

A multidimensional investigation into the effect of different ethical lenses on decision-making by the CA (SA) professional.



A research report submitted by:

Tammy Silberman

Student number: 1131875

Ethical clearance number: CACCN/1211

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**Supervisors: Dannielle Cerbone and Wayne Van Zijl**

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## Declaration

I hereby declare that this research report submitted by me in partial fulfilment of the requirements for the degree of Master of Commerce in the Faculty of Commerce, Law and Management at the University of the Witwatersrand, Johannesburg, is my original work and has not been submitted before for any degree or examination at any university.

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Signed by: tsilberman@bdo.co.za

Tammy Silberman

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*I will raise my eyes to the mountains from where will my help come? My help comes from G-d – Psalms Chapter 121*

## **Abstract**

**Purpose:** The purpose of this study is to investigate whether various characteristics looked at through different ethical lenses impact and influence ethical attitudes (see Appendix A) and decision-making of South African Chartered Accountants-in-training.

**Design/methodology/approach:** This study uses a quantitative method. This research made use of Reidenbach and Robin's (1990) multidimensional ethics scale to determine whether ethical judgements differ when based on a relativist, moral equity or deontological lens.

**Findings:** The results indicated that different characteristics do have an impact on ethical attitudes and decision-making. The characteristics that have the most influence are: experience and qualifications followed by religion and gender. Gender had a significant influence on ethical attitudes but only played a role in ethical decision-making when the ethical scenarios were ambiguous. Age did not influence ethical attitudes and decision-making.

**Research limitations/implications:** Inherent time and cost constraints meant that the sample selection was motivated by convenience. As a result, there is a risk that the results are not representative of the entire population. The use of a case study is a limitation as case studies set out specific scenarios. The research only focused on three ethical lenses. Other lenses for explaining ethical decision-making were not addressed.

**Contribution:** Given the recent scandals that have plagued the accountancy profession, this research would enable organisations and professional bodies to have a greater understanding of the driving forces influencing ethical attitudes and decision-making.

**Key words:** Ethics, ethical attitudes, ethical decision-making, ethical lenses, age, experience gender, religion, qualifications.



## Abbreviations

ACCA	Association of Chartered Certified Accountants.
CA (SA)	Chartered Accountant (South Africa).
CPC	Code of Professional Conduct.
IESBA	The International Ethics Standards Board for Accountants.
IFAC	International Federation of Accountants.
IoDSA	The Institute of Directors South Africa.
IRBA	Independent Regulatory Board for Auditors.
KMO	Kaiser-Meyer-Olkin
SAICA	South African Institute of Chartered Accountants.

# Chapter 1: Introduction

## 1.1 Purpose of this study

The purpose of this research is to investigate the factors that influence the ethical attitudes and decision-making of South African Chartered Accountants (CA (SA))-in-training. The recent scandals in the accounting profession have led to the realisation that there is a problem within the accounting profession that needs to be addressed (Malope, 2018). The research in this thesis replicates the Flory, Phillips, Reidenbach, and Robin (1992) study which investigated how accountants make ethical judgements. Their study indicated that different ethical lenses – Moral Equity, Relativism and Deontology – have a significant impact on the behavioural intention of the individual (Flory et al., 1992). The objective of this research is to investigate whether these different ethical lenses, when applied to the characteristics of gender, religion, qualifications<sup>1</sup>, experience<sup>2</sup> and age, have an impact on ethical attitudes and decision-making.

## 1.2 Background

The vital role that ethics plays in the accounting profession can be traced back to its inception. This is illustrated through the basic premise that accountability and transparency are needed to ensure that all transactions are accounted for (Beaver, Eger, Ryan, & Wolfson, 1989; Ijiri, 1975; O'Connell, 2007). While the accounting profession has evolved, the value placed on the importance of ethics in the accounting profession does not seem to have changed (Butcher, 2019).

The reputation of the accounting profession has been affected by several 2017–2018 scandals (Niselow, 2018; Schwartzkopff & Wienberg, 2019) in both the public and private sectors. These include Eskom, Steinhoff, VBS Mutual Bank and Tongaat Hulett (Dludla, 2019; Head, 2018; Mckune, Amabhungane, & Thompson, 2018; Naidoo, 2019). Eskom, South Africa's primary electricity supplier, has been embroiled in scandal following allegations of state capture<sup>3</sup> and accusations of irregular expenditure amounting to R19.6bn since 2012 (Dludla, 2019; Maphanga, 2019; Skiti, 2019). The Eskom corruption scandal illustrates the lack of good governance displayed by management in key positions (Bateman, 2017). The Steinhoff debacle is one of the most significant cases of alleged corporate fraud in South African history

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<sup>1</sup> Qualification refers to the educational degrees that a one has obtained from Matric qualification to Masters.

<sup>2</sup> Experience refers to years in the accounting profession from a student in year one to qualified (CA)SA.

<sup>3</sup> State capture is a form of corruption in which private individuals influence the state to further their interests (Arun, 2019).

(Lungisa, 2017). This resulted in the Independent Regulatory Board for Auditors (IRBA) initiating an investigation into Deloitte<sup>4</sup> as a result of allegations of accounting irregularities that led to a collapse of the share price (Cronje, 2018). The collapse of VBS Mutual Bank led to an investigation into the inaccuracy of the reports supplied to the South African Reserve Bank. This resulted in the uncovering of bribery and corruption which entailed using investors' money to fund companies owned by Vele Investments (Van Rensburg, 2018). Lastly, Tongaat Hulett revealed that senior company executives were involved in dishonest dealings for their own financial gain. Currently, these dealings are being investigated by the police and the National Prosecuting Authority (Naidoo, 2019).

These recent scandals have illustrated a lack of ethics which has brought the accounting and auditing professions into disrepute (Andersen, 2018; Murphy, 2019). The public is less inclined to trust the accounting profession and the profession is not as credible as it once was (Maranga, 2018). This has created a widely held perception that accountants are no longer acting in an ethical manner and in the best interests of the public (Malope, 2018).

In order to obtain a greater understanding of why these scandals have occurred, it is important to understand what influences people's ethical attitudes and decision-making. Oboh (2018) says that upbringing and education has a significant impact on ethical decision-making. Venezia (2008) says that women have a higher ethical reasoning than men. In South Africa, the number of women becoming qualified CAs has increased from 1 208 in 2008 to 1 952 in 2019 (Accountancy SA, 2009; 2020). The education and upbringing of the vast majority of the population have also changed due to a changing socio-economic environment (World Bank, 2015; Seekings, 2014). It is thus important to conduct new studies to understand the impact that upbringing, education and gender have on ethical attitudes and decision-making.

### 1.3 Problem statement

The adoption of the International Code of Ethics for Professional Accountants<sup>5</sup>, by the International Federation of Accountants (IFAC), indicates that ethics is not only important in a South African context but is important to the global accountancy profession (IFAC, 2019).

The recent scandals in the accountancy profession have highlighted a potential lack of ethics within the accountancy profession (Malope, 2018). This has created the need to understand the role that characteristics through different lenses on ethical attitudes and decision-making.

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<sup>4</sup> Deloitte is currently under investigation by IRBA after irregular expenditure was identified in signed off group consolidated financial statements. The conclusion of this investigation will only be determined once the restated financials for the 2015 and 2016 financial years are released (IRBA, 2019).

<sup>5</sup> This code establishes the standard of ethical behaviour expected from accountants.

#### 1.4 Research question

Do the characteristics of gender, religion, qualifications, experience and age when looked at through the ethical lenses of Relativism, Moral Equity or Deontology have an impact on ethical attitudes and decision-making of CA (SA)s-in-training?

#### 1.5 Significance of this study

Firstly, this study provides insights into factors that affect the ethical attitudes and decision-making of CA (SA)s-in-training. This research report investigates ethical attitudes and decision-making by considering the impact of various characteristics. Secondly, the recent scandals that have plagued the accountancy profession have resulted in greater emphasis being placed on ethics and the resolution of ethical dilemmas (IRBA, 2018). Thirdly, this research is looking at CA (SA)s-in-training because, as has been mentioned previously, they have been affected by the socio-economic changes which have occurred in recent years and may have different ethical behavioural patterns. This research would benefit both accounting organisations and professional bodies in providing feedback about the ethical lenses and characteristics that affect individuals when faced with ethical dilemmas. It would also be useful in assessing gaps and shortcomings in ethical attitudes and decision-making, which may improve the ability of CA (SA)s-in-training to identify and demonstrate ethical decision-making.

#### 1.6 Assumptions, limitations and delimitations

The assumptions related to this research report are as follows:

- Survey respondents are assumed to have answered honestly.
- It is assumed that individuals who answer this survey have moral sensitivity, which is the ability to identify an ethical issue.

The limitations relating to this research report are as follows:

- As the sample is made up of students, trainees and newly qualified CA(SA)s it is not representative of the CA (SA) population. However, it is not the aim of this study to generalise the findings to the entire population.
- Inherent time and cost constraints meant that the sample selection was motivated by convenience (Creswell, 2009). As a result, there is a risk that the results are not representative of the entire population of CA (SA)s-in-training.
- The sample is made up of students, trainees and newly qualified CA(SA)s. Due to insufficient results from newly qualified CA(SA)s, the study could only analyse the data of CA (SA)s-in-training. Please see Section 4 for more details.

The delimitation relating to this research report is as follows:

- The research only focused on three ethical lenses. Other lenses for explaining ethical decision-making (Utilitarianism and Egoism) are not addressed. How these variables impact ethical attitudes and decision-making will be deferred for future research.

## Chapter 2: Literature review

### 2.1 Introduction

In this chapter, ethics is defined and examined in terms of the accounting profession. Within the accounting profession, a code of conduct has been set up to guide ethical behaviour. However, while the SAICA Code of Professional Conduct establishes a norm of ethical behaviour to be followed, an individual's ethical behaviour is affected by several different factors. These factors are looked at in terms of Kohlberg's (1969, 1971, 1974, 1984) research which addresses the impact of gender, religion, qualification, experience and age on ethics. As ethics is a vast area of research, the characteristics were analysed in terms of three ethical lenses, namely, Moral Equity, Relativism and Deontology.

### 2.2 Ethics definition

Ethics is defined as 'moral principles that govern a person's behaviour' (Rossouw, Prozesky, Du Plessis, & Prinsloo, 2010, p. 281). This is why the fundamental concept of ethics is that it must be 'good' for the 'self' and 'others'. From this, one can conclude that the rule of ethics is that people must act in a way that that benefits not just themselves but also others (Rossouw et al., 2010).

As stated above, the accountancy profession has a duty to act in the best interests (good) of both themselves (self) and their stakeholders (others) to ensure good governance and that fair and transparent financial reporting takes place (IFAC, 2019; Rossouw et al., 2010). This ensures that stakeholders are not being exploited and enables shareholders to rely on financial reporting when making economic decisions (IFAC, 2019).

### 2.3 Ethics in the accounting profession

The ethical nature of a profession has a direct impact on the trust and credibility that a profession enjoys (Igoni & Prentis, 2016). Where there is a lack of ethics, the public loses trust and once this trust is lost, it is can be difficult to repair (De Villiers & Maroun, 2017; Igoni & Prentis, 2016).

