

ACCOUNTING ETHICS IN THE ACCOUNTING PROFESSION: A SAMPLE STAKEHOLDER SURVEY IN BLOEMFONTEIN

by

FRANK THEBE MAKHABANE

A field study submitted to the UFS Business School in the Faculty of Economic and Management Sciences in partial fulfilment of the requirements for the degree

Master's in Business Administration at the
UFS Business School

University of the Free State
Bloemfontein

Supervisor: DR LIEZEL MASSYN

16 November 2015

Declaration

I declare that the Field Study hereby submitted for the Masters in Business Administration at the UFS Business School, University of the Free State, is my own independent work and that I have not previously submitted this work, either as a whole or in part, for a qualification at another university or at another faculty at this university.

I also hereby cede copyright of this work to the University of the Free State.

Name: Frank Thebe Makhabane

Date: 16 November 2015

Acknowledgements

First of all I would like to thank The Lord, Almighty God for having given me life, strength and courage to hold on and keep up regardless of the storms. I would like to thank staff of the Business school, my friends, Emmanuel Appiadu, Dr. Hanli Joubert, Dr. Mwaniki Munene and Prof Hendri Kroukamp for all their support.

I owe a great debt of appreciation to my very acquainted and experienced supervisor **Dr. Liezel Massyn** who patiently guided me through the success of this study, and gave me the benefits of her own extensive knowledge; I am grateful for her recommendations for improving this field study , she has been there as a source for continuous inspiration.

Lastly, I would like to thank my sick mother for all her prayers to see me achieving my dreams. I thank my family for being patient with me even though I had put them in tough financial constraints. Thato, Tsire, Thebe (Poloko) and Pabi papa loves you more and will always be there for you.

A special vote of thanks to all companies that took part in making this study a success.

Peace!

Abstract

Recent years have witnessed an increase in the emphasis on accountability and transparency in both private and public sectors, largely because of a need to optimize efficiencies and productivity. Accompanying this trend has been an increasing appreciation of the centrality of ethics in public life. A key profession in meeting these demands is the accounting profession. An often-understated aspect of the accounting profession that strives to ensure adherence to ethics by accounting professionals is accounting ethics, which is defined as an example of professional ethics and, in particular, the study and practice of moral values and judgments in the field of applied ethics as they apply to accountancy. Against this background and with a specific focus on Bloemfontein, this study sought answers from the following research question: (i) Why are accounting ethics important/critical to the accounting profession?

To answer the above, the secondary objectives of the study were:

- (a) To identify the development of accounting ethics in accounting as a profession.
- (b) To assess the importance of accounting ethics in the accounting profession in Bloemfontein.
- (c) To evaluate the role of accounting ethics education in the accounting profession among stakeholders in Bloemfontein and thereafter map the range of these stakeholder perceptions. The research methods used was a quantitative approach through the use of questionnaires.

Questionnaires were coded and analysed using the Statistical Package for the Social Sciences (SPSS) software. Results from questionnaire data show a high percentage of the sampled population being aware of accounting ethics and that they chose to be ethical in their business decisions. Further, the overwhelming majority (85%) of the sampled population indicated that ethics should be integral to all modules that form the basis of accountancy training. It is for this reason that the study recommends that (accounting) ethics should not be a stand-alone module or subject but one that is integrated vertically (in a succession of study years, i.e. first, second and third years of study as the case may be) and horizontally (in different modules/subjects in a particular year of study). Other

recommendations of the study include continuous development and support in the form of workshops and other forms of in-service training and development programmes for accounting professionals and corporate leaders, aimed at engendering accounting ethics in the workplace and as an integral part of personal values. Additionally, these recommendations include professional bodies in the accounting profession that should enforce registration by accounting professionals so as to be in a position to enforce their codes of conduct. Another recommendation is that there is a need for close cooperation in all aspects of accountancy training (from curriculum design through to curriculum delivery) between educational institutions and professional and regulatory bodies in the accounting profession so as to guarantee organic development of training in alignment with the changing demands of the profession.

Keywords: Accounting, accounting ethics, professional ethics, accounting profession, accounting education and training, morals, norms, codes of conduct, vertical integration and horizontal integration.

Table of Contents

| | |
|---|------------|
| Declaration | ii |
| Acknowledgements | iii |
| Abstract | iv |
| List of Tables | x |
| List of Figures | xi |
| List of Abbreviations and Acronyms..... | xii |
| CHAPTER ONE – Introduction and Background to the Study | 1 |
| 1.1. Introduction | 1 |
| 1.2. Background to the study..... | 2 |
| 1.3. Problem statement | 6 |
| 1.4. Objectives | 6 |
| 1.4.1. Primary objective | 6 |
| 1.4.2. Secondary objectives..... | 6 |
| 1.5. Preliminary overview of relevant literature | 7 |
| 1.6. Research methodology..... | 10 |
| 1.7. Demarcation of the study..... | 11 |
| 1.9. Conclusion | 12 |
| CHAPTER TWO – Literature Review..... | 13 |
| 2.1. Introduction | 13 |
| 2.2. Accounting ethics – inheritance from the legacy of Luca Pacioli | 14 |
| 2.3. Epistemological advances in accounting ethics | 15 |
| 2.4. Business ethics and corporate governance | 18 |
| 2.5. Accounting standards and benchmarks | 21 |
| 2.6. Accounting ethics as professional ethics | 25 |
| 2.7. Accounting ethics in business education and training | 28 |

| | |
|---|-----------|
| 2.8. Accounting ethics in national debates and consciousness..... | 31 |
| 2.9. Conclusions | 31 |
| CHAPTER THREE – Research Methodology | 32 |
| 3.1. Introduction | 32 |
| 3.2. Research design..... | 32 |
| 3.3. Sampling strategy..... | 33 |
| 3.4. Data collection methods | 33 |
| 3.5. Statistical analysis | 33 |
| 3.6. Ethical considerations..... | 34 |
| 3.7. Conclusion | 34 |
| CHAPTER FOUR – Data Analysis, Presentation and Discussion | 35 |
| 4.1. Introduction | 35 |
| 4.2. Response rate | 35 |
| 4.3. Biographical and demographical characteristics of respondents..... | 35 |
| 4.3.1. Population (companies/organisations sampled)..... | 36 |
| 4.3.2. Sample size and response rates | 37 |
| 4.3.3. Years of service with company..... | 38 |
| 4.3.4. Institution where accounting qualification was obtained | 39 |
| 4.3.5. Age | 40 |
| 4.3.6. Gender | 41 |
| 4.3.7. Culture group | 41 |
| 4.3.8. Levels of management | 42 |
| 4.4. Descriptive and Inferential analysis of perceptions data and its interpretation..... | 42 |
| 4.4.1. Importance of ethics in the business community (GC1) | 43 |
| 4.4.2. Importance of ethics in business courses (GC2) | 44 |
| 4.4.3. Importance of ethics in personal decisions (GC3) | 45 |
| 4.4.4. Importance of ethics in decisions in the workplace (GC4) | 46 |

| | |
|---|-----------|
| 4.4.5. Relating accounting education to moral issues (G1) | 47 |
| 4.4.6. Accounting ethics education assisting in recognition of accounting issues that have moral implications (G2)..... | 48 |
| 4.4.7. Role of accounting education in developing a “sense of moral obligation” or responsibility (G3)..... | 49 |
| 4.4.8. Role of accounting education in developing abilities to deal with ethical conflicts or dilemmas (G4) | 50 |
| 4.4.9. Role of accounting education in equipping accounting professionals with skills to deal with the uncertainties of the accounting profession (G5) | 51 |
| 4.4.10. Role of accounting education in “setting the stage” for a change in ethical behaviour (G6)..... | 52 |
| 4.4.11. Role of accounting education in developing an appreciation and understanding of the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics (G7)..... | 53 |
| 4.5. Cross-tabulation of sample characteristics and perceptions data | 54 |
| In table 4.23 and 4.24 the p-value is 0.584 and 0.417 respectively which is obviously higher than 0.1. This means that there is no significant association between the importance of ethics to community and gender. In table 4.24 also there is no significant association between the issues that have ethical implications and gender..... | 60 |
| 4.6. Conclusion | 60 |
| CHAPTER FIVE – Conclusions, recommendations and limitations..... | 62 |
| 5.1. Introduction | 62 |
| 5.2. Conclusions of the study | 62 |
| 5.3. Recommendations..... | 65 |
| 5.4. Conclusion | 65 |
| List of References | 67 |
| Annexure..... | 72 |

List of Tables

| | |
|---|----|
| Table 4.1: Name of companies..... | 36 |
| Table 4.3: Tenure | 38 |
| Table 4.4: Accounting institutions that offered the qualification | 39 |
| Table 4.5: Age of respondents..... | 40 |
| Table 4.6: Gender | 41 |
| Table 4.7: Culture..... | 41 |
| Table 4.8: Management level..... | 42 |
| Table 4.9: General concept 1 | 43 |
| Table 4.10: General concept 2 | 44 |
| Table 4.11: General concept 3 | 45 |
| Table 4.12: General concept 4 | 46 |
| Table 4.13: Goal 1..... | 47 |
| Table 4.14: Goal 2..... | 48 |
| Table 4.15: Goal 3..... | 49 |
| Table 4.16: Goal 4..... | 50 |
| Table 4.17: Goal 5..... | 51 |
| Table 4.18: Goal 6..... | 52 |
| Table 4.19: Goal 7..... | 53 |
| Table 4.20: Gender, levels of management and culture cross-tabulation..... | 54 |
| Table 4.21: Cross-tabulation of importance of ethics in community and tenure | 57 |
| Table 4.22: Cross-tabulation of importance of ethics to community and culture | 58 |
| Table 4.23: Cross-tabulation of importance of ethics to community and gender | 58 |
| Table 4.24: Cross-tabulation of recognition of issues that have ethical implications and gender | 60 |

List of Figures

| | | | |
|---|--------|----------|--------------|
| Figure 4.1: Percentage of respondents per Company | Error! | Bookmark | not defined. |
| Figure 4.2: Culture..... | | | 60 |
| Figure 4.3: Goals of accounting ethics education..... | | | 62 |

List of Abbreviations and Acronyms

| | |
|-------|---|
| AGSA | Auditor-General South Africa |
| AICPA | American Institute of Certified Public Accountants |
| CA | Chartered Accountants |
| CIMA | Chartered Institute of Management Accountants |
| ICAEW | Institute of Chartered Accountants of England and Wales |
| IIA | Institute of Internal Auditors |
| IMA | Institute of Management Accountants |
| IoDSA | Institute of Directors in Southern Africa |
| ITC | Initial Test of Competence |
| MCI | Mazars Central Inc. |
| MMM | Mangaung Metropolitan Municipality |
| NCA | Newtons Chartered Accountants |
| PCAS | Policy Coordination and Advisory Services |
| PT | Provincial Treasury |
| PWC | PricewaterhouseCoopers |
| SAICA | South African Institute of Chartered Accountants |
| SAIPA | South African Institute of Professional Accountants |
| SNG | SizweNtsalubaGobodo |
| SPSS | Statistical Package for the Social Sciences |
| UFS | University of the Free State |

CHAPTER ONE – Introduction and Background to the Study

1.1. Introduction

In recent decades, the discourse of ethics has pervaded public spaces and consciousness probably in ways that were never witnessed before in the preceding century. Related to this rise in consciousness has been a critical appraisal of the role of leadership in public endeavour, with latter discourses on leadership going as far as taking the notion of leadership to mean ‘ethical leadership’. These emergent notions of ‘ethical leadership’ on their part have played a big role in recasting public debates on what – in theory and in practice – does ethical leadership entail. A constant feature in these debates has been the salience of accountability in the use of resources across and in both public and private sectors. Considerations of accountability within the sphere of ethical leadership lead to the inevitability of accounting ethics considerations (Fred, 2001).

It is important, however, to categorically state that within the context of this field study, ‘accounting’ is conceptualised as being an all-encompassing preoccupation. This is the case because it brings together not only the traditional practice of accountancy, which primarily deals with “number crunching” or what has sometimes, and pejoratively, been referred to as “bean counting”, but also encompasses aspects of financial and management accounting along with their systems orientations. Ababio and Vyas-Doorgapersad (2010) pointed out that a good code of conduct is essential to control the environment of transparency and accountability. An appreciation of this all-encompassing nature of accounting and its critical role in optimising operations of public and private entities inevitably leads to ethical considerations being integral to any discourse in accounting. This study contributes to this emergent scholarly and practice discourse through an investigation of accounting ethics in the accounting profession in South Africa through a sample stakeholder survey conducted in the central South African city of Bloemfontein. Before proceeding any further in the discussion, it is important to pose a fundamental question, namely: why is it important – or worthwhile – to interrogate the issue of

Accounting ethics in the accounting profession in Bloemfontein? The next section provides an answer to this question and, in doing so, outlines the background to the study.

1.2. Background to the study

On account of its history, South Africa is a peculiar country. A large part of this peculiarity is traceable not only to the institutionalised way in which asymmetries of governance, development and socio-political relations, in both public and private spheres, were entrenched in a period spanning 342 years (Venter, 2009), but also in the character of resultant institutions and relations which were by and large opaque.

An often-understated impact of the resulting culture of malfeasance in South Africa's body politic has been to hobble and/or compromise the capacity of the State to render services to the citizenry on one part and to curtail the optimisation of operation of private sector entities on the other part. In effect, the development challenges that South Africa faces require optimal use of all the resources available in order to redress centuries of structural inequities that often mirror race demographics. Stated another way, to be able to address the legacy of unequal development, current-day South Africa requires optimal use of all resources available. It is easy to figure out the centrality of accounting ethics in this dynamic, essentially because public sector accounting ethics play a critical role in optimising the use of public resources while being on the lookout for wasteful expenditure and other forms of creative accounting. This analysis is in line with an analysis of what are the core mandates of the public sector (Davids, Theron & Maphunye 2009) which include the formulation of social and economic policies; designing and implementing public programmes; raising revenue; and managing accountability. Sad to say, despite these efforts with legislation, codes of conduct and other measures in place to impose ethical conduct, integrity and good governance in the local sphere of government, moral failures still prevail (Mle & Maclean, 2011).

It is important to add that often when the aforementioned assertions are made, temptations often ride high to exclude the private sector from the high moral and

ethical bar, which such an assertion sets, often arguing that the private sector should and must be exempt from such ‘moral’ considerations because of the amount of resources that it contributes to the national fiscus. What purveyors of this warped logic fail to understand, especially in the peculiar South African context, is that it is precisely because of the reasons that they advance while arguing for the exemption of the private sector from the high moral considerations, such as the share of private sector contributions to the national fiscus, that the sector should be subjected to the same high moral considerations. Stated another way, because of the large percentage – in relation to overall collections by the national fiscus – that the private sector contributes, it cannot be exempt from such high moral considerations that manifest themselves, in practice, as accounting ethics (Mle & Maclean, 2011).

Against the foregoing backdrop, it is important to further narrow down the discussion to, notwithstanding briefly, a discussion of South Africa’s development challenge before arguing for the centrality of accounting ethics in the accounting profession in South Africa. The politics of development in South Africa are inextricably tied to the politics of resource allocation by government in general and to the politics of public service delivery. Why this is the case is again traceable to the peculiar South African socio-economic history. Probably no one captures this dynamic better than Mc Lennan & Munslow (2009, p. 21) who suggests, “In South Africa, given apartheid, the provision of services by the government is linked to the larger task of redistribution, social justice, combat unemployment, poverty alleviation and economic growth. In this way, the delivery process is strongly associated with development and the developmental state is associated with the capacity to provide social justice”.

Apart from putting forth a strong case for the primacy of public service delivery in South Africa and how public service provision relates to the larger project of redressing structural distortions in South Africa’s public life and body politic, an important concept from the foregoing quote is the “developmental state”. The Policy Coordination and Advisory Services (PCAS) in the South African Presidency way back in 2008 outlined what a developmental state is by stating, “The developmental state should have the capacity to give leadership in the

definition of a common national agenda and in mobilising all sectors of society to participate in implementing that agenda. This includes the capacity to prioritise in a strategic way, to identify which goals and initiatives have the potential to unite the nation in an effort that catalyses the rest of the national agenda. In this capacity of national leadership, which would be informed by its popular mandate, the State will need to have effective systems for interactions with all social partners” (Edigheji, 2010, p. 2).

Green (2009) corroborates the above conceptualisation of a developmental state by positing, by effective states, we mean states that can assure security and the regulation of the law, and can design and implement an effective tactic to ensure inclusive economic growth. Effective states, often known as ‘developmental states’, must be answerable to citizens and be able to guarantee their rights.

In sum, in a country that faces quantum development challenges such as South Africa does, every rand that is available for development must be put into appropriate use. Needless to state that such an endeavour requires, in part, diligence on the part of all who are charged with public trust, especially those who handle both allocative and spending functions as they acquire goods and services in pursuit of government development agenda and social responsibility. Shinde, Wacker, Shinde & Hou (2011) points out that social responsibility has been used synonymously with other terms such as corporate citizenship, corporate social performance, ethical and social reporting, triple-bottom line reporting, and stakeholder management. The conflicting senses of the relationship between “ethics” and the identity that comes after this positive but challenging view of corporate responsibility cannot be left out (Baker & Roberts, 2012).

The other part of the foregoing dynamic requires private sector functionaries charged with financial and management accounting functions that underlie tax reporting to diligently execute the trust bestowed in them so as not to deprive the fiscus of any tax revenues. These twin observations lead back to the question that was posed at the end of the last section and which this section

has attempted to answer, namely: why is it important – or worthwhile – to interrogate the issue of accounting ethics in the accounting profession in Bloemfontein? In a gist, the answer to this question is: accounting ethics are critical in ensuring accountability in the execution of public mandate and trust by public sector functionaries in pursuit of South Africa's developmental state on the one hand and they are also, on the other hand, critical in ensuring compliant tax reporting and payment on the part of private corporate citizens, taxes which are in turn critical in the achievement of South Africa's developmental state. The vanguards of accounting ethics in both the public and private sectors are members of the accounting profession. Effectively, by interrogating the topic under consideration, this study not only extends and deepens contemporary scholarly debates generally on ethical leadership and specifically on accounting ethics but also contributes to and extends the discourses on practical challenges facing the accounting profession and how these can be redressed.

1.3. Problem statement

Recent decades, especially in the aftermath of the Enrol Scandal (October 2001) and the Lehman Brothers (September 2008), have witnessed a renewed interest in the accounting profession generally and accounting ethics specifically. A large part of this interest derives of a growing realisation of the centrality of this two to optimal private and public sector organisational and institutional operations and also a growing realisation of the potential risk to private and public sector organisations and institutions if accounting ethics are not upheld in the course of their operations. However, important as accounting ethics have become there is paucity of research literature on accounting ethics in the developing world generally and South Africa specifically. This hiatus in the research and scholarship is the research problem the current study addresses itself to. To further focus the research problem, the research questions are:

The problem statement of this study is captured in the following questions:

- (i) How has accounting ethics developed in accounting as a profession?
- (ii) What is the importance of accounting ethics in the accounting profession in Bloemfontein?

- (iii) What is the role of accounting ethics education in the accounting profession amongst stakeholders in Bloemfontein?

1.4. Objectives

1.4.1. Primary objective

To evaluate accounting ethics in the accounting profession in Bloemfontein

1.4.2. Secondary objectives

Additional objectives of this study are the following:

- (i) To identify the development of accounting ethics in accounting as a profession.
- (ii) To assess the importance of accounting ethics in the accounting profession in Bloemfontein
- (iii) To evaluate the role of accounting ethics education in the accounting profession among stakeholders in Bloemfontein

1.5. Preliminary overview of relevant literature

Admittedly, since Italian mathematician Luca Pacioli (1445-1517) outlined the foundations of the sub-discipline of applied ethics that has come to be known as “accounting ethics”, much research literature has seen the light of day in the intervening centuries. It is neither the intention nor the place of this section to attempt a review of this corpus of literature. Rather, the intention and purpose of this section is to provide an overview of literature relevant to this study (which is reviewed in depth in the next chapter) with a view of creating a background or the statement of the research problem and research questions. However, before delving into the stated overview, it is important to at least define three concepts:

- (a) Ethics

- (b) Applied ethics
- (c) Accounting profession

- Omolewu (2008) defines ethics as the study of morality; it is the honourable thing to do. He went on to say what is honourable in one society may not be honourable in another.
- Ethics encompass concepts such as morality (right vs. wrong), values, as well as legislation (Rossouw & Van Vuuren, 2013). According to
- Gabriel (2008), ethics is the study of morality; it is the honourable thing to do. Rossouw, Du Plessis and Prinsloo (2009, p. 17) corroborates this definition of ethics, which encompasses ‘morality’, by submitting, “The term ‘ethics’ originates from the Greek word *ethikos*. When the Greek term was later translated into Latin, it was translated as *moralis*. The common origin of the terms ‘ethics’ and ‘morality’ explains why it has become fashionable to use the two terms interchangeably.”

To further elaborate on the above, Rossouw, et al., (2009) explain, in both its Greek and Latin descriptions, ethics (and morality) refers to the character or manner of a person. The focus is therefore on the kind of person that someone is (that person’s personality) and on how the person interrelates with others (that person’s manner). This demonstrates that ethics is about the ‘self’ and its interactions with ‘others’. There is, however, still a missing component: the quality of the interaction between the ‘self’ and ‘others’. This introduces a third crucial concept for defining ethics, namely the notion of the ‘good’.

From the above, it is possible to derive a working definition of ‘ethics’. Ethics therefore entails a set of principles and edicts about what is good for self and others.

According to Beauchamp (2003), the word ‘applied ethics’ and its substitute ‘practical ethics’ came into use in the 1970s when theorists and other academics began to address pressing moral challenges in society and in professional ethics (especially medical ethics and business ethics). After noting that a rise in interest in applied ethics could be attributable to philosophers coming into

contact with people from other disciplines including social and behavioural sciences, business, law, the health professions and engineering, who were interested in moral problems and the search for solutions to those problems, Beauchamp (2003) advance that the most influential fields in the expansion of scholarly literature in applied ethics were law and moral philosophy. Many complications of applied ethics have since been framed in the vocabularies of these two disciplines. From what has been highlighted, it is possible to deduce a few aspects on the nature and character of applied ethics. Briefly, applied ethics can be said to be

- (a) Preoccupied with implementing general moral theories and general moral norms with the aim of resolving practical problems;
- (b) Interdisciplinary in content and intentions; and
- (c) Embedded in legislation, policies, rules and regulations that seek to regulate different professions according to Beauchamp (2003).

Several notions on what the “accounting profession” is are available from literature. An interesting corpus amongst the ones available is one based on structural-functional theories and which has generally come to be referred to as ‘sociology of professions’ (Baker, 2005, p. 257). According to Baker (2005, p. 263), “The sociology of professions literature focuses on identifying the social structures that define a profession and explains how these structures serve the functions of both advancing the profession and serving the public interest. The sociology of professions literature defines a profession as having (among other attributes): a defined body of knowledge, specific recognition by society, a code of conduct and a defined cultural tradition. Historically, persons have generally become members of professions by joining guilds or institutes that imposed codes of conduct on members. These codes of conduct addressed both technical and ethical issues, and violations of the codes might constitute grounds for taking disciplinary actions against the offending member. Such disciplinary actions might range from warnings and reprimands to harsher penalties including expulsion from the guild or institute. Threats of expulsion from the professional guild or institute and the corresponding loss of status and income generally sufficed to cause the member of the profession to abide by

the unwritten codes of ethical conduct."

From the foregoing, the accounting profession can be defined as encompassing a defined body of knowledge in accounting science, which straddles the traditional disciplines of accounting and auditing and which is recognised by society as a profession. The accounting profession has a code of conduct that addresses technical and ethical issues.

Apart from the preceding definitions, a preliminary overview of literature on accounting ethics identified several core themes. These are:

- (a) Epistemological advances in accounting ethics
- (b) Business ethics and corporate governance
- (c) Accounting standards and benchmarks
- (d) Accounting ethics as professional ethics
- (e) Accounting ethics in business education and training
- (f) Accounting ethics in national debates and consciousness

The discussion returns to these themes in detail in Chapter 2. However, the golden thread that ties all these themes into one neat tapestry of discourse on accounting ethics is the recognition of the importance of accounting ethics in public and private sector accounting and the obligations of members of the accounting professions to their profession, clients and society. This is especially the case, as Baker (2005) indicates, the accounting profession is occasionally said to differ from the other professions – while public accountants receive fees for services rendered to persons and businesses whom they refer to as clients, public accountants also assume responsibilities to third parties and to the general public. Financial scandals – some with dire ramifications on the global financial system – that have largely been triggered by creative accounting practices over the last two decades have only intensified the scrutiny of the accounting profession with standards of ethics and professionalism of practitioners in the profession coming under severe scrutiny. As a consequence of these developments, societal confidence in the accounting profession has been dealt a serious knock. In a paradoxical twist, however, the last two decades

have also witnessed the accounting profession growing as a field of interest because of a realisation of its primacy as a basic tool of governance in business and public sector operations.

1.6. Research methodology

The aim of this section is to give a clear meaning of certain important concepts such as research, to explain the application of these concepts in the study and to offer an explanation of the research population used in the study.

1 .6.1. Research design

The research design would be a quantitative research method approach, making use of targeted samples of accounting professionals from Bloemfontein firms and the public sector Free State Treasury Department. The questionnaires were given to accounting firms management to give them to their available accounting professionals to provide information.

1 .6.2. Sampling strategy

The sampling strategy used was non-probability making use of the available accounting professionals around by the time the questionnaire was handed out. This makes evident that the convenient non-probability sampling was the ideal choice (Sekaran & Bougie, 2013). This was simply the most accessible method for this study, as it was quick, less expensive and conveniently available during the dishing out of questionnaires. Quantitative method became the ideal method because it is not easy to find accountants in the firms as most of the time they are visiting clients. The population size was 148 questionnaires received out of 250 given to different firms.

1.6.3. Data collection method

The current study deployed careful non-probability sampling to ensure representativeness of the sample across different variables such as age, work experience (tenure), gender, type of institution from which qualification was obtained, education level, management level and cultural group. After data is

"collected through questionnaires, they need to be coded, keyed in and edited" for further getting clear results (Sekaran & Bougie, 2013, p. 276).

1.6.4. Ethical considerations

The data collected through the structured questionnaire did not disclose the individuals' names or employment numbers. The questionnaire was filled anonymously treating the information given by the respondents as confidential as possible. No further reference or identification could be made to any individual in the study. Voluntary participation was also encouraged and further ethical issues would be discussed in chapter three. (See a copy of the questionnaire in Annexure A.).

1.7. Demarcation of the study

The research data was collected from different accounting firms that exist in the Bloemfontein area including the public sector Mangaung Metro Municipality finance department and Free State Treasury Department. A structured hard copy of a questionnaire will be used to collect the data from the already identified institutions.

1.8. Lay-out of the study

Chapter two presents a detailed overview of relevant literature. Chapter three presents research design and methodology. Chapter four presents data analysis and discussions. Chapter five presents conclusions, recommendations and suggestions for further research.

1.9. Conclusion

This chapter serves as the introduction and background of the entire research reported in the following chapters. To achieve this the chapter introduces the topic of the study, provides background to the study of accounting ethics, provides an overview of relevant literature, and specifies the research questions, objectives and methodology. Finally, it outlines the demarcation of the study. The literature found on this will be found in the next chapter.

CHAPTER TWO – Literature Review

2.1. Introduction

According to the interpretation of Ashton (2003) of the statement attributed to George Bernard Shaw (1856-1950), Irish playwright and co-founder of the London School of Economics and Political Science, the way in which the accounting profession has acquired prestige, power and wealth for its practitioners is by taking unto itself a body of knowledge and expertise and only relinquishing it in doses in exchange for payment. Ashton (2003) further observes that the creation of dependency is an intrinsic part of this process. This study and the critical review in this chapter contends that in the case of the accounting profession, another intrinsic part of the prestige, power and the mechanics of wealth creation for its practitioners so integral to the accounting profession is “accounting ethics” – an example of professional ethics and, in particular, the study and practise of moral values and judgements in the field of applied ethics as they apply to accountancy. The review seeks to place the entire field study in the context of the general body of knowledge on accounting ethics as professional ethics.

The above view of a literature review and its importance finds resonance with the view, the drive of literature review is to put the investigation study at hand into perspective, to define what previous scholars have written on the subject matter as well as to identify the main models and theories that are relevant to the research study (Du Plooy-Cilliers, et al., 2014).

To achieve the aforementioned, this literature review adopts a thematic approach. Six recurrent themes are identifiable in the literature on accounting ethics as professional ethics. These are:

- (a) Epistemological advances in accounting ethics
- (b) Business ethics and corporate governance
- (c) Accounting standards and benchmarks

- (d) Accounting ethics as professional ethics
- (e) Accounting ethics in business education and training
- (f)) Accounting ethics in national debates and consciousness

The ensuing discussion considers each of these themes in turn. However, before that and to create a context for the entire ensuing discussion, an overview is taken to give a story about Luca Pacioli who started the famous principle of double entry. He is still remembered even today when the debate gets heated in accounting about when to debit and when to credit, and he has been called the undisputed ‘father’ of accounting ethics. The purpose of this overview is to frame contemporary accounting ethics as an inheritance of the storied legacy of the fundamentals of accounting as outlined first by Luca Pacioli in his passion to contribute to the world of the accounting profession.

2.2. Accounting ethics – inheritance from the legacy of Luca Pacioli

Before venturing on to outline the life and work of Luca Pacioli, it may be important to answer sceptics who may wonder about the usefulness of indulging into the history of accounting and accounting ethics in research that investigates accounting ethics in contemporary South Africa, Bloemfontein.

It can be realised that this religious training gave Pacioli a sense of moral values and judgement that would later become manifest in his second book, the *Summa de Arithmetica Geometria Proportioni et. Proportionalità*. While the *Summa* is mainly a work on mathematics, endeavouring to provide encyclopaedic coverage of what was known of that broad field at the time; it also included a section dedicated to bookkeeping. The section on bookkeeping, labelled ‘Particularis de Computis et Scripturis’ – meaning ‘Details of Accounting and Recording’ – [indicated] Pacioli’s concern with the practical request of scholarship (Fischer, 2000) and probity in financial transactions.

Non-accountants may find it difficult to draw the link(s) between Pacioli’s work on double entry bookkeeping and accounting ethics. However, it is this very work on double entry bookkeeping that forms the (epistemological) base of

accounting ethics. The basic idea about double entry bookkeeping is extremely simple but has profound implications for accounting ethics: every debit entry must have a credit entry. In an event where this is not the case, it indicates creative accounting, which is another term for fraud. While the value of double entry bookkeeping in detecting creative accounting is widely acknowledged, Brown (1962, citing Foster, 1836) captures the role of human agency in accounting ethics – through the ability to embrace moral values and pass moral judgements – by submitting, the fundamental principles of double entry are as dependable in their application to every species of accounts as their operation is extensive; in practice, however, they are exposed to all the moral and mental deficiencies of the accountant: They are neither exempt from the defects of ignorance – the errors of indolence – or the practice of fraud – and frequent and careful investigations on the part of the proprietor himself are scarcely sufficient to render him secure from such evils.

2.3. Epistemological advances in accounting ethics

Epistemological interrogation, which ultimately leads to formulation and advancement of theory, is a core theme in accounting ethics literature. One strand of this interrogation is an attempt to define theories of compliance – one of the theoretical bases of accounting ethics. On its part, the basis of compliance theory is shaped by, the study of norms and observed manner in relation to those rules. Ethical standards adopted by professional associations [of which accounting ethics are an exemplar] are often dedicated applications of general moral standards (Petty, 2011). Another strand of this interrogation is an attempt to define ethical theory – another theoretical base of accounting ethics. Ethical theory derives from “ethics”, which “denote the abstract and theoretical reflection on moral judgements. Ethics asks for the ground on which moral statements are made. Why do we think something is good, right or acceptable” (Stahl, 2012, p. 641). Stahl (2012) further documents, prominent ethical theories comprise consequentialism and (Kantian) deontology. Utilitarianism, the most prominent consequentialist ethical theory pursues to compare the aggregated utility and disutility of each alternative action. The ethical decision is the one that maximises overall utility. In essence, this

approach focuses exclusively on the outcomes or consequences of decisions, which is the reason it is usually called ‘consequentialist’. Kantian deontology, on the other hand, takes a fundamentally different approach and evaluates the ethical quality of a decision according to the intention of the agent. Famously linked to the so-called categorical imperative, the ethical evaluation of a maxim depends on whether it can be universalised or imagined as a universal law. An alternative formulation stipulates that a maxim is ethically suitable if it treats humans as ends in themselves, not simply the means. The approach is called deontological (from Greek *deon*, ‘obligation, and duty’) because it concentrates on the duty-bound intention of the agent with little regard for consequences. The deontological approach is also referred as ‘formalism’ (Buys, et al., 2012). Buys, et al. add another approach to ethical theory, namely, ‘virtue ethics’.

When applied to accounting ethics, these strands of theory have had far reaching implications for the study and practice of accounting ethics over millennia. Drawing from the compliance theory, at the core of accounting ethics is a set of norms and observed conduct by accounting professionals in relation to these norms and a legitimate expectation that accounting professionals are duty-bound to comply with these norms. These norms form the ethical standards that have been adopted by accounting professionals in different formats, in different jurisdictions, often as specialised applications of general moral standards. This observation links the compliance theory as the base of accounting ethics to ethical theory (Buys, et al., 2012).

When applied to accounting ethics, ethical theory forms the basis upon which moral and value judgements in accounting ethics are posed and determined. It is the basis upon which what is “good”, “right” and “acceptable” in accounting ethics hinges upon. From consequentialism, accounting ethics derive their perpetual concern with the aggregated utility and disutility of every accounting decision and action with the ultimate aim of being able to determine and follow through with the accounting decision and action that maximise overall utility – holistically conceptualised. Consequentialism is at the core of legitimate expectations that the decisions and actions emanating from the accounting

profession must and should always serve some form of greater good. From Kantian deontology, accounting ethics derive their perpetual search for ethical quality of accounting decisions on the basis of the intention of the accounting professional. Put differently, from Kantian deontology, accounting ethics derive their perpetual search from universal standards and benchmarks of ethical performance for the accounting profession. Again, in this sense, accounting ethics are not an end in themselves, but a means – albeit an important one – through which accounting professionals can actualise the ethical quality of their decisions (Rossouw, et al., 2011).

From virtue ethics, accounting ethics draw their emphasis on the moral character of the individual accountant. In this regard, accounting ethics reflect qualities, pride in a way that a classical career of a professional accountant has well-being as a penchant for justice, an abundance of courage in the face of difficult moral questions and judgements, as well as a manner of temperance in the execution of the accounting profession. In sum, from virtue ethics, accounting ethics draw their emphasis on excellence, practical wisdom and flourish as core aspects of the accounting profession. This analysis finds corroboration in literature such as of Buys, et al., (2012) who submit that in the framework of the financial accounting and accounting ethics, there are three methods that could definitely be appropriate. In reality, accounting has played a vital role in stirring the debate and playing a key role making people accountable for what they do and what they have done while being given the responsibility to make financial decisions. It is fitting to say it is because of the opinion of an accountant that a person can go to jail. The profession of accounting shapes individual to become better citizens, as the training is intense and allows for a change in character, believing in oneself and behaving more ethical, just for the sake of being respected. Critical study is similar but is inclined to be extra-normative in nature by proceeding with specific perspectives, boosting social criticisms and encouraging radical change (Maroun & Jonker, 2014). Because of this, there is a great deal of emergent complexity in the ever- changing corporate world in which accountants operate, such that it can safely be suggested that epistemological concerns will remain at the core of accounting ethics, as this field of applied ethics seeks to provide the moral scope to this noble

profession.

To characterise the normative power of an ethical call is to characterise to whom it suitably applies and what circumstances must be satisfied for it to be correctly applied (Wong, 2008). In this endeavour, insights from some authors (Celuch & Dill, 2011) on the role of normative influence and ethical judgement in ethical decision contexts may come in handy. Celuch and Dill point out that to understand individual-level ethical decision-making and behaviour, it is important to undertake theory-driven, programme research and to develop an understanding that moves beyond mere knowledge of rules or facts to a more nuanced perspective of how individuals weigh and combine various elements of experience related to ethical reasoning. They contend that for these to happen, there is a need to explore social psychological perspectives that explain intention and behaviour (Celuch & Dill, 2011). From these insights, it can be deduced that epistemological advances in accounting ethics – in future research and practice – will need to consider and integrate insights from social psychology, especially as to how these impact on individual and collective intention and behaviour. Ultimately, it is trusted that current theory-driven approach [will] contribute to future empirical efforts intended at developing a more nuanced understanding of how individuals combine numerous cognitions connected to ethical decision-making (Celuch & Dill, 2011).

2.4. Business ethics and corporate governance

Accounting ethics as business ethics and how they impact corporate governance is another core theme in the literature. Ethics and corporate governance are interrelated. The primacy of accounting ethics in business ethics within the broader framework of corporate governance is underscored by the emerging and evolving challenge of handling ethics-related issues in the complex contemporary workplace often resulting in what is described as a “reactive mode” of addressing ethical issues in business settings (Fourie, 2012). Reactive mode is the starting point in managing ethics. Often, where business ethics are at play within the broader framework of corporate governance, accounting ethics are also at play either by commission or omission.

Within the South African corporate governance environment, a sharp focus has been made on accounting ethics – as a form of business ethics – and with the introduction of proper leadership, social responsibility, and sustainable and environmental developments came a King report. The King report was initially introduced by 1994 and was approved and supported by the late former president Nelson Mandela. As a highly valued and ethical president, one would tell that that is how he grew in popularity, and the King report gained momentum, which resulted in King II and III which were updated in 2002 and 2009 respectively (Institute of Directors in Southern Africa (IoDSA), 2015).

The 2009 King III was published by IoDSA, which is still the governing body even today. It must be mentioned that King IV is in progress, and it can come out at any time. It describes the shifting power relations and openness to constructive engagement. According to King III, business enterprises should not only take into account the interests of shareholders assumed to be in touch with societal realities but also the “legitimate interests and expectations of stakeholders other than shareholders... In King III, business enterprises are viewed as corporate citizens that do not simply have the responsibility of building ‘sustainable business’, but should do business ‘ethically’ by considering ‘the short- and long- term impacts of strategy on the economy, society and the natural environment’ by taking into account ‘the company’s impact on internal and external stakeholders.

The report therefore recommends that businesses establish mechanisms and processes that support stakeholders in constructive engagement with the company and communicate in a ‘transparent and effective’ manner in order to build and maintain their ‘trust and confidence’. At the heart of the mechanisms mentioned in the King III report is “reporting” as a managerial function in businesses. Because businesses exist for the purpose of making a profit from invested capital, reporting inherently involves expense and income accounts as well as statements of profit and loss accounts, as the case may be.

The core of these accounts is accounting procedures and protocols. The contention in this case is that at the heart of business ethics and their concomitant reporting imperatives, especially as outlined by various King reports in South Africa, are accounting ethics.

This analysis finds resonance with a view advanced by Buys, et al., (2012) when they proffer that accounting professionals have the potential to influence the flow of events, as whatever accounting professionals say is regarded as having substance. Accountants and auditors play a very important role with their opinion, which is regarded as final or strong to influence decisions in business. However, accounting ethics, as business ethics in corporate governance, seem to have inherited the social dilemma associated with the emergence of a new paradigm in economics and split views on whether to demand higher ethics or wider regulation. Ducháčková and Daňhel (2013) capture this dilemma when they observe that to add up recent critical ethical issues, it is better to rather get a new economic paradigm with an improved level of economic relations in ethics, or beef up measures of regulations. This leads to the following question being asked: does more, extra ample, broad set of rules, which meet previous 'preventions' or parts elaborated in (Smith & Smith, 2003) Smith's 'unseen hand', a suitable cautious reaction to the existing economic and social advances, which have resulted from a high desire for the chase of profits?

Additional fundamental inquiry is whether the recent majority form of democratic political systems is talented enough to generate a corporate governance atmosphere in terms of 'relation goods' and positive, undetectable assets for the common good. It is the considered view of the current analysis that whichever way this dilemma plays out, accounting ethics as a core requirement of reporting processes and procedures of corporates will remain a critical aspect of business ethics within the context of corporate governance. In totality, the fundamental dilemma is to find a new model with a high level of ethics in economic relations, or keep extending strong regulatory measures (Ducháčková & Daňhel, 2013).

2.5. Accounting standards and benchmarks

As would be legitimately expected, a theme that runs through accounting ethics literature is accounting standards and benchmarks. Accounting standards and benchmarks are derived from the deontological/formalism base of accounting ethics. It is important to note that inherent in the discourse or language of accounting ethics are accounting standards, and benchmarks are the notion of what an ‘ideal’ accounting function should encompass. In this sense, Buys (2009) lists these as being relevant, reliable and comparable. With regard to being relevant, Buys (2009) submits that appropriate accounting material would provoke and stimulate commercial choices, whereas accounting that is more reliable would not be biased and, as a result, be easily verifiable. Comparability on its part means “stakeholders can compare relevant information across businesses” (Buys, 2009, p. 503). Summarising these, Buys observes, in reality, the data we obtain from accounting material should give a reliable opinion with reasonable facts beyond doubt and allow for testing and authenticating in order to be acceptable. Suffice towards submitting that these are not possible were it not for accounting standards and benchmarks.

In literature, one of the most comprehensive treatments of the issue of accounting standards and benchmarks as being integral to accounting ethics is highlighted by Buys, et al., (2012). In their contention, accounting standards and benchmarks for accounting ethics are often set out in a code of conduct. After identifying the most popular accounting professions, they classified them into two, being Cost and Management Accounting, and Financial Reporting (Accounting), which was significantly historic in nature, and the former focused on future procedures. As such, they set out ethical considerations for both.

Regarding financial accounting, Buys, et al., (2012) insist that the information contained in financial reporting (accounting) streams or concerns is signified through:

- The American Institute of Certified Public Accountants’ (AICPA) Code of Professional Conduct

- The Institute of Chartered Accountants of England and Wales' (ICAEW) Code of Ethics
- The South African Institute of Chartered Accountants' (SAICA) Code of Professional Conduct

From the perspective of management accounting, the discipline is represented by:

- The US-based Institute of Management Accountants' (IMA) Statement on Ethical Professional Practice
- The UK-based Chartered Institute of Management Accountants' (CIMA) Code of Ethics for Professional Accountants (Buys, et al., 2012)

It is instructive to note that the above codes include international codes, whereas there is only one from South Africa, thus emphasising accounting ethics' preoccupation with standards and benchmarks. Buys, et al., (2012) further submit, from the above organisations' codes of conduct, four major principles are identified as typical in promoting the objectives of an 'ethical' accounting profession. These are professional competency, integrity, objectivity and confidentiality. Within the framework of the current review, these four are considered standards and benchmarks for accounting ethics.

Concerning professional competency, Buys, et al., (2012) posit, within the broader perspective of the accounting profession, the concept of professional know-how is taken as referring to the accountant's capability to obtain and maintain adequate levels of accounting-related capabilities. This can be realised by:

- continuously developing their personal proficiencies and knowledge
- executing their responsibilities in line with relevant laws and regulations
- Issuing reports and recommendations only once they have personally completed the assignment.

The inference that can be drawn is that accounting ethics demand an

accountant to always strive to and maintain the standard and benchmark of professional competency by endeavouring for the above-listed aspects.

Respecting that standard and benchmark of integrity, Buys, et al., (2012) contend, the concept of integrity within an accounting background may be well-defined as honesty and sincerity in the daily use and practice of accounting skills. An accountant with integrity will therefore not be dishonest and would not get involved in the falsification of information. The characteristics of integrity become a reality in the concepts of full disclosure of relevant financial information. The accountant with integrity will therefore:

- Avoid situations of possible conflict and inform all stakeholders should a dilemma of conflicting situation become a reality
- not undertake engagements that may make it difficult to preserve integrity in an ethical manner
- not accept gifts or favours that may create the impression of influencing their responsibilities
- Refrain from subverting the attainment of the organisation's legitimate and ethical objectives.

