combine between ethics and profit. For that, the impact of ethics on education digital costing is important. This study investigates whether ethic level is effective tool for increasing their awareness on price gouging which lead to perceive that price gouging is immoral.

Based on results and discussion above, it could be concluded that ethic level influence positively on accountancy students' intention for blowing the whistle using information technology on organizational wrongdoing.

V. LIMITATION AND FUTURE RESEARCH

Some limitation inherent in this study. First, the participant of this research is student. For that, it could not be generate to professional whose high experience. Beside that, the sample may be not representative of management population. For that, the generalizability of the finding is cautiously. Second, the limitation is pertain to content validity of DV. Case in this research is self developed. For that, future study should improve this case.

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