The first record of accounting was during 4000 B.C to record the income of temples in lower Mesopotamia (Institute of Chartered Accountants in England and Wales, 2019; Ravenscroft & Williams, 2009). In order to be able to account for all the resources and ensure that no offerings went missing, official records of each offering were kept (Ravenscroft & Williams, 2009). From this, it is evident that the accountancy profession was founded on the idea of accountability (Beaver et al., 1989; O'Connell, 2007; Ravenscroft & Williams, 2009). This accountability

enabled people to entrust the management of their possessions to someone else with full confidence that they would not be taken advantage of (Beaver et al., 1989; O'Connell, 2007). Ethics and trust have remained an important part of the accounting profession even as the principles of accounting have changed and developed.

The South African Institute of Chartered Accountants (SAICA) says that the industrial revolution transformed the nature of the accountancy profession into the profession it is today (SAICA, 2018a). This was done by implementing minimum qualifications and standards<sup>6</sup> for those wanting to be professional accountants. Accountancy bodies were formed all over the world, including in South Africa, with the establishment of the first South African organised body of accountants in 1894. The establishment of these bodies was the first recognition of accountants' professional status.

In South Africa, there are twelve professional accounting bodies – SAICA being one. According to SAICA, the mission and purpose of the accountancy profession are to align their interests with the interests of the public (SAICA, 2018b). By aligning these interests, SAICA maintains the important status of accounting professionals as trusted and credible members on whom the public can rely (Kotrlik & Higgins, 2001; SAICA, 2018b; Savan, 1989).

The importance of ethics is emphasised in many codes of corporate governance. The Institute of Directors South Africa (IoDSA) commissioned the King reports which provide guidance on corporate governance in South Africa. King IV which is the latest report says that the responsibility of an organisation is no longer just to maximise profits; rather, organisations need to have an integrated approach which considers both stakeholders and the company's bottom line (IoDSA, 2016). This is why companies need to ensure they employ good corporate citizenship as their actions have an impact on society. This entails promoting an ethical culture in the organisation with both ethical and effective leadership. The International Auditing and Assurance Standards Board (IAASB) emphasises the importance of ethics in their Code of Professional Conduct<sup>7</sup> (CPC). The code emphasises the importance of a CA encouraging an ethics-based culture and not deliberately engaging in any activities which might impair integrity, objectivity or the reputation of the CA (IAASB, 2018).

The South African accounting profession was once lauded as one of South Africa's most trustworthy and prestigious professions (Müller, 2015). The Association of Chartered Certified Accountants (ACCA) says that the accountancy profession plays a vital role in the South

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<sup>6</sup> Accounting bodies and society set these standards (SAICA, 2018a).

<sup>7</sup> The code of professional conduct originates from the 2005 International Ethics Standards Board for Accountants (IESBA) code of ethics for professional accountants.

African economy in helping with economic development and providing investors with the necessary assurance to invest in South Africa (ACCA, 2012). Ethics is seen as a vital part of this process with SAICA requiring students to have a thorough and rigorous comprehension of professional ethics (SAICA, 2019). Adding to this, SAICA requires that all accredited universities include ethics courses as part of their curriculum (SAICA, 2019).

## 2.4 Ethical codes

Accounting professional bodies are required to have ethical standards in the form of professional codes of conduct to which all the members must adhere. The International Ethics Standards Board for Accountants (IESBA) sets the universal code of conduct for accountants. This universal code is the foundation on which the South African Code of Conduct for CAs was constructed.

Codes of conduct implemented in the workplace have been met with a variety of differing opinions about whether or not codes of ethics are useful. According to Adams, Tashchian, and Shore (2001), ethical codes are necessary because they guide the behaviour of professionals, resulting in a decrease of unethical behaviour. In addition, they entrench the right behaviour in people as there is an expected standard that professionals must maintain, and colleagues can evaluate each other against this standard. This gives professionals direction as to the values and ethical nature expected by the profession (Gilman, 2005). Farrell, Cobbin, and Farrell (2002) and Kaptein and Schwartz (2008), however, find that codes of ethics are ineffective. This suggests that there is no consensus about whether or not a code of ethics is effective and whether the mere implementation of a code of ethics alone improves ethical behaviour (Kaptein, 2011). There are many factors that contribute to ethical behaviour (Kaptein, 2011), namely, ethical lenses and characteristics. These various factors are discussed in more detail below.

## 2.5 Ethical lenses

This research is based on normative philosophy. The normative philosophy is a measure of what people believe (Reidenbach & Robin, 1990). According to Reidenbach and Robin (1990), normative philosophy includes five ethical lenses that influence ethical behaviour: Moral Equity, Relativism, Egoism, Utilitarianism and Deontology. As these philosophies are taught in ethics courses, respondents will likely use some or all of these philosophies to make ethical judgements. The ethical lenses that are used in this research paper are Moral Equity, Relativism and Deontology because these are more applicable to the accounting profession, the original five lenses were developed for a retail environment (Flory et al., 1992) and the



three selected lenses are a core focus of the accounting curriculum. Table 2.1 defines these ethical lenses in more detail.