Again, the inference is that accounting ethics demand an exacting level of integrity on the part of accounting professionals.

Elaborating on the principle of objectivity, Buys, et al., (2012) state that it can be defined as when an accountant is actually autonomous and unbiased, as well as being seen as independent and unbiased, when it comes to business facts and the situation at hand, whether from a personal perspective or from being influenced by others. When facing ethical questions, it is necessary for the accountant to consider other stakeholders' feelings and motives. The accountant therefore has a responsibility to:

- Communicate all information fairly and objectively and to
- Disclose all applicable information that can be anticipated to influence the end user's decisions.

Although a management accountant is normally employed by an enterprise and is not independent in the same sense as an external accountant and auditor, the management accountant should also be able to distance himself or herself from a conflict condition in order to consider all relevant aspects objectively. Accounting ethics demand a high degree of objectivity as a standard and benchmark.

Finally, Buys, et al., (2012) discuss the principle of confidentiality as a standard and benchmark in accounting ethics. They opine, the norm of confidentiality imposes a responsibility on accountants to refrain from disclosing any confidential data obtained as a result of professional relationships, or to use such data for personal or another third party's advantage. Thus, confidentiality within an accounting context means that the accountant will not use information obtained during the fulfilment of any professional duties for personal gain and should therefore not:

- Disclose confidential information obtained during the course of professional duties, except when required by law
- Fail to inform subordinates of the confidential nature of the information and ensure confidentiality is maintained
- Use, or pretend to use, any confidential information to gain some unfair or unethical benefit.

When the nature of information accountants have to analyse and report on is factored into this review, it is easy to understand why confidentiality is a key standard and benchmark in accounting ethics. Suffice to observe that a discussion on standards and benchmarks in accounting ethics would not be exhaustive without attempting to draw a distinction between standards and benchmarks. At the most basic level, standards refer to baseline procedures and expectations in a profession, whereas benchmarks refer to aspirational targets and processes of measuring and comparing to identify and import best practices to improve performance. As such, standards in accounting ethics outline baseline procedures and expectations of the profession, while

benchmarks in accounting ethics represent aspirational targets and processes for measuring and comparing best practices in accounting ethics across different accounting jurisdictions with a view of improving performance – in the sense of upholding accounting ethics (Kathrani, 2010).

2.6. Accounting ethics as professional ethics

Closely related to the theme of accounting standards and benchmarks in accounting ethics literature is the theme of accounting ethics as professional ethics. It is a little surprising therefore that Buys, et al., (2012) make worthy observations on accounting ethics as professional ethics. In this regard, they opine that the commitment to be a registered professional accountant requires that a professional behaves in a good manner all the time and stay away from temptation of doing wrong. In registering to be a professional accountant, a day-to-day image has to be maintained in order to exercise a broader vision in others to trust a professional accountant. Codes of conduct are to provide a framework for ethical behaviour, and it is important for an accountant to operate within this framework. Although an accountant's interpretation of this framework is often formed through personal experience and training, there are certain principles that the 'ethical accountant' should strive for, which include:

- Avoid small ethical failures. Although it may initially seem unimportant, there is a possibility of exploitation later by unprincipled individuals.
- Focus on the long-term reputation. Accountants should try and ignore short-term pressures and focus on their long-term reputation.
- Be prepared to face personal consequences. The ethical accountant may face two choices: to let go of ethical standards and obtain certain benefits or to be ignored when promotional opportunities arise.

Finally, should the ethical harms not be reasonably resolved, professional accountants have no other option but to resign their position within an organisation or appointment from a client (Buys, et al., 2012). It is deducible from this erudite exposition of accounting ethics that as an aspect of applied ethics, accounting ethics demand the highest level of moral probity from accounting professionals. Suffice to add that these demands are legitimate considering

that accountants deal with information and make evaluations and decisions that go to the core of private and public endeavour with respect to the effective and efficient use of (limited) resources.

Although Buys, et al., (2012) present their arguments from a South African perspective, it is important to note that accounting ethics as professional ethics are a matter of international interest and concern. For this reason, it is not unusual to find literature on accounting ethics as professional ethics, but at a general level. Jamnik (2011) discusses ethical code(s) in the public accounting profession. After identifying (public) accountants as befitting from the title “professionals”, Jamnik (2011) pointedly observes that professional specialists are charged with moral responsibility to have received a specific knowledge before discharging their services as professionals.

Professionals are also required to maintain up-to-date knowledge enrichments through continuous professional development. An extra characteristic of professionals is that they must own a strong mental attitude of serving the public with utmost good faith and to the best of their ability in order to receive public trust. After posing the rhetorical question, “how does a profession enforce these ethical responsibilities?” Jamnik (2011, p. 17) responds by stating, “It should be achieved by self-monitoring, supported by a viable code of conduct. In fact, the existence of a code of conduct is considered a hallmark of any profession”. To support his argument, Jamnik (2011, p. 17) specifically considers the Code of Professional Conduct of the AICPA and similar codes issued by the IMA and the Institute of Internal Auditors (IIA). Further, he observes, in current periods, the accounting profession has established several recognised subspecialties, such as Certified Personal Financial Planner, or Certified Fraud Examiner. Each of the subspecialties has also embraced professional codes of conduct that are consistent with AICPA’s Code of Professional Conduct (Jamnik, 2011).

In an attempt to show the importance of accounting ethics as public ethics and the responsibilities that come with being a professional accountant while using AICPA’s Code of Professional Conduct as an example – and one could add as an international benchmark – Jamnik (2011) documents, the AICPA’s Code

of Professional Conduct mention, in its preamble, that being an associate is intentional, but by accepting membership one assumes an vow to the public, clients, and colleagues. To guide behaviour, the AICPA has instituted a Code that has four pillars:

1. Principles of professional conduct
2. Rules of conduct
3. Interpretations of rules of conduct
4. Rulings by the Professional Ethics Division of the AICPA and its Trial Board.

To illustrate the seriousness with which transgressions of the AICPA Code of Professional Conduct are taken by the AICPA, Jamnik (2011) records, violations of the Code can be diverse and numerous, [including]:

- AICPA was engaged to prepare the financial statements of a company and then audited those same financial statements – a violation of the rule of independence.
- A practitioner prepared a fraudulent tax return on a client's behalf.
- A practitioner did not have the necessary technical skills to perform required work for an engagement – a violation of competence.
- A CPA did not release documents to a client – a violation of Rule 501-1 requirements.

These violations result in disciplinary actions by the AICPA such as admonishment, termination or suspension of membership in the institute. Penalties for violation of the Code range from a recommendation that a member takes remedial corrective action, to a permanent expulsion from the AICPA. For example, a member who has violated the Code may be recommended by the Professional Ethics Division to take a continuing professional education course. If the member does not comply with the recommendation, the Ethics Division may refer him/her to the Trial Board for a hearing. The Trial Board may suspend a member for up to two years or expel him or her for violating the Code. In cases, where a crime punishable by imprisonment for more than a year has occurred

the member is automatically suspended or terminated from AICPA membership. A similar penalty can be imposed for filing a false income tax return on a client's behalf.

The foregoing seeks to illustrate the seriousness with which transgressions of accounting ethics – as professional ethics – are taken in other jurisdictions. However, a recurring notion in the consideration of accounting ethics as professional ethics is the role which accounting training and education plays in instructing a sense or modicum of accounting ethics in would-be accountants and practising accountants. This theme is explored in the next section.

2.7. Accounting ethics in business education and training

Can ethics generally and accounting ethics specifically be taught? This quintessential question has found its way into accounting ethics literature. Several scholars have addressed this issue. The discussion in this section samples some of these contributions.

At a general level, Celuch and Dill (2011) observe that it is significant for business facilitators and corporate coaches to fully understand the landscape of ethical decisions so that an enriched syllabus and training can be advanced to develop ideal ethical decision-making. Hence, fully understanding individual-level ethical behaviour from a business perspective is an ongoing imperative.

At a more specific level, against the framework of the SAICA Competency Framework released in 2008, Strauss-Keevy (2014) identifies ethics as a “pervasive skill” that must be addressed in the education and training of accountants in the Republic of South Africa. According to Strauss-Keevy (2014), the Competency Framework all-inclusive of the specific competencies that aspiring Chartered Accountants (CAs) need to achieve, and placed specific importance on pervasive skills. The competencies in the Competency Framework formed the foundation of SAICA’s new qualification model, on which SAICA’s accredited instruction and preparation programmes are based. With the release of the Competency Framework, there was an important shift in

emphasis on the abilities required by aspirant CAs. Previously, the education programme was based on a knowledge-based syllabus, which was contribution driven rather than an output-based.

Strauss-Keevy (2014) outlines that according to SAICA, pervasive skills are divided into three categories, namely, ethical behaviour and professionalism; personal attributes; and professional skills. There are concerns, however, on whether the current form of training of accountants in South Africa manages to transfer these pervasive skills to aspiring accountants. This is what leads Strauss-Keevy (2014), after a substantial empirical research, to observe, a significant issue was the effects of the empirical research, which suggest that academics view the training programme and post- qualification (working as a CA (SA)) as more effective in the transfer of pervasive skills than the education programme. Furthermore, another concern is that the majority of academics are of the opinion that lecturers are not best suited to deliver pervasive skills to aspirant CAs (SA). As a remedy for this (rather unfortunate) perception by academics, Strauss-Keevy (2014) opines and advises, it is clear that a better awareness needs to be created among researchers that the onus for the delivery of pervasive skills rests predominantly with them. It is therefore recommended that HODs at SAICA-accredited academic programmes should emphasise to lecturers that the task of ensuring that candidates are equipped with competencies rests largely on them. Moreover, there is obviously a misconception among academics that they are not eventually responsible for equipping candidates with all the competencies prior to the Initial Test of Competence (ITC). Thus SAICA should be stronger in its message that the obligation for the transfer of all competencies rests with academics during the education programme. Irrespective of the challenges faced by universities, academics should develop advanced methods to address the transferring of skills during their education programme.

These detailed insights corroborate earlier insights by Steenkamp (2012) who, with specific reference to the South African CA 2010 training programme (brought into effect by the 2009 Competency Framework), reveals, “the skills that should be developed during the new CA 2010 training programme are

divided into three categories: compulsory skills, elective skills and residual skills. Compulsory skills include pervasive professional skills (such as ethics, communication skills and leadership) as well as accounting and external reporting. Under elective skills, a trainee can develop skills in one or more of the available focus areas, which are (1) strategy, risk management and governance, (2) financial management, (3) auditing and assurance, (4) taxation and (5) management decision-making. The focus area is determined by the industry and business activities of the training office. The trainees should gain detailed experience in both the compulsory and elective skills during the training programme. Residual skills refer to basic exposure to the remaining focus areas (those not chosen as an elective)" (Steenkamp, 2012, p. 486). The fact that ethics are included in compulsory skills underscores the importance of accounting ethics to the accounting profession. These insights point to the primacy of accounting ethics – as part of "pervasive skills" – in the overall training of (aspirant) accountants. This analysis shares this view.

Finally, it is important to shed some light on some of the reasons that have been advanced in justifying the changes in the curriculum for the training and education of accountants that lays specific and especial emphasis on accounting ethics. Steenkamp (2012) opines that the preparation programme for CA (SA) was improved to enable the accounting profession and its trainees to better attend to the requirements of an ever-changing corporate environment. The recent teaching programme is competency-based and places greater importance on the non-technical skills of an accountant, such as interpersonal, social conduct and communication skills, governance qualities, morals, awareness of corporate governance, and lastly, effective tradition of information technology. Rossouw (2007) further corroborates these insights regarding the aforementioned training procedures.

2.8. Accounting ethics in national debates and consciousness

The final theme in the literature relates to the pervasiveness of accounting ethics in national debates, discussions and consciousness, especially after the financial crises of recent times. A few of these debates, as they have been reported in the national media, are sampled and presented for the purpose of the current review. The print media has shown many unethical concerns which are still in discussion today by the normal public. This has been seen from publications with headlines on the front page, such as “Economic hope vs. Moral despair” (Sparks, 2013, p. 1). The media picks juicy information from threads on ethics by accountants, senior officials, ministers, politicians and all other stakeholders. The media picks this unethical behaviour from highly respected men who put on a tie on a daily basis and expose them. The media plays a vital role in whistleblowing, as the news travels faster and can be traceable from a media website if need be.

2.9. Conclusion

The issue of accounting ethics is well researched. However, there is a scarcity of literature on accounting ethics in South Africa, thus pointing to a hiatus in the research and scholarship. Far from this being a disadvantage, it is an advantage that points to immense research opportunities in this area in South Africa. Against the background of literature provided in this chapter the next chapter outlines the research design and methodology used in this study.

CHAPTER THREE – Research Methodology

3.1. Introduction

Against the foregoing background, this chapter discusses the research methodology that was used in the study. In particular, it reports on the research design of the study; the sampling strategy used in the study; statistical analysis of data; data collection methods; ethical considerations; and a summative overview of all these aspects. Specifically, however, the entire discussion was anchored around the research problem and the research objectives.

The methodological parameters of focus in the chapter are:

- (a) Research design
- (b) sampling strategy
- (c) data collection methods
- (d) Statistical analysis; and
- (e) Ethical considerations

These parameters are presented in detail in the following discussion.

3.2. Research design

The study adopted the quantitative research method that took as its point of departure the stated research problem and research questions. To achieve the aims and objectives of the study the design is structured in such a way that it's also based on the research question of the study. This design is a proper, objective, orderly process in which numerical information are used to get data from the desired population.

3.3. Sampling strategy

The sample size of the respondents in the accounting field in Bloemfontein is between 900 and 1000, which enables the researcher to prepare about 250 questionnaires. According to (Sekaran & Bougie, 2013) a sample of 169 would be sufficient for a population of 900.

There are two methods of sampling strategy in research, which are probability and non-probability sampling strategies. In this study non-probability sampling strategy, were purposive convenience sampling strategy were used because only those accountants that were readily available on the days of the data collection were requested to complete the survey.

3.4. Data collection methods

According to Du Plooy-Cilliers, et al., (2014), the expression ‘quantitative survey’ in research means to inspect something carefully. In a research context, surveys refer to a data collection tool that consists of a series of questions designed to gather information about a relatively large group of people. There is a large corpus of literature on survey research design because as Babbie and Mouton (2009, p. 230) rightly observed, “Survey research is perhaps the most frequently used research design in the social sciences”. In much of this literature, there is the consensus, “surveys can be an excellent way of finding out about people’s opinions, desires and attitudes” (Hofstee, 2006, p. 122). Babbie and Mouton (2009) corroborated this, observing, questionnaire is probably the best method available to the social scientist interested in collecting original data for describing a population too large to observe directly.