Table 2.1:

*Ethical lenses*

Ethical Lenses	Explanation
Moral Equity	Two main categories fall under the Moral Equity theory. The first category is <i>just</i> and the second is <i>fair</i> . Just is usually defined as treating everyone the same and giving everyone access to the same opportunities. Fairness is based on whether people treated as they deserve to be treated. Individuals who use a Moral Equity lens will consider whether the action is moral based on universal principles (Reidenbach & Robin, 1990; Stedham, Yamamura, & Beekun, 2007).
Relativism	The Relativist theory is premised on the belief that one's culture and individual beliefs influence ethical behaviour (Reidenbach & Robin, 1990). The reason for this is that the Relativist theory believes that tradition and culture have an impact on an individual's belief system. This means that there is no universal truth that exists but values and beliefs may differ from individual to individual. Using this lens, respondents will consider whether the action is in line with their culture and individual ethical values.
Deontology	The Deontology theory contains notions of an implied obligation and the intention of a particular action rather than the consequences (Reidenbach & Robin, 1990; Stedham et al., 2007). This theory emphasises the belief that some sort of social contract exists (Reidenbach & Robin, 1990). This suggests that there is a higher moral ideal, the two categories that fall under the Deontology theory are: i) does the action violate an unspoken promise; and ii) does the action violate an unwritten contract?

## 2.6 Kohlberg's theory

Kohlberg (1969) states that certain characteristics have an impact on an individual's cognitive moral development. The six-stage model of cognitive moral development theory shown in Table 3 below, explains how an individual's moral reasoning is developed through a series of cognitive levels and these cognitive levels are influenced by various factors. There are three distinct levels of moral development: pre-conventional, conventional and post-conventional. Most children under the age of nine are in the pre-conventional level; the second level, conventional, is the level that most adolescents and adults are in; and the third level is the highest level of ethical awareness where ethical judgement is based on what is right and wrong.

Table 2.2:

*Kohlberg's (1969) six-stage of cognitive moral development*

Level/stage	What is considered to be right
<u>1) Pre-conventional level</u>	
Stage 1 (Obedience and punishment)	Avoid breaking rules (obedience) in order to avoid punishment or harm.
Stage 2 (Individualistic point of view)	Follow rules when they serve one's immediate interests or the acknowledged interests of others ("fair" exchange of favours).
<u>2) Conventional level</u>	
Stage 3 (Mutual interpersonal expectations, relationships and conformity)	Live up to what is expected by others (especially expectations of "close" others).
Stage 4 (Social system and conscience)	Follow rules and laws of society (social, legal and religious systems) in order to maintain the welfare of society (common good).
<u>3) Postconventional Level</u>	
Stage 5 (Social contract and individual rights)	Consider the relativism of personal views, but still emphasise rules and law.
Stage 6 (Universal ethical principles)	Act in accordance with one's self-chosen ethical principles of justice and what is right (perspective of the rational individual recognising the nature of morality).

Source: adapted from Tapp and Kohlberg (1971, p. 69).

## 2.7 Characteristics that affect ethical attitudes and decision-making

Ethics has an impact on the decisions one will make. Whether these decisions are right or wrong will be influenced by one's ethical judgement. This has resulted in many studies investigating the characteristics that influence ethical attitudes and decision-making. These characteristics are gender, religion, qualifications, experience and age.

### 2.7.1 Gender

In Kohlberg's (1969) cognitive moral development model, he states that men and women analyse ethical dilemmas differently. According to this model, men and women are at different stages. Most women fall into Stage 3 (Conventional level). Stage 3 is the optimal stage for women because moral reasoning is based on relationships and expectation of others, whereas Stage 4 is the optimal stage for men because moral reasoning is based on rules and laws of

society. Three main theories have been discussed in the literature to explain gender differences in ethical judgement.

The first theory is Gilligan's (1982) 'care orientation' theory which holds that men and women approach moral decisions from different perspectives. The reason for this is that men and women have different viewpoints. Men are more likely to use a Moral Equity lens when making ethical decisions (Gilligan, 1982). When assessing the morality of one's behaviour; men are more impartial and tend to assess an action based on an objective moral standard (White, 1992). Contrastingly, women tend to assess morality based on the overall situation. When faced with an ethical dilemma, women will look at the reasons behind the action and the effect of this action on others. This will influence whether women believe the action is ethical or not. Therefore, women's ethical decision-making is based on care (Gilligan, 1982).

The second theory that was examined is Eagly and Kite's (1987) Social Role Theory. This theory explains that men and women are given different roles in society. This results in men and women having different attitudes and behaving differently. Women tend to be more compassionate and focus on building relationships and communities (Stedham et al., 2007; Toussaint & Webb, 2005). This results in society placing greater value on women who exhibit empathetic behaviour. By contrast, men are rewarded for being competitive and for striving to be the best (Donoho, Heinze, & Kondo, 2012; Kohlberg, 1984; Roxas & Stoneback, 2004).

The third theory that was considered is Feldberg and Glenn's (1979) Sex-Role Theory. This theory recognises that there are gender differences created by upbringing and societal expectations. However, when men and women are faced with similar moral issues in the same work environment, they will make similar ethical decisions.

Roxas and Stoneback (2004) and Pierce and Sweeney (2010) provide support for the three theories discussed above. They suggest that men and women have different upbringings and consequently, they see ethics differently. This results in gender having a significant impact on how men and women intend to behave (Parker, 2008). There are however other studies that disagree that gender has a significant impact on intention to behave (Adkins & Radtke, 2004; Browning & Zabriskie, 1983; Dubinsky & Levy, 1985; Serwinek, 1992; Singhapakdi & Vitell, 1990; Valentine & Rittenburg, 2007). This intention to behave is not influenced only by gender but also by subjective normative beliefs. One of these beliefs is that expectations of the behaviour of one's peers have a significant influence on their ethical behaviour. Where an individual believes that his or her peers would behave in an unethical manner, they are likely to behave similarly (Buchan, 2005; McManus & Subramaniam, 2009). In order to test the effect of gender on intention to behave, the following hypothesis was developed:

**H<sub>1</sub>: When faced with an ethical dilemma, women and men intend to behave differently.**

### 2.7.1.1 Gender and ethical lenses

Eagly and Kite's (1987) Social Role Theory is elaborated on by Loo (2003) who states that society has an important influence on the way men and women are raised. Women are taught at a young age about the importance of connecting with others and men are taught about winning. This has an impact on ethical decisions later in life. This will result in men and women leaning towards different ethical lenses when making ethical decisions. Men tend to focus more on objectivity and universal truth. By contrast, women have a relativist lens, focusing on relationships, cultural and traditional influences (Loo, 2003).

However, Kennedy, Kray, and Ku (2017) found that when making ethical decisions, women are more likely to internalise moral beliefs. This means that women make ethical decisions based on whether it is in line with their values. This suggests that women may be more conscientious in their choices and more likely to be independent in their decision-making.

Based on the combination of factors discussed above, it is assumed that women are less likely to be influenced by external factors, such as educational theories, than men, as women base morality on their internal definition rather than outside influences. On this basis, the following hypothesis was derived:

**H<sub>2</sub>: Women and men use different lenses when making ethical decisions.**

The different lenses used by women and men are discussed in the following paragraphs:

### 2.7.1.2 Relativist lens

Loe and Weeks (2000) and Bampton and Maclagan (2009) suggest that men and women are likely to behave differently when using a relativist lens. When making ethical decisions, women tend to look at situation factors and how their relationships are affected more than their male counterparts. In more ambiguous situations, women tend to be more ethical while in situations that are absolute, i.e. the choices are clear, men tend to be more ethical (Glover, Bumpus, Sharp, & Munchus, 2002). From this, it is evident that when faced with an ethical dilemma women are more likely to use relativist criteria to determine whether a situation is ethical or not (Stedham et al., 2007). The gender-based hypothesis addresses the relationship between ethical lenses and gender. The following sub-hypothesis was proposed:

**H<sub>2a</sub>: When faced with an ethical dilemma, women are more likely than men to rely on a relativist lens.**

### 2.7.1.3 Moral equity lens

A moral equity lens relies on an objective standard of ethics. There is a universal moral code that must be upheld. When confronted with an ethical dilemma, women are more likely to factor relationships and other people's perceptions into their decision-making. On the other hand, men are more likely to base their response on whether the action itself is just and fair (Gilligan, 1982; Kohlberg, 1984; Stedham et al., 2007). This suggests that men lean more towards adopting a moral equity lens. Based on this proposition the following sub-hypothesis was derived:

**H<sub>2b</sub>: When faced with an ethical dilemma, men are more likely than women to rely on a moral equity lens.**

### 2.7.1.4 Deontological lens

According to the principle of deontology, an action will be judged as right or wrong based on context-independent moral norms (Friesdorf, Conway, Gawronski, & Bulletin, 2015). This suggests that there must be an independent code of law, either implicit or explicit, that the morality of the action will be judged against. Friesdorf et al. (2015) concluded that women would lean more towards a deontological lens than men. The reason for this is that women are more likely to look at the action itself rather than the consequences of an action to determine if it is right or wrong. Based on the above, the following sub-hypothesis was formulated:

**H<sub>2c</sub>: When faced with an ethical dilemma, women are more likely than men to rely on a deontological lens.**

## 2.7.2 Religion

There has been a significant amount of research looking into the effect of religion on ethical behaviour (Bageac, Furrer, & Reynaud, 2011). One of these researchers Rest (1983, 1986) looked at the role that religion plays in influencing a person's moral development. This built on to Kohlberg's (1969) theory that although moral and religious judgement is separate, religion develops a person's moral development (Conroy & Emerson, 2004). Religion sees morality as an important aspect of life and justifies why a human being should be moral (Conroy & Emerson, 2004). Religion also contains practices that provide instruction about how people should live their lives. This tends to suggest that people who are religious frame their ethics in a religious context. As such, religion plays a significant role in how religious people see the world.

This could result in the acceptance of universal ethical principles and aids in the progression to Stage 6 of Kohlberg's stages of moral development (Conroy & Emerson, 2004). This progression, as a result of religion, improves an individual's ethical perception and in doing so, influences ethical attitudes and decision-making (Conroy & Emerson, 2004; Ho, 2010). This is consistent with the prior findings of Hunt and Vitell (1986) that religion is expected to have a positive influence on an individual's ethical beliefs. This focus on virtues and ethics means that religious people tend to be less willing to engage in unethical behaviour (Hunt & Vitell, 1986; Kennedy & Lawton, 1998).

Based on these findings, religious people tend to be more accepting of universal ethical rules when making ethical judgements. This suggests that religious people lean towards a moral equity lens and are less inclined towards relativism, which requires an individual to make an ethical judgement based on the nature of the action and people affected (Özer & Doğru, 2016). Religious people are also more likely to lean towards a deontological lens as religious people tend to believe that morality is divine as therefore must be followed regardless of the consequences (Barak-Corren & Bazerman, 2017).

The above findings seem to suggest that there is a link between one's religious inclinations and ethics (Conroy & Emerson, 2004). As a person becomes more religious, they are more likely to view ethics through a moral equity and deontological lenses, which support their religious principles.