3.5. Statistical analysis

The SPSS software package was used to analyse data in this study. The Chi-Square technique was used to analyse statistical data.

3.6. Ethical considerations

The issues raised in accounting ethics can be of a sensitive nature and can raise many concerns. The permission was obtained from various accounting practices to distribute the questionnaires. To promote and protect the respondents, data was analysed in the form of numbers. Ethical matters focused on protecting respondents that took part in the research. The respondents were given the opportunity to deal with the questions in their personal capacity on the part of the researcher, at their own time, and they were free to decide whether to continue or not to continue with the questionnaire. The questionnaire remained anonymous, and the consent letter had been given by the researcher to the management of the accounting firms stating that no personal or confidential information will be published as part of this study.

3.7. Conclusion

The purpose of this chapter was to give the important method of research used in this study. The quantitative method was found to be the most appropriate of the other methods, as it is questionnaire-based and data is analysed using the SPSS software package. The results were based on a larger sample size that is representative of the population of accountants in the Bloemfontein area. The questionnaire was clearly structured to define the research question to which objective answers are sought. The results of applying research design and methodology discussed in this chapter are presented in the following chapter.

CHAPTER FOUR – Data Analysis, Presentation and Discussion

4.1. Introduction

The preceding chapter discussed the research methodology employed in this study. This chapter presents the analysis of the questionnaire data and discussion. Broadly, the data and discussion are presented in two major parts, namely:

- (a) Biographical and demographical characteristics of respondents
- (b) Perceptions of accounting ethics in the accounting profession in Bloemfontein

The discussion on the above addresses the problem statement outlined in Chapter 1. The discussion will provide insights on the objectives of the study as outlined in Chapter 1.

4.2. Response rate

Two hundred and fifty (250) questionnaires were administered. One hundred and forty-eight (148) questionnaires were successfully completed, representing a response rate of 59%. This represents approximately 60% that are regarded as sufficient (Sekaran & Bougie, 2013).

4.3. Biographical and demographical characteristics of respondents

In this section, the following biographical and demographic information was discussed. The companies that took part in the survey and the years of service with the company was also given attention.

4.3.1. Population (companies/organisations sampled)

Table 4.1: Name of companies

| Company/Organisation | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|----------------------|-------|-----------|----------|----------------|---------------------|
| Valid | AGSA | 48 | 32.4 | 32.4 | 32.4 |
| | KPMG | 1 | .7 | .7 | 33.1 |
| | MCI | 8 | 5.4 | 5.4 | 38.5 |
| | MMM | 30 | 20.3 | 20.3 | 58.8 |
| | NCA | 8 | 5.4 | 5.4 | 64.2 |
| | SAB&T | 4 | 2.7 | 2.7 | 66.9 |
| | PT | 2 | 1.4 | 1.4 | 68.2 |
| | PWC | 27 | 18.2 | 18.2 | 86.5 |
| | SNG | 1 | .7 | .7 | 87.2 |
| | UFS | 19 | 12.8 | 12.8 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

Key: AGSA (*Auditor-General South Africa*); KPMG (*KPMG*); MCI (*Mazars Central Inc.*); MMM (*Mangaung Metropolitan Municipality*); NCA (*Newtons Chartered Accountants*); SAB&T (*Nexia SAB&T*); PT (*Provincial Treasury*); PWC (*PricewaterhouseCoopers*); SNG (*SizweNtsalubaGobodo*); UFS (*University of the Free State*).

The population for the research comprises public and private sector entities in Bloemfontein. Of the total responses, 67% were from public sector entities (Auditor-General South Africa, Mangaung Metropolitan Municipality, Provincial Treasury, and University of the Free State) and 33% were from private sector entities (KPMG, Mazars Central Inc., Newtons Chartered Accountants, Nexia SAB&T, PricewaterhouseCoopers, and SizweNtsalubaGobodo), as shown in Table 4.1. The weighting between public and private sector entities in the population is a fair and true reflection of the spread of the accounting profession in Bloemfontein. As a provincial capital – this also doubles as the seat of the only metropolitan municipality in the province – there is a significant contingent of accountants working in public sector entities. Private sector entities included in the population are a fair spread between entities with a national footprint

(KPMG, Nexia SAB&T, PricewaterhouseCoopers (PWC) and SizweNtsalubaGobodo) and entities with operations only in Bloemfontein (Mazars Central Inc. and Newtons Chartered Accountants).

4.3.2. Sample size and response rates

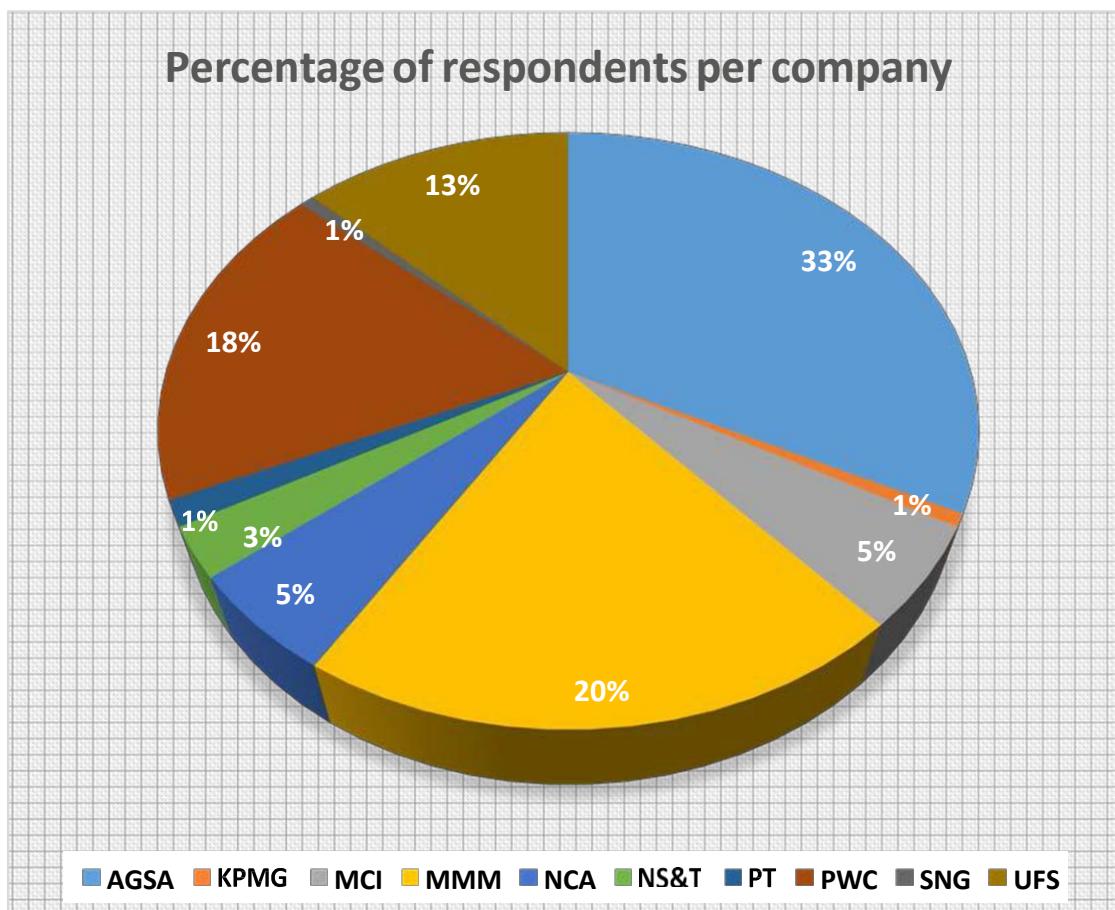


Figure 4.1: Percentage of respondents per company

Figure 4.1 above shows percentage of respondents per company out of a total number of 148 questionnaires completed. The majority of respondents came from AGSA with (33%) followed by MMM (20%), PWC (18%) and others sharing the remaining percentage.

4.3.3. Years of service with company

Table 4.2: Tenure

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|---------|--------------------|-----------|----------|----------------|---------------------|
| Valid | 0-5 years | 103 | 69.6 | 70.1 | 70.1 |
| | 6-10 years | 23 | 15.5 | 15.6 | 85.7 |
| | 11-15 years | 8 | 5.4 | 5.4 | 91.2 |
| | More than 15 years | 13 | 8.8 | 8.8 | 100.0 |
| | Total | 147 | 99.3 | 100.0 | |
| Missing | System | 1 | .7 | | |
| Total | | 148 | 100.0 | | |

Table 4.3 highlights that the majority of the respondents (85%) have worked in the profession for 0-10 years. This can be explained in two ways. First, new graduates have to apply for training internships as they pursue their SAICA/South African Institute of Professional Accountants (SAIPA)/CIMA articles. This structuring of the accounting profession ensures a disproportionately large representation of professionals who have not served for many years in the profession at any point in time, especially in South Africa's outlying cities. This latter observation leads to the second explanation as to the skew: Once new graduates "serve their time" and qualify with their articles, their services are in high demand in large cities with many corporates such as in Johannesburg, Durban and Cape Town.

4.3.4. Institution where accounting qualification was obtained

Table 4.3: Accounting institutions that offered the qualification

| | Frequency | Per cent | Valid cent | Per Cumulative cent |
|-------|-----------|----------|------------|---------------------|
| NI | | 14.9 | 14.9 | 14.9 |
| AAT | 1 | .7 | .7 | 15.5 |
| BFNHS | 1 | .7 | .7 | 16.2 |
| CUT | 16 | 10.8 | 10.8 | 27.0 |
| FET | 1 | .7 | .7 | 27.7 |
| FH | 1 | .7 | .7 | 28.4 |
| GC | 1 | .7 | .7 | 29.1 |
| HSS | 1 | .7 | .7 | 29.7 |
| HSV | 1 | .7 | .7 | 30.4 |
| MG | 1 | .7 | .7 | 31.1 |
| NMMU | 1 | .7 | .7 | 31.8 |
| NWU | 2 | 1.4 | 1.4 | 33.1 |
| RU | 1 | .7 | .7 | 33.8 |
| SAICA | 2 | 1.4 | 1.4 | 35.1 |
| SU | 1 | .7 | .7 | 35.8 |
| TUT | 1 | .7 | .7 | 36.5 |
| UCT | 2 | 1.4 | 1.4 | 37.8 |
| UFH | 2 | 1.4 | 1.4 | 39.2 |
| UFS | 73 | 49.3 | 49.3 | 88.5 |
| UJ | 1 | .7 | .7 | 89.2 |
| UKZN | 1 | .7 | .7 | 89.9 |
| UNISA | 13 | 8.8 | 8.8 | 98.7 |
| UP | 2 | 1.4 | 1.4 | 100.0 |
| Total | 148 | 100.0 | 100.0 | 100.0 |

Key: NI refers to respondents who did not fill in the name of institution

Of the institutions that provide accountancy training in South Africa and that are accredited by SAICA, Table 4 shows that there is a fair representation in the sample. This fair representation has implications for the validity and reliability of data because there is heterogeneity of training programmes that the respondents undertook in their formative training as accounting professionals.

4.3.5. Age

Table 4.4: Age of respondents

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|--------------------|-----------|----------|----------------|---------------------|
| Valid | 20-30 years | 95 | 64.2 | 64.2 | 64.2 |
| | 31-40 years | 33 | 22.3 | 22.3 | 86.5 |
| | 41-50 years | 13 | 8.8 | 8.8 | 95.3 |
| | More than 50 years | 7 | 4.7 | 4.7 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

What is interesting from Table 4.5 data is that the accounting profession in Bloemfontein is overwhelmingly populated by relatively young professionals aged 20-30 years who make up 64% of the respondents. This is as a result of the accounting firms offering articles training for newly qualified accounting students in the ages ranging from 20 to 30. Almost all the popular accounting firms have offices in Bloemfontein, so it makes it possible to see this kind of trend.

4.3.6. Gender

Table 4.5: Gender

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|--------|------------------|-----------------|-----------------------|----------------------------|
| Valid | Male | 67 | 45.3 | 45.3 | 45.3 |
| | Female | 81 | 54.7 | 54.7 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

The results in Table 4.6 show that there are more female accountants in the sample than male accountants. This is in line with the general trend of representation by gender amongst university graduates in South Africa in recent times. The females make 55% of the respondents.

4.3.7. Culture group

Table 4.6: Culture

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|----------|------------------|-----------------|-----------------------|----------------------------|
| Valid | Asian | 4 | 2.7 | 2.7 | 2.7 |
| | African | 73 | 49.3 | 49.3 | 52.0 |
| | White | 57 | 38.5 | 38.5 | 90.5 |
| | Coloured | 14 | 9.5 | 9.5 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

Inasmuch as all cultural groups are represented in the sample, Table 7 indicates that when the percentages are juxtaposed against South African demographics, it becomes apparent that the white cultural group still dominates the accounting profession in Bloemfontein. This state of affairs is largely a function of South Africa's history.

4.3.8. Levels of management

Table 4.7: Management level

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|---------|----------------|-----------|----------|----------------|---------------------|
| Valid | Manager | 51 | 34.5 | 35.4 | 35.4 |
| | Employee | 92 | 62.2 | 63.9 | 99.3 |
| | (Non-response) | 1 | .7 | .7 | 100.0 |
| | Total | 144 | 97.3 | 100.0 | |
| Missing | System | 4 | 2.7 | | |
| Total | | 148 | 100.0 | | |

Table 4.7 highlights that there is a ratio of 1:2 between managers and employees in the sample giving 35% and 62% respectively. Apart from senior managers (partners, in the case of private accounting firms), this is a reasonable ratio, i.e. where a manager works with a team of two employees reporting to him/her.

4.4. Descriptive and Inferential analysis of perceptions data and its interpretation

Descriptive statistics cover aspects of measures of frequency, dispersion and central tendency. Inferential statistics on their part assist researchers to look beyond raw data and descriptive statistics and make inferences about population parameters such as relationships between two variables or group differences in a variable. Descriptive and inferential analysis of perceptions data and its interpretation in this section is presented on the basis of questions in the questionnaire. These questions are listed under section 4.2.2. On a Likert Scale of 1-7, where 1 is the positive extreme and 7 is the negative extreme, 4 is the neutral point where a respondent neither agrees nor disagrees. Effectively, responses on the scale 1-3 are interpreted as indicating positive perceptions, whereas responses on the scale 5-7 are interpreted as indicating negative perceptions.