This is disputed by both Kurpis, Beqiri, and Helgeson (2008) and Oumlil and Balloun (2009) whose studies found that there was no link between a person's religious inclination and ethical behaviour. Given that most of the studies found that there was a positive relationship between religion and ethics the following hypothesis proposed that:

**H<sub>3</sub>: Religious affiliation has an impact on an individual's response to an ethical situation.**

### 2.7.3 Qualifications

The effect of education on ethical behaviour was discussed by Kohlberg (1974). In his paper, he discovered that there is a positive relationship between education and moral development. That is, that a more qualified individual exhibited superior ethical judgement to that of a less qualified individual (Musbah, Cowton, & Tyfa, 2016; VanSandt, Shepard, & Zappe, 2006). This was not supported in Pierce and Sweeney (2010) and Marques and Azevedo-Pereira (2009) research which suggested that there was no significant relationship between education level and ethical standards. However, further education was also found to impact moral awareness which suggests that not just ethical judgement but also an individual's ethical attitude is

impacted by qualifications (VanSandt et al., 2006). Both Zgheib (2005) and Wang and Calvano (2015) found that education plays a pivotal role in ethical attitudes and decision-making. As individuals become more qualified in the accounting profession, they are exposed to ethical philosophies and technical expertise which teach these individuals how to determine the morally appropriate action when faced with ethical dilemmas (Mintz, 1995). This training improves both their attitude towards ethics and their ethical judgement.

Therefore, the following hypothesis was tested:

**H<sub>4</sub>: The more qualified an individual is the more their responses to ethical questions/dilemmas are affected.**

#### 2.7.4 Experience

Dane and Sonenshein (2015) say that ethical expertise grows as an individual acquires more knowledge and skills. Uyar, Kuzey, Güngörmüs, and Alas (2015) and Pflugrath, Martinov-Bennie, and Chen (2007) view seniority as a measure of experience. When this is applied to the accounting field, experience is gained, as an individual starts as a student, becomes a trainee and goes on to be a CA.

Kohlberg (1969) states that an individual's environment plays an influencing role in moral reasoning. Most people stay on a particular level of cognitive moral development and it takes external stimuli to attain a higher cognitive moral development level (Kohlberg, 1971). Through gaining more experience, an individual is more aware of ethical dilemmas and how to deal with these situations (Elm & Nichols, 1993). The reason for this is that, to solve ethical dilemmas, an individual requires a wide range of knowledge that they can apply when faced with these dilemmas (Barnett & Koslowski, 2002). These problem-solving methods are gained through experience. The more experience a person has the greater the variety of situations they are exposed to which require different problem-solving techniques (Barnett & Koslowski, 2002; Dane & Sonenshein, 2015). This suggests that experience has a positive impact on ethical attitudes and decision-making (Eweje & Brunton, 2010; Valentine & Rittenburg, 2007).

For a person to gain ethical expertise, they need to gain knowledge of moral values (Anderson, 1996). These moral values are derived from a universal moral philosophy (Donaldson & Dunfee, 1999), although Loe, Ferrell, and Mansfield (2000) and Pierce and Sweeney (2010) dispute these findings as their research found that there was no clear relationship between experience and increased ethical judgement. However, the majority of researchers support the first argument which suggests that as accountants-in-training become more experienced, they will evaluate moral dilemmas based on universally accepted moral principles and lean more towards a moral equity than relativist lens (Donaldson & Dunfee, 1999; Reynolds, Dang,

Yam, & Leavitt, 2014). As accountants-in-training become more experienced, they lean more towards a deontological lens as they have an obligation to act in an ethical manner according to the IAASB code of conduct (IAASB, 2018).

Based on the majority of articles supporting the influence of ethical attitude and judgement the hypothesis was:

**H<sub>5</sub>: As experience increases, responses to ethical dilemmas change/adapt.**

#### 2.7.5 Age

The research about the effect of age on ethical attitude and decision-making is mixed. However, prior literature views age as an important aspect of ethics research (Serwinek, 1992; Weeks, Moore, McKinney, & Longenecker, 1999). Chan and Leung (2006), Valentine and Rittenburg (2007) and Elango, Paul, Kundu, and Paudel (2010) studies found that increased age and experience positively affected ethical judgement. Krambia-Kapardis and Zopiatis (2008) state that the reason for this is that age increases a person's ethical awareness because the older a person is, the more ethical issues they are likely to have seen. This increases their ability to identify and judge ethical dilemmas. Contrastingly, both Forte (2004) and Eweje and Brunton (2010) found that age did not have a significant impact on moral reasoning (Forte, 2004). However, even though the evidence is mixed it is important to incorporate age into related ethics research (Weeks et al., 1999). This will enable the researcher to determine if age has an impact on ethical attitude and judgement in this master's thesis. Therefore, the hypothesis was:

**H<sub>6</sub>: As age increases the responses to ethical dilemmas change/adapt.**

#### 2.7.6 Ethical education

Following a slew of corporate scandals, there has been a renewed emphasis on University to incorporate ethics instruction into the accounting curriculum. A significant amount of research has been conducted into how students can cultivate ethical sensitivity in order to improve their ethical attitudes and decision-making (Padia & Maroun, 2012). As part of the response in understanding corporate malpractice, there is a growing understanding of the need for students to be involved in ethical training. This is supported by prior studies findings that there was a correlation between dishonest students and individuals that were unethical later in life (Hutton, 2006; Lawson, 2004; Sims, 1993). Several authors have argued that to an extent, the seeds for corporate scandals can be laid at the tertiary education level (Low, Davey, & Hooper, 2008).



Sisaye (2011), Low et al. (2008) and McMillan (2004) refer to the focus of Universities on accounting and management principles based on a capitalist framework as one of the reasons for the lack of ethical awareness amongst university students. In order to influence students' future ethical behaviour, the case can be made for integrated ethical training as a central part of the accounting curriculum (IRBA, 2010; SAICA, 2010; Low et al., 2008; IFAC, 2006; Korten, 1998; Woldring, 1996). In this sense, ethical consideration is an important component of the SAICA- training programs. This framework will teach Chartered Accountant training in South Africa, the competencies needed by the profession at universities. Ethical principles are part of the core competencies in the SAICA framework.

A considerable amount of prior literature on ethics training exists. Sims (1993) suggested that ethics courses should be implemented at university as this would improve ethical judgement. This view was supported by later researchers, (Cox et al., 2009; Jones and Kavanagh, 1996; Sankaran and Bui, 2003) that students enrolled in business courses displayed a higher degree of ethical decision making than non-business students.

Support for the view that ethics can be taught can be traced to Kohlberg's theory of cognitive moral development (Kohlberg, 1969). Ethics education aims to move people to Stage 3 on Kohlberg's model. The reason for this is that ethics education provides students with exposure to ethical issues. This exposure improves moral judgement when dealing with ethical dilemmas. This view was supported by Lau (2010), Felton and Sims (2005) and Mohamed Saat, Porter, and Woodbine (2012) who found that ethical education had an impact on ethical sensitivity. Based on their research, business ethics courses helped students be more ethically sensitive. This affected their ethical judgement because the more ethically sensitive a person is, the greater the ability to identify and assess ethical issues and the potential consequences of these ethical issues (Felton & Sims, 2005; Lau, 2010; Mohamed Saat et al., 2012). This is why this thesis suggests that ethical education plays an important role in moral development. However, there is a significant difference between ethical dilemmas that accountants-in-training are exposed to in training and practice. In training, the focus is placed on ethical theories and how to recognise theoretical problems that occur. This differs from practise where accountants may be exposed to new ethical dilemmas that they do not know how to deal with (Mintz, 1995).

In contrast researchers such as Jewe (2008) and Waples, Antes, Murphy, Connelly, and Mumford (2009) are critical of the effectiveness of ethics education. This finding is supported by Low et al. (2008) and Ritter (2006), who found that ethics courses did not have a significant impact on business students social conditioning. This is supported by Padia and Maroun

(2012) whose findings suggested that when students are given an economic justification for their behaviour, they are more likely to justify unethical conduct.

## Chapter 3: Methodology

### 3.1 Overview of the method

This research utilised quantitative research methods (Bryman, 2006). This research made use of Reidenbach and Robin (1990) multidimensional ethics scale to determine whether characteristics such as gender, religion, qualifications, experience and age viewed through relativist, moral equity and deontological lenses impact and influence ethical attitudes and decision-making. Reidenbach and Robin's (1990 Section 2) instrument includes a variety of items for the three ethical lenses which makes it more reliable than a single item instrument (Kerlinger, 1986; Stedham et al., 2007).

The Likert scale, in the form of a structured survey, was used as the Likert scale is a useful tool for examining the differences in ethical behaviour (Boone & Boone, 2012; Stedham et al., 2007). The benefit of a survey is that it allows the respondent to answer each question when it is convenient for them (Czaja & Blair, 1996). The Likert scale enables the respondent to obtain the necessary information to answer questions from an informed point of view.

### 3.2 Population

The population is defined as all CA-stream students enrolled at the University of the Witwatersrand (from first to fourth year), CAs-in-training at South African Big Four firms and BDO and newly qualified CA(SA)s. CAs-in-training are those in their first, second or third year of articles. The reason why this study made use of students, CAs-in-training and newly qualified CA(SA)s is that they are accredited by SAICA. This means that these people underwent ethical training requirements.

Students and CAs-in-training are also the future of the accounting profession and are likely to be exposed to ethical dilemmas. These ethical dilemmas may be critical as these groups are likely to have their ethical judgement tested. These groups also allowed for characteristics like gender, religion, qualification, experience and age to be tested. These groups are all on the CA (SA) stream and have not specialised in a specific area of expertise and, therefore, would have similar levels of knowledge when answering questions (Wang & Calvano, 2015).

### 3.3 Study sample selection

This study made use of a non-probabilistic sampling technique in the form of purposive cluster sampling that was employed to stratify the population by selecting individuals that were representative of the population (Kish, 1965). A non-probabilistic sampling technique was used as it was not practical to obtain a response from every member of the population, given

that the accounting population is widespread and time and cost constraints also exist. Therefore, willing accounting students and CAs-in-training from accounting firms who consented to participate in the study, were selected. To increase the response rate, permission was obtained to do a manual collection for accounting students from the University of the Witwatersrand. These were chosen for their accessibility as they are all in Gauteng.

This enabled the researcher to obtain an appropriate target population which is required for purposive sampling. Purposive sampling was used as participants need to have the required knowledge to deal adequately with the ethical dilemmas posed in the survey.

The criteria for being included in the sample were accounting students, CAs-in-training that were completing their SAICA accreditation during 2019-2021 respectively and South African CA (SA)s. These three groups were chosen because they must go through a rigorous training process which ensures that they are exposed to ethical dilemmas in theory and they might come across these issues during their practical training.

Purposive selection of a relatively small group of professional accountants could have led to sampling bias. However, the increase in sample size and the data collection were done objectively. This supports the credibility of the sample.

### 3.4 Study sample size

For this research, a sample size needed to be determined. According to Watt et al. (2002), a sample response for online surveys is 32.6% and for paper surveys 33.3% (Watt, Simpson, McKillop, & Nunn, 2002). From this one can infer, that a minimum sample of 120 is necessary as this is 33% of the target population. This enabled the researcher to make statistical inferences that are accurate and reliable. In this research report, there was a population of 1 600 respondents and an actual response of 313 respondents. Therefore, there were sufficient respondents to make analyse the data using statistics.