4.4.1. Importance of ethics in the business community (GC1)

Table 4.8: General concept 1

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|-------|-----------|----------|----------------|---------------------|
| Valid | 1 | 114 | 77.0 | 77.0 | 77.0 |
| | 2 | 12 | 8.1 | 8.1 | 85.1 |
| | 3 | 4 | 2.7 | 2.7 | 87.8 |
| | 4 | 4 | 2.7 | 2.7 | 90.5 |
| | 6 | 3 | 2.0 | 2.0 | 92.6 |
| | 7 | 11 | 7.4 | 7.4 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

Table 4.9 reveals that the greater number of respondents perceive ethics as being important to the business community, whereas 12% of the respondents perceive ethics as not being important to the business community. An overall interpretation of this data would indicate that for an overwhelming majority of accounting professionals (88%) in Bloemfontein, business ethics are an important and integral part of the business community, i.e. the business community needs to act in ethical manners at all times.

4.4.2. Importance of ethics in business courses (GC2)

Table 4.9: General concept 2

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|-------|-----------|----------|----------------|---------------------|
| Valid | 1 | 109 | 73.6 | 73.6 | 73.6 |
| | 2 | 15 | 10.1 | 10.1 | 83.8 |
| | 3 | 5 | 3.4 | 3.4 | 87.2 |
| | 4 | 4 | 2.7 | 2.7 | 89.9 |
| | 5 | 4 | 2.7 | 2.7 | 92.6 |
| | 6 | 3 | 2.0 | 2.0 | 94.6 |
| | 7 | 8 | 5.4 | 5.4 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

The majority of the respondents perceive ethics as being important in business courses, whereas Table 4.10 shows that 10% of the respondents perceive ethics as not being important in business courses. Further, 3% of the respondents are neutral, i.e. they do not perceive ethics in business courses as either important or unimportant. An overall interpretation of this data would indicate that for an overwhelming majority (87%) of accounting professionals in Bloemfontein, business ethics are an important component of business courses and should therefore be integral to accountancy training.

4.4.3. Importance of ethics in personal decisions (GC3)

Table 4.10: General concept 3

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|-------|-----------|----------|----------------|---------------------|
| Valid | 1 | 106 | 71.6 | 71.6 | 71.6 |
| | 2 | 19 | 12.8 | 12.8 | 84.5 |
| | 3 | 7 | 4.7 | 4.7 | 89.2 |
| | 4 | 1 | .7 | .7 | 89.9 |
| | 5 | 3 | 2.0 | 2.0 | 91.9 |
| | 6 | 5 | 3.4 | 3.4 | 95.3 |
| | 7 | 7 | 4.7 | 4.7 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

According to Table 4.11, a relatively higher number of respondents consider ethics important when making personal decisions, and 1% of the respondents are neutral, i.e. they do not perceive ethics as either being important or unimportant in making personal decisions. In contrast, 10% of the respondents perceive ethics as not being important in making their personal decisions. The overall interpretation of this data would indicate that for an overwhelming majority of accounting professionals (90%) in Bloemfontein, ethics are important in making personal decisions.

4.4.4. Importance of ethics in decisions in the workplace (GC4)

Table 4.11: General concept 4

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|-------|-----------|----------|----------------|---------------------|
| Valid | 1 | 119 | 80.4 | 80.4 | 80.4 |
| | 2 | 9 | 6.1 | 6.1 | 86.5 |
| | 3 | 4 | 2.7 | 2.7 | 89.2 |
| | 4 | 3 | 2.0 | 2.0 | 91.2 |
| | 5 | 1 | .7 | .7 | 91.9 |
| | 6 | 2 | 1.4 | 1.4 | 93.2 |
| | 7 | 10 | 6.8 | 6.8 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

The bulk of the respondents (80%) consider ethics important in making decisions in the workplace, while 2% of the respondents are neutral, i.e. they do not perceive ethics as either being important or unimportant in making decisions in the workplace. On the other hand, Table 4.12 reveals that 9% of the respondents perceive ethics as not being important in making decisions in the workplace. The overall interpretation of this data indicates that for an overwhelming majority of accounting professionals in Bloemfontein (89%), ethics are important in making decisions in the workplace.

4.4.5. Relating accounting education to moral issues (G1)

Table 4.12: Goal 1

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|-------|-----------|----------|----------------|---------------------|
| Valid | 1 | 78 | 52.7 | 52.7 | 52.7 |
| | 2 | 28 | 18.9 | 18.9 | 71.6 |
| | 3 | 21 | 14.2 | 14.2 | 85.8 |
| | 4 | 10 | 6.8 | 6.8 | 92.6 |
| | 5 | 3 | 2.0 | 2.0 | 94.6 |
| | 6 | 4 | 2.7 | 2.7 | 97.3 |
| | 7 | 4 | 2.7 | 2.7 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

It is indicated in Table 4.13 that 86% of the respondents can be able to relate accounting education to moral issues, whereas 7% of the respondents are neutral, i.e. they neither can relate nor fail to relate accounting education to moral issues. However, 7% of the respondents cannot relate accounting education to moral issues. The overall interpretation of this data indicates that for an overwhelming majority of accounting professionals in Bloemfontein, they can relate their accounting education to moral issues that they inevitably have to confront at work.

4.4.6. Accounting ethics education assisting in recognition of accounting issues that have moral implications (G2)

Table 4.13: Goal 2

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|---------|--------|-----------|----------|----------------|---------------------|
| Valid | 1 | 89 | 60.1 | 61.0 | 61.0 |
| | 2 | 28 | 18.9 | 19.2 | 80.1 |
| | 3 | 12 | 8.1 | 8.2 | 88.4 |
| | 4 | 6 | 4.1 | 4.1 | 92.5 |
| | 5 | 2 | 1.4 | 1.4 | 93.8 |
| | 6 | 4 | 2.7 | 2.7 | 96.6 |
| | 7 | 5 | 3.4 | 3.4 | 100.0 |
| | Total | 146 | 98.6 | 100.0 | |
| Missing | System | 2 | 1.4 | | |
| Total | | 148 | 100.0 | | |

In Table 4.14, it can be seen that 88% of the respondents are able to recognise accounting issues that have moral implications, while 4% of the respondents are neutral, i.e. they are unsure of whether they would recognise or fail to recognise accounting issues that have moral implications. In contrast, 8% of the respondents would not recognise accounting issues that have moral implications. The overall interpretation of this data indicates that an overwhelming majority of accounting professionals in Bloemfontein can recognise accounting issues that have moral implications. This means that their training in accounting ethics education instilled in them a sense of ethical probity.

4.4.7. Role of accounting education in developing a “sense of moral obligation” or responsibility (G3)

Table 4.14: Goal 3

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|-------|-----------|----------|----------------|---------------------|
| Valid | 1 | 99 | 66.9 | 66.9 | 66.9 |
| | 2 | 22 | 14.9 | 14.9 | 81.8 |
| | 3 | 12 | 8.1 | 8.1 | 89.9 |
| | 4 | 2 | 1.4 | 1.4 | 91.2 |
| | 5 | 3 | 2.0 | 2.0 | 93.2 |
| | 6 | 6 | 4.1 | 4.1 | 97.3 |
| | 7 | 4 | 2.7 | 2.7 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

In Table 4.15, there is an indication that for 90% of the respondents, accounting education plays an important role in developing a “sense of moral obligation” or responsibility, while for 1% of the respondents they are unsure as to whether accounting education plays a role in developing a “sense of moral obligation” or responsibility. On the other hand, for 9% of the respondents, accounting education does not play a role in developing a “sense of moral obligation” or responsibility. It can thus be deduced that for an overwhelming majority of accounting professionals in Bloemfontein, accounting education plays an important role in developing a “sense of moral obligation” or responsibility.

4.4.8. Role of accounting education in developing abilities to deal with ethical conflicts or dilemmas (G4)

Table 4.15: Goal 4

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|-------|-------|-----------|----------|----------------|---------------------|
| Valid | 1 | 103 | 69.6 | 69.6 | 69.6 |
| | 2 | 20 | 13.5 | 13.5 | 83.1 |
| | 3 | 5 | 3.4 | 3.4 | 86.5 |
| | 4 | 3 | 2.0 | 2.0 | 88.5 |
| | 5 | 9 | 6.1 | 6.1 | 94.6 |
| | 6 | 3 | 2.0 | 2.0 | 96.6 |
| | 7 | 5 | 3.4 | 3.4 | 100.0 |
| | Total | 148 | 100.0 | 100.0 | |

From Table 4.16, it is apparent that 87% of the respondents consider accounting ethics education as playing an important role in developing abilities to deal with ethical conflicts or dilemmas, whereas 2% of the respondents are neutral, i.e. they do not perceive accounting ethics education as either playing an important or unimportant role in developing abilities to deal with ethical conflicts or dilemmas. However, 12% of the respondents perceive accounting ethics education as not playing an important role in developing abilities to deal with ethical conflicts or dilemmas. For an overwhelming majority of accounting professionals in Bloemfontein, therefore, accounting ethics education plays a critical role in developing skills to deal with ethical conflicts and dilemmas.

4.4.9. Role of accounting education in equipping accounting professionals with skills to deal with the uncertainties of the accounting profession (G5)

Table 4.16: Goal 5

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|---------|--------|-----------|----------|----------------|---------------------|
| Valid | 1 | 96 | 64.9 | 65.3 | 65.3 |
| | 2 | 24 | 16.2 | 16.3 | 81.6 |
| | 3 | 8 | 5.4 | 5.4 | 87.1 |
| | 4 | 7 | 4.7 | 4.8 | 91.8 |
| | 5 | 6 | 4.1 | 4.1 | 95.9 |
| | 6 | 5 | 3.4 | 3.4 | 99.3 |
| | 7 | 1 | .7 | .7 | 100.0 |
| | Total | 147 | 99.3 | 100.0 | |
| Missing | System | 1 | .7 | | |
| Total | | 148 | 100.0 | | |

Table 4.17 reveals that a larger number (87%) of the respondents consider accounting ethics education as playing an important role in equipping accounting professionals with skills to deal with uncertainties of the accounting profession, but 5% of the respondents are unsure whether accounting ethics education plays a role in equipping accounting professionals with skills to deal with uncertainties of the accounting profession. In contrast, 8% of the respondents do not consider accounting ethics education as playing a role in equipping accounting professionals with skills to deal with uncertainties of the accounting profession. It can be deduced that for an overwhelming majority of accounting professionals in Bloemfontein, accounting ethics education plays a critical role in equipping accounting professionals with skills necessary to deal with uncertainties that characterise the accounting profession.

4.4.10. Role of accounting education in “setting the stage” for a change in ethical behaviour (G6)

Table 4.17: Goal 6

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|---------|--------|-----------|----------|----------------|---------------------|
| Valid | 1 | 76 | 51.4 | 53.5 | 53.5 |
| | 2 | 21 | 14.2 | 14.8 | 68.3 |
| | 3 | 25 | 16.9 | 17.6 | 85.9 |
| | 4 | 8 | 5.4 | 5.6 | 91.5 |
| | 5 | 3 | 2.0 | 2.1 | 93.7 |
| | 6 | 5 | 3.4 | 3.5 | 97.2 |
| | 7 | 4 | 2.7 | 2.8 | 100.0 |
| | Total | 142 | 95.9 | 100.0 | |
| Missing | System | 6 | 4.1 | | |
| Total | | 148 | 100.0 | | |

When inspecting Table 18, it is evident that the bulk (86%) of the respondents consider accounting ethics education important in “setting the stage” for change in ethical behaviour, while 6% of the respondents are unsure whether accounting ethics education “sets the stage” for change in ethical behaviour. On the other hand, 9% of the respondents do not consider accounting ethics education as important in “setting the stage” for change in ethical behaviour. It can therefore be deduced that for an overwhelming majority of accounting professionals in Bloemfontein, accounting ethics education plays a critical role in “setting the stage” for change in ethical behaviour.

4.4.11. Role of accounting education in developing an appreciation and understanding of the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics (G7)

Table 4.18: Goal 7

| | | Frequency | Per cent | Valid Per cent | Cumulative Per cent |
|---------|--------|-----------|----------|----------------|---------------------|
| Valid | 1 | 71 | 48.0 | 48.6 | 48.6 |
| | 2 | 33 | 22.3 | 22.6 | 71.2 |
| | 3 | 20 | 13.5 | 13.7 | 84.9 |
| | 4 | 7 | 4.7 | 4.8 | 89.7 |
| | 5 | 6 | 4.1 | 4.1 | 93.8 |
| | 6 | 4 | 2.7 | 2.7 | 96.6 |
| | 7 | 5 | 3.4 | 3.4 | 100.0 |
| | Total | 146 | 98.6 | 100.0 | |
| Missing | System | 2 | 1.4 | | |
| Total | | 148 | 100.0 | | |

In Table 4.19, it can be seen that 85% of the respondents consider accounting ethics education important in developing an appreciation and understanding of the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics, whereas 5% of the respondents are unsure whether accounting ethics education develops an appreciation and understanding of the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics. In contrast, 10% of the respondents do not consider accounting ethics education as important in developing an appreciation and understanding of the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics. It can therefore be deduced that for an overwhelming majority of accounting professionals in Bloemfontein, accounting ethics education plays a critical role in developing an appreciation and understanding of the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics.

4.5. Cross-tabulation of sample characteristics and perceptions data

The cross-tabulation has also produced very interesting results. Table 4.20 shows a cross-tabulation of culture, gender and level of management.

Table 4.19: Gender, levels of management and culture cross-tabulation

| Culture | Gender | Male | Levels of management | | | Total |
|----------|--------|--------|----------------------|----------|---|-------|
| | | | Manager | Employee | 3 | |
| Asian | Gender | Male | 2 | | 0 | 2 |
| | | Female | 1 | | 1 | 2 |
| | Total | | 3 | | 1 | 4 |
| African | Gender | Male | 11 | 28 | | 39 |
| | | Female | 8 | 23 | | 31 |
| | Total | | 19 | 51 | | 70 |
| White | Gender | Male | 12 | 7 | | 19 |
| | | Female | 11 | 26 | | 37 |
| | Total | | 23 | 33 | | 56 |
| Coloured | Gender | Male | 3 | 2 | | 5 |
| | | Female | 3 | 6 | | 9 |
| | Total | | 6 | 8 | | 14 |
| Total | Gender | Male | 28 | 37 | 0 | 65 |
| | | Female | 23 | 55 | 1 | 79 |
| | Total | | 51 | 92 | 1 | 144 |

The results in Table 4.20 still reflect that males still dominate the managerial part of the industry with 28 out of 51 (55%). More interesting is the fact that white males are investing more into the profession by leading the managerial sector of the accounting profession with 12 out of 23 (52%) followed by African males tying with white females at 11 out of 23 (48%).

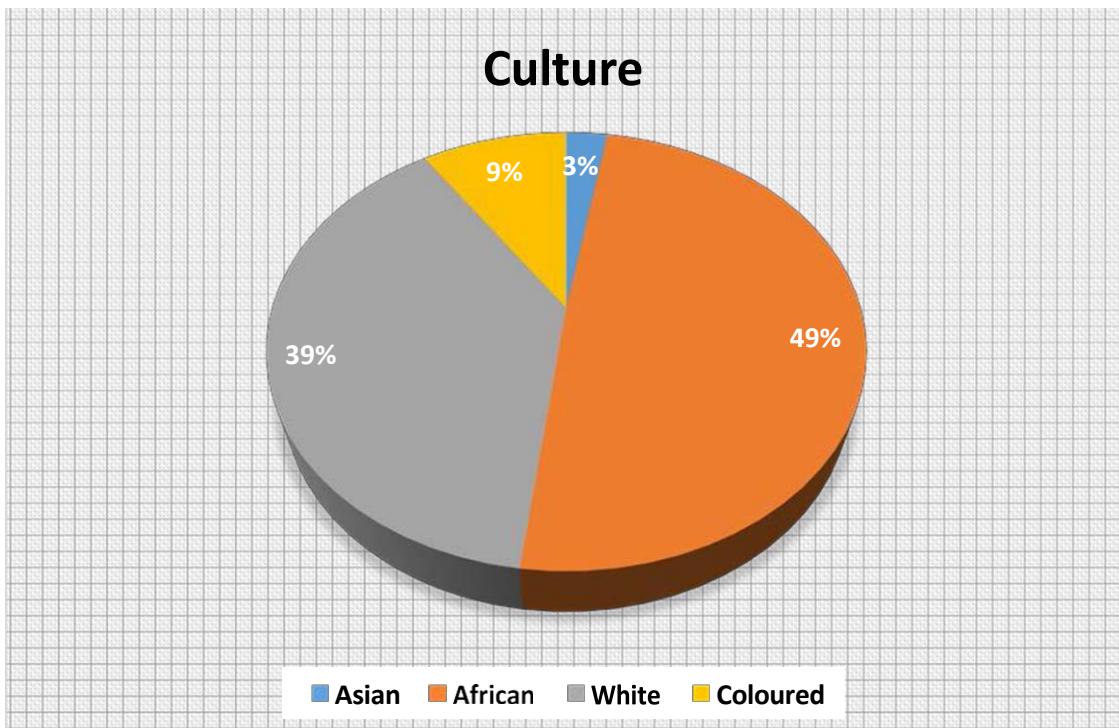


Figure 4.2.: Culture

In terms of culture, there are more blacks/Africans in the profession than other cultures, taking close to half of the respondents (49%) reflected also in Table 4.20. This is proof of the true demographics of the country, but there is still more emphasis on the universities to develop more black accountants.

Goals of accounting ethics education I

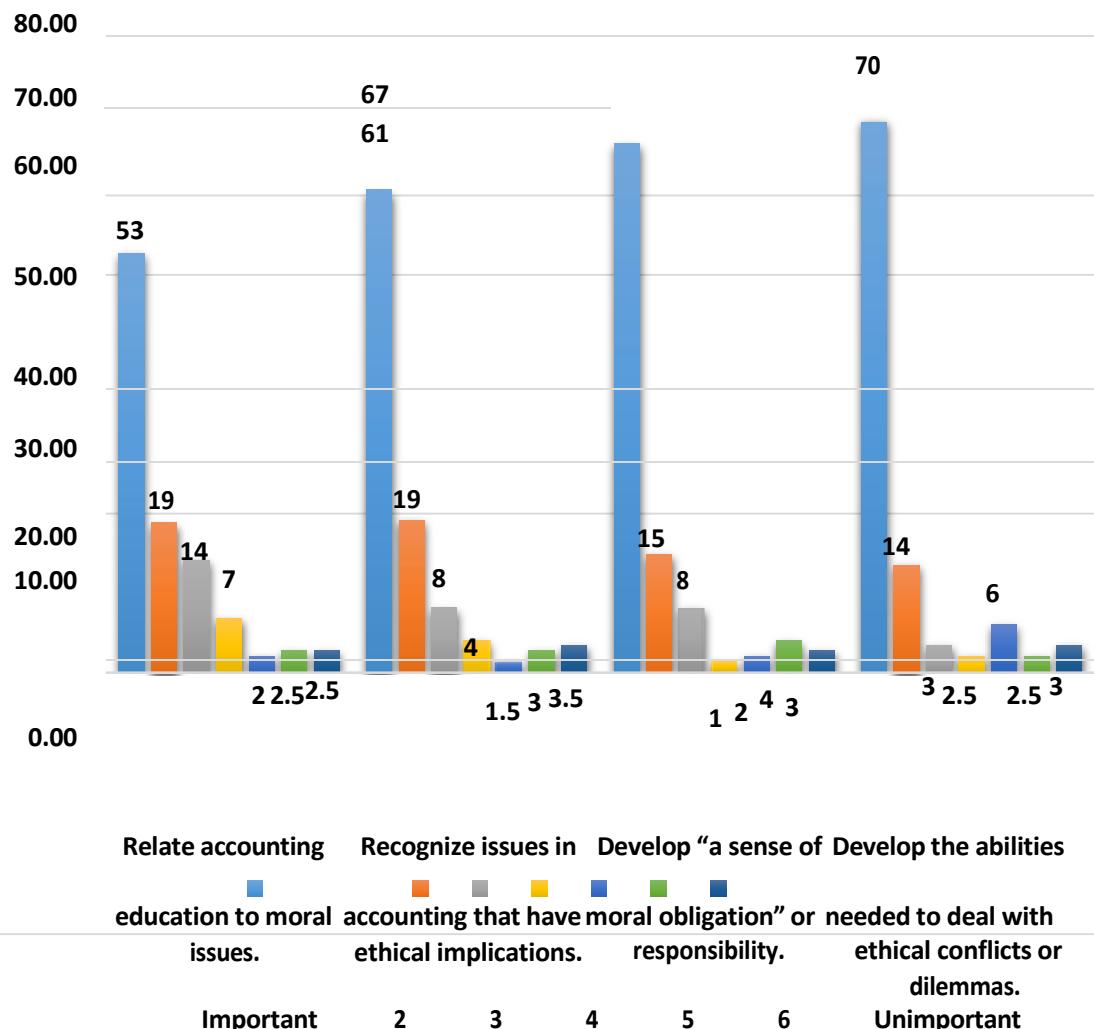


Figure 4.3.: Goals of accounting ethics education

In figure 4.3 clearly shows the impact of accounting ethics education in dealing with ethical issues, recognition of issues that have moral implications and lastly to develop the needed abilities to deal with this ethical dilemmas.

Given the nature of data collected from the questionnaire and respondents, the inferential method of interpreting statistical data used was the Chi-Square test. This is a test used to determine if there is an association between two categorical variables. In other words, it is used to determine whether or not there are significant differences between the distributions of two nominal (categorical) variables. The null hypothesis is that there is no association between the two variables i.e. that there is no significant difference between the two variables. The alternative hypothesis is that there is an association between the two variables i.e. that there is a significant difference between the two variables.

In this case we are testing whether the different ethics aspects (GC1 to GC4; G1 to G7) are associated with tenure, age, gender, education, levels of management, culture and whether or not the respondent has an ethics background from workshops or studies.

Conclusion is based on the p-value (reported in the table below). If the p-value is less than 0.1, the conclusion is that there is an association between the 2 categorical variables and if the p-value is greater than 0.1, the conclusion is that there is no association between the 2 categorical variables.

Table 4.21 is a tabulation of the SPSS statistical Chi-Square test of two variables (importance of ethics in community and tenure) which are measured at an ordinal level.

Table 4.20: Cross-tabulation of importance of ethics in community and tenure Chi-Square Tests

| | Value | df | Asymptotic Significance (2-sided) |
|------------------------------|---------------------|----|-----------------------------------|
| Pearson Chi-Square | 29.880 ^a | 15 | .012 |
| Likelihood Ratio | 24.030 | 15 | .065 |
| Linear-by-Linear Association | 4.201 | 1 | .040 |
| N of Valid Cases | 147 | | |

a. 18 cells (75.0%) have an expected count of less than 5. The minimum expected count is .16.

In Table 4.21, the p-value is 0.012 which is less than 0.1. This means that there is a significant association between tenure and the importance of ethics to the community. In other words, the importance of ethics to the community differs by the tenure groups. While in table 4.22, the results is more or less the same with p-value of 0.002 which is still less than 1, meaning there is a significant association between ethics to communities and culture. This proofs that the importance of ethics to community differs with cultural groups.

Table 4.21: Cross-tabulation of importance of ethics to community and culture Chi-Square Tests

| | Value | df | Asymptotic Significance (2-sided) |
|------------------------------|---------------------|----|-----------------------------------|
| Pearson Chi-Square | 36.227 ^a | 15 | .002 |
| Likelihood Ratio | 27.998 | 15 | .022 |
| Linear-by-Linear Association | 16.128 | 1 | .000 |
| N of Valid Cases | 146 | | |

a. 19 cells (79%) have an expected count of less than 5. The minimum expected count is .06.

Table 4.22: Cross-tabulation of importance of ethics to community and gender**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|------------------------------|--------------------|-----------|--|
| Pearson Chi-Square | 4.688 ^a | 6 | .584 |
| Likelihood Ratio | 4.796 | 6 | .570 |
| Linear-by-Linear Association | .069 | 1 | .793 |
| N of Valid Cases | 148 | | |

a. 7 cells (50%) have an expected count of less than 5. The minimum expected count is 1.36.

Table 4.23: Cross-tabulation of recognition of issues that have ethical implications and gender**Chi-Square Tests**

| | Value | df | Asymptotic Significance (2-sided) |
|------------------------------|--------------------|-----------|--|
| Pearson Chi-Square | 6.052 ^a | 6 | .417 |
| Likelihood Ratio | 6.794 | 6 | .340 |
| Linear-by-Linear Association | .196 | 1 | .658 |
| N of Valid Cases | 146 | | |

a. 8 cells (57%) have an expected count of less than 5. The minimum expected count is .89.

In table 4.23 and 4.24 the p-value is 0.584 and 0.417 respectively which is obviously higher than 0.1. This means that there is no significant association between the importance of ethics to community and gender. In table 4.24 also there is no significant association between the issues that have ethical implications and gender.

4.6. Conclusion

The results of the research study show a high percentage of the population being aware of accounting ethics and choosing to be ethical in all business decisions. Given the fact that about 85% of the respondents indicated that ethics should be included and integrated into all modules that form the basis of the accounting profession. Although Bloemfontein is a small city as compared to Johannesburg, Durban and Cape Town, from the sample, 64% of the respondents are in the 20-30 age bracket. This heavy demographic skew is attributable to the scarcity of accounting skills in the country and the high demand of qualified CAs in metropolitan areas such as Johannesburg, Durban and Cape Town. Furthermore, the more senior people get, the more they start their own businesses, and that is why only 14% of employees ranging from 41 years and more are found. Overall, all variables tested in the questionnaire on accounting ethics is important and integral to the accounting profession and accounting education that support them. The conclusions, recommendations and issues for further research deriving from the discussion in this chapter are presented in the next and last chapter.

CHAPTER FIVE – Conclusions, recommendations and limitations

5.1. Introduction

The penultimate chapter provided an analysis, presentation and discussion of the data for this study. This final chapter will discuss the conclusions, recommendations and limitations of this study.

Overall, the study managed to establish areas of intersection between accounting ethics and the accounting profession. Specifically, a review of the literature indicated that accounting ethics have always been a critical component of the accounting profession since the days of Luca Pacioli. Data from questionnaires further supported this finding in two ways:

- a) There are positive perceptions amongst stakeholders in the accounting profession regarding the extent to which accounting ethics are critical in the accounting profession.
- b) The range of stakeholder perceptions on the importance of accounting ethics in the accounting profession, though distributed from ‘important’ to ‘unimportant’, is heavily skewed towards the ‘important’ end of the perceptions spectrum.

5.2. Conclusions of the study

Several deductions can be made from the study. The presentation of these deductions follows the logic of the field study, namely:

- a) Deductions from the literature
- b) Deductions from questionnaire data

Deductions from the literature include:

- a) Accounting ethics have been integral to the epistemological advances of

- accounting science and the development of accounting practice.
- b) Accounting ethics as a dimension of business ethics are critical in corporate governance.
 - c) The centrality of accounting ethics business generally and the accounting profession specifically has led to the development of accounting ethics standards and benchmarks at national and international levels.
 - d) Over time, as the accounting profession developed from its humble roots in the days of Luca Pacioli, accounting ethics have evolved into professional ethics, a fact that is attested by the prevalence of codes of conduct for accounting professionals.
 - e) The recognition of the importance of accounting ethics has led to the integration of accounting ethics in business education and training.
 - f) Accounting ethics are not only a concern of researchers and business education stakeholders but also a concern of large sections of society. For this reason, accounting ethics have found space in national debates and consciousness.

Deductions from questionnaire data include:

- a) At a general level:
 - i. Ethics are important in the business community.
 - ii. Ethics are important in business courses.
 - iii. Ethics are important in personal decisions of actors and stakeholders in the accounting profession.
 - iv. Ethics are important in making decisions at the workplace amongst actors and stakeholders in the accounting profession.
- b) Regarding accounting education:
 - i. Accounting education has to promote moral issues, a key one being accounting ethics.
 - ii. Accounting education, in content and delivery, should be able to recognise issues in the accounting profession that have ethical

implications.

- iii. Accounting education should develop a sense of moral obligation and responsibility in accountants and corporate leaders.
- iv. Accounting education should develop the abilities to deal with ethical conflicts and dilemmas as well as equip accountants and corporate leaders with skills to deal with uncertainties of the accounting profession.
- v. At a summative level, accounting education should set the stage for change in ethical behaviour.
- vi. Accounting education, in content, should lead to an appreciation and understanding of the history and composition of all aspects of accounting ethics and how they relate to the general field of ethics.

c) Personal/individual evaluations of ethics education undertaken:

- i. An overwhelming majority of the respondents in the data set have been taught ethics in university or college.
- ii. An overwhelming majority of the respondents in the data set have undertaken an ethics course as part of their academic programme.
- iii. An overwhelming majority of the respondents in the data set have benefitted from workshops on ethics presented at their workplaces.
- iv. An overwhelming majority of the respondents in the data set are of the view that having an ethics course as part of a qualification would help employees solve moral and ethical issues facing the accounting profession and the business community in general.

5.3. Recommendations

From the foregoing deductions, the following recommendations can be made:

- a) There should be continuous development and support in the form of workshops and other forms of in-service training and development programmes for accounting professionals and corporate leaders aimed

at engendering accounting ethics in the workplace and as an integral part of personal values.