### 3.5 Data collection instrument

This research took place in the form of a structured questionnaire survey that was adapted from Flory et al. (1992). This survey was distributed via Qualtrics via a survey link. Manual surveys were also distributed at the University of the Witwatersrand. Surveys were completed anonymously. The respondents were asked to complete the questionnaire survey (Czaja & Blair, 1996).

The survey used a 5-point Likert scale to capture the responses to the four scenarios. Where applicable, one represented *very important or ethical* and five represented *unimportant or unethical* (Flory et al., 1992). The rating was done based on the information described below.

The respondents also had to indicate on a five-point Likert scale, one being *very important or ethical* and five being *unimportant or unethical*, how likely it was that they would behave in the same manner as was as described in each scenario in Appendix B. (Flory et al., 1992).

Each scenario (see Appendix B) had an action statement based on the case study dilemma. Scenarios A and D depict actions that are ethically ambiguous. This differs from B and C which depict unethical behaviour. Scenarios A, B and C involve the accountant-in-training committing ethically questionable acts to save his or her job. This differs from Scenario D which talks about the personal problems of accountants-in-training, resulting in it being easier for the respondent to empathise with the accountant.

There are three ethical lenses that each scenario was ranked on. These lenses were discussed in the original study done by Flory et al. (1992). The first is a relativist lens. A relativist lens is one which believes that morality is influenced by one's environment. Whether an action is right or wrong will depend on one's culture and individual beliefs. The second lens is a moral equity lens. A moral equity lens is one where an action is deemed right or wrong based on an objective standard of ethics. The third lens is a deontological lens, through which an action will be judged as right or wrong based on context-independent moral norms. Furthermore, perception was included as a control variable as how one perceives oneself and others impacts ethical attitude and decision-making (Stedham et al., 2007). The closer to one, which represented, important or ethical on the Likert scale -the greater the role played by the ethical lenses in responding to ethical dilemmas. These ethical lenses were then broken down into characteristics and analysed to see whether these characteristics influence the ethical lenses that are used.

### 3.6 Data collection procedure

The University of the Witwatersrand and accounting firms were contacted and asked to distribute a link to students, CAs-in-training and newly qualified CA(SA)s. Instructions on how to complete the questionnaire were provided to participants and surveys were collected upon completion. The data were processed according to the guidelines provided by Czaja and Blair (1996) as described in the following paragraph.

Once the researcher received the completed surveys, they were inspected for any missed questions and answers that did not make sense or were incomplete. After this, the collected data were manually entered into a Microsoft Excel spreadsheet to organise the data. Each row in the spreadsheet represented a response to the questionnaire based on the Likert scale. This allowed for the data to be analysed statistically. This included columns for characteristics such as age, gender, qualification and years of experience. Other columns were populated

with responses from each ethical scenario on the importance of ethics and ethical education. This information was then uploaded onto a computer file and a code was developed. During coding, the researcher assigned numbers to the responses provided in the survey questionnaire. The coded data were analysed and any errors identified were fixed.

### 3.7 Data analysis

Responses on the survey were given a ranking based on the Likert scale. This enabled frequency tables to be generated which allowed for descriptive statistics to be presented. SPSS software was used to help in analysing descriptive statistics. Subsequently, points of central tendency were calculated including the mean, median and mode (Ormrod & Leedy, 2005). The data were plotted and any likely distribution and outliers were examined. A normality test, the Shapiro Wilk test, was then performed to determine whether the sample data had been drawn from a normally distributed population.

The data collected were nonparametric and, to analyse the data, multiple Mann-Whitney U and Kruskal-Wallis tests were performed in conjunction with factor analysis (Leedy & Ormrod, 2015) to test Hypotheses 1 to 6 set out in Section 2.7 in Chapter 2. The Mann-Whitney U test, compares two groups based on a single ordinal variable with no defined distribution (Mann & Whitney, 1947). The Kruskal-Wallis (Kruskal & Wallis, 1952) is a nonparametric statistical test that compares the differences among three or more independently sampled groups on a single, non-normally distributed continuous variable. Factor analysis is a set of techniques used to investigate how underlying constructs influence responses on a variety of measured variables (Kim & Mueller, 1978).

### 3.8 Statistical methods

Initially, to assess the relationship among variables, Pearson's correlations were determined. The correlations between the ethical lenses depict the interdependence of the ethical lenses for the sample as a whole, for each characteristic.

### 3.9 Validity and reliability

To ensure that a survey is clear and understandable, Leedy and Ormrod (2015) recommend a pilot study. The pilot study included sending out a survey and asking for feedback from respondents about whether the questions were easy to understand and if any mistakes had been identified (Czaja & Blair, 1996). A pilot study was performed and all errors identified were corrected. These test-batch respondents were not used for analysis.

Furthermore, no participant was coerced into participating in this study. This was to ensure that all answers obtained were reliable. The confidentiality of all respondents was maintained

by ensuring that no respondent included their name on the questionnaire (Ormrod & Leedy, 2005).

To enhance the validity and reliability of the data, each question in the survey was clear and understandable so that the respondent understood what the researcher wanted (Czaja & Blair, 1996). A neutral option in Likert scale was included as this allowed the collected data to be ordered and ranked (Allen & Seaman, 2007), thereby enabling a mean, median and mode to be calculated and analysed. Lastly, to determine internal consistency, Cronbach's alpha ( $\alpha$ ) was calculated as 0.91 which is above the norm of 0.9 which shows excellent internal consistency (Tavakol & Dennick, 