- b) There should be a horizontal and vertical integration of accounting ethics into business education curricula. By horizontal integration, it is meant the incorporation of ethics topics in every course/subject/module at a particular year/level of study in business education. By vertical integration, it is meant the developmental structuring of ethics topics (from simple to complex) in successive years/levels of study in business education. In brief, an overhaul of business education curricula to integrate ethics is recommended.
- c) Professional bodies in the accounting profession should enforce registration by accounting professionals so as to be in a position to enforce their codes of conduct.
- d) There is a need for close cooperation in all aspects of accountancy training (from curriculum design through to curriculum delivery) between educational institutions and professional and regulatory bodies in the accounting profession so as to guarantee organic development of training in alignment with the changing demands of the profession.

5.4. Conclusion

Accounting ethics are critical for the accounting profession because of the fundamental and indispensable role accountants play in business reporting processes, be these for compliance purposes or for corporate governance purposes. A lapse of ethics in business reporting, often occasioned by a paucity of moral probity on the part of accountants, has potential for massive negative business and societal ramifications. On this count, several financial scandals of modern times such as the Enron and the Lehman Brothers scandals further ashore come to mind. Closer to home, in the public sector, qualified reports – year after year – by the Auditor-General on expenditure by government entities point to lapses, though not exclusively in the accounting practices in public entities. In the private sector, several reports by, for example, the Competition Commission that point to creative accounting practices within private sector entities and the implications of such creative accounting practices on the

general state of the national economy point to a need for more vigilance in accounting practices in private sector entities.

A good point of departure in this journey would be an overhaul of preparatory and in-service business education and training respectively so as to integrate ethics generally and accounting ethics specifically. Moreover, despite having wonderful pieces of legislation, codes of conduct and a number of processes in place to enforce ethical conduct, good governance and integrity in the local government sphere, there is still non-stop acts of unethical conduct by officials (Maclen, 2011). The change in behaviour by professional accountants involved in the ‘cooking of books’ through creative accounting can only be addressed through tough laws and by actually establishing ethical compliance laws that bind accountants to carry their duties with integrity, good faith, objectivity, independence and competency.

List of References

- Ababio, E. & Vyas-Doorgapersad, S., 2010. The illusion of ethics for good local governance in South Africa. *The Journal for Transdisciplinary Research in Southern Africa*, 6(2).
- Ashton, J. R., 2003. "All professions are conspiracies against the Laity" (George Bernard Shaw). *Journal of Epidemiology and community Health*, Volume 57(3).
- Babbie, E. R. & Mouton, J., 2009. *The practice of social research. South African edition*. Ninth Edition ed. Cape Town: Oxford University Press Southern Africa (Pty) Ltd.
- Baker, C. R., 2005. Theoretical approaches to research on Accounting Ethics.
- Baker, M. & Roberts, J., 2012. All in the mind? Ethical Identity and the Allure of Corporate Responsibility.
- Beauchamp, T. L., 2003. *A Companion to Applied Ethics*. s.l. Malden, MA and Oxford Blackwell Publishing Ltd.
- Bell, J., 2005. *Doing your Research Project*. 4th ed. New York: Open University Press.
- Bougie, U. S. a. R., 2013. *Research Methods for Business*. Sixth ed. Chennai India: Trento Srl Italy.
- Brand, V., 2009. Empirical Business Ethics Research and Paradigm Analysis. *Journal of Business Ethics*, Volume 86.
- Brown, G. R., 1962. Changing audit objectives and techniques. *The Accounting Review*, Volume 37(4).
- Button, M. E., 2011. Accounting for Blind Spots: From Oedipus to democratic epistemology. 39(6).
- Buytendijk, P., 2009. Reflections on the value concept in Accounting.

Buytendijk, P., 2010. Ontology and Epistemology: a transcendental reflection on decision-usefulness as an accounting objective.

Buytendijk, P., Visser, S. & Oberholzer, M., 2012. A critical consideration of ethical foundations for the accounting profession.

Celuch, K. & Dill, A., 2011. An Extension of the Theory of Reasoned Action in Ethical Decision Contexts: The role of normative influence and ethical judgement. Routledge Taylor and Francis Group.

Cowton, C. J., 1998. The use of secondary data in Business Ethics research. *Journal of Business Ethics*, 17(4).

Danhel, J., 2013. Today's Social Dilemma: Does a New Paradigm in Economics Demand Higher Ethics or Wider Regulation.

Davids, I., Theron, F. & Maphunye, K. J., 2009. *Participatory Development in South Africa*. Second Edition ed. Pretoria: Van Schaik.

Du Plooy-Cilliers, F., Davis, C. & Bezuidenhout, R.-M., 2014. *Research Matters*. First Edition ed. Cape Town: Juta & Company Ltd.

Ducháčková, E. & Daňhel, J., 2013. Today's Social Dilemma: Does a New Paradigm in Economics Demand Higher Ethics or Wider Regulation. *Journal of Emerging Trends in Economics and Management Sciences*, Volume 4(1).

Edigheji, O., 2010. *Constructing a democratic developmental state in South Africa (Potentials and Challenges)*, Cape Town: Human Science Research Council Press.

Fischer, M. J., 2000. Luca Pacioli on business profits. *Journal of Business Ethics* 25 (4): (2000), Volume 25(4).

Fourie, W., 2012. Can Christian ethics be used to engage business? A South African Consideration. *Acta Theologica*.

Fourie, W., 2012. Can Christian Ethics be used to engage business? South African Consideration. Volume 32(1).

Fred, H., 2001. *Development Theory, Policy, and Practice*. Cape Town: Oxford South Africa.

- Gabriel, O., 2008. Strategies for improving Ethical Behaviors in Organisations. *Forum on Public Policy*.
- Green, D., 2009. *From Poverty to Power*. Auckland Park: Oxfam International.
- Hofstee, E., 2006. Constructing a good dissertation: A practical guide to finishing a Masters, MBA or PhD on schedule.
- Jamnik, A., 2011. Ethical code in the Public accounting profession. *Journal of International Ethics*, 4(2).
- Jooste, L., 2011. A comparison of Ethical perceptions of earnings management practices.
- Kathrani, P., 2010. Social Contract Theory and the International Normative Order: A New Global Ethic. 1(119).
- Klotz, R. V.-V. A. L. E., 2013. Using the concept-mapping method for empirical studies in construction research.
- Maclen, T. M. a. S., 2011. Ethics, Integrity, and good governance: The case of South Africa's Local Sphere of Governance. 46(4).
- Maroun, W. & Jonker, C., 2014. Critical and interpretive accounting, auditing and governance research in South Africa. *Southern African Journal of Accountability and Auditing research*, Volume 16.
- Mc Lennan, A. & Munslow, B., 2009. *The Politics of Service Delivery*. First Edition ed. Johannesburg: Wits University Press.
- Mle, T. R. & Maclean, S., 2011. Ethics, Integrity and Good Governance: The Case of South Africa's Local Sphere of Government. Volume 46.
- Mouton, J., 2013. *How to succeed in your masters and doctoral studies*. Eighteenth ed. Pretoria: Van Schaik.
- Neinaber, S., 2010. Factors that could influence the ethical behaviour of tax professionals. *Meditari Accountancy Research*, 18(1).
- Omolewu, G., 2008. Strategies for improving Ethical Behaviours in Organizations. s.l., s.n.
- Petty, K. A., 2011. Professional Responsibility Compliance and National

Security Attorneys: Adopting the Normative Framework of Internalized Legal Ethics. Volume 4.

Roberts, M. B. - J., 2012. All in the Mind? Ethical Identity and the Allure of Corporate Responsibility.

Rossouw, D., du Plessis, C., Prinsloo, F. & Prozesky, M., 2009. *Ethics for Accountants & Auditors*. Second Edition ed. Cape Town: Oxford University Press Southern Africa (Pty) Ltd 2009.

Rossouw, G., 2007. The SAICA syllabus for Ethics: Does it all add up? Volume 3.

Rossouw, G., 2007. The SAICA syllabus for ethics; Volume 3.

Rossouw, D. & van Vuuren, L., 2013. *Business Ethics*. Fifth Edition ed. Cape Town: Oxford University Press Southern Africa.

Sekaran, U. & Bougie, R., 2013. *Research Methods for Business*. Sixth Edition ed. s.l. S.n.

Sekaran, U. & Bougie, R., 2013. *Research Methods for Business*. Sixth Edition ed. Chichester, West Sussex: John Wiley & Sons Ltd.

Shinde, J. S., Wacker, R., Shinde, U. S. & Hou, Z. J., 2011. Superfluity and Murkiness in the understanding of Social Responsibility: A content Analysis. *Journal of Leadership, Accountability and Ethics*, Volume 8(3).

Smith, K.T. & Smith, M L. 2003. Available [Online] at:
<http://www.newlearner.com/courses/hts/bat4m/pdf/Business%20and%20Accounting%20Ethics.pdf>. [Accessed 4 April 2015].

Sparks, A., 2013. *Economic hope vs moral despair*, Cape Town: Cape Times.

Stahl, B. C., 2012. Morality, ethics and reflections: A Categorisation of normative IS research. *Journal of the association for information systems*, Volume 13(8).

Stahl, B. C., 2012. Morality, ethics, and reflection: A Categorisation of normative IS research. *Journal of the association for information systems*, 13(8).

Steenkamp, G., 2012. Student perceptions regarding the new training programme for Chartered Accountants. *Journal of Economic and Financial*

Sciences, 5(2).

Strauss-Keevy, M., 2014. Education programmes' responsibilities regarding pervasive skills. *Journal of Economic and Financial Sciences*, Volume 7(2).

Thamhain, H. J., 2014. Assessing the Effectiveness of Quantitative and Qualitative Methods for R&D Project Proposal Evaluations. *Engineering Management Journal*, Volume 26(4).

Valdes-Vasquez, R. & Klotz, L. E., 2013. Using the concept-mapping method for the empirical studies in construction research. 139(10).

Wong, D. B., 2008. Constructing Normative Objectivity in Ethics.

Annexure

ACCOUNTING ETHICS QUESTIONNAIRE

SECTION A: BIOGRAPHICAL DETAILS

| | | | | | | | | | |
|--|--|--------------------|--|-----------------|--|------------------|--|--------------------------------|--|
| 1. NAME OF COMPANY: _____ | OFFICE USE ONLY | | | | | | | | |
| 2. HOW LONG HAVE YOU BEEN WITH THE COMPANY? | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>1-5 Years</td><td></td></tr> <tr><td>6-10 Years</td><td></td></tr> <tr><td>11-15 Years</td><td></td></tr> <tr><td>More than 15 years</td><td></td></tr> </table> | 1-5 Years | | 6-10 Years | | 11-15 Years | | More than 15 years | |
| 1-5 Years | | | | | | | | | |
| 6-10 Years | | | | | | | | | |
| 11-15 Years | | | | | | | | | |
| More than 15 years | | | | | | | | | |
| 3. AGE: | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>20-30 Years</td><td></td></tr> <tr><td>31-40 Years</td><td></td></tr> <tr><td>41-50 Years</td><td></td></tr> <tr><td>More than 50 years</td><td></td></tr> </table> | 20-30 Years | | 31-40 Years | | 41-50 Years | | More than 50 years | |
| 20-30 Years | | | | | | | | | |
| 31-40 Years | | | | | | | | | |
| 41-50 Years | | | | | | | | | |
| More than 50 years | | | | | | | | | |
| 4. GENDER: | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Male</td><td></td></tr> <tr><td>Female</td><td></td></tr> </table> | Male | | Female | | | | | |
| Male | | | | | | | | | |
| Female | | | | | | | | | |
| 5. NAME OF INSTITUTION YOU OBTAINED QUALIFICATION <input type="text"/> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>5.</td><td></td></tr> </table> | 5. | | | | | | | |
| 5. | | | | | | | | | |
| 6. EDUCATIONAL LEVEL: | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Matric or less</td><td></td></tr> <tr><td>Matric + 1 year</td><td></td></tr> <tr><td>Matric + 3 years</td><td></td></tr> <tr><td>Matric + more than three years</td><td></td></tr> </table> | Matric or less | | Matric + 1 year | | Matric + 3 years | | Matric + more than three years | |
| Matric or less | | | | | | | | | |
| Matric + 1 year | | | | | | | | | |
| Matric + 3 years | | | | | | | | | |
| Matric + more than three years | | | | | | | | | |
| 7. LEVEL OF MANAGEMENT | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Manager/Supervisor</td><td></td></tr> <tr><td>Employee</td><td></td></tr> </table> | Manager/Supervisor | | Employee | | | | | |
| Manager/Supervisor | | | | | | | | | |
| Employee | | | | | | | | | |
| 8. CULTURE GROUP | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>ASIAN</td><td></td></tr> <tr><td>AFRICAN</td><td></td></tr> <tr><td>WHITE</td><td></td></tr> <tr><td>COLOURED</td><td></td></tr> </table> | ASIAN | | AFRICAN | | WHITE | | COLOURED | |
| ASIAN | | | | | | | | | |
| AFRICAN | | | | | | | | | |
| WHITE | | | | | | | | | |
| COLOURED | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>8.</td><td></td></tr> </table> | 8. | | | | | | | |
| 8. | | | | | | | | | |

Please rate the importance of each of the following general concepts on the 7-point scale provided:

1. How important are ethics in the business community?

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

2. How important are ethics in business courses?

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

3. How important are ethics in your personal decisions?

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

4. How important are ethics in your decisions in the workplace?

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

Please rate the importance of each of the following possible goals of accounting ethics education:

1. Relate accounting education to moral issues.

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

2. Recognise issues in accounting that have ethical implications.

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

3. Develop “a sense of moral obligation” or responsibility.

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

4. Develop the abilities needed to deal with ethical conflicts or dilemmas.

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

5. Learn to deal with the uncertainties of the accounting profession.

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

6. “Set the stage for” a change in ethical behaviour.

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

7. Appreciate and understand the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics.

| | | | | | | | | |
|-----------|---|---|---|---|---|---|---|-------------|
| Important | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Unimportant |
|-----------|---|---|---|---|---|---|---|-------------|

Additionally, please answer the following questions:

1. Have you ever been taught an ethics course in a university or college setting?

| | |
|-----|----|
| YES | NO |
|-----|----|

(If no, please skip to question 2.)

If yes, do you think this class/course was well designed and effective? YES/NO

2. Did you have an ethics course as part of your academic programme?

| | | |
|-----|----|--------|
| YES | NO | UNSURE |
|-----|----|--------|

If yes, is it offered at the:

| | | | |
|---------------|-----|----|--------|
| Entry level? | YES | NO | UNSURE |
| Intermediate? | YES | NO | UNSURE |
| Advanced? | YES | NO | UNSURE |

3. Have you ever had any workshops presented on ethics at your workplace?

YES/NO/NOT SURE

4. Do you think that having an ethics course as part of a qualification would help all employees solve moral and ethics issues facing the accounting profession and the business community in general?

| | | |
|-----|----|--------|
| YES | NO | UNSURE |
|-----|----|--------|

Any comments or suggestions:

Thank you for your participation in this study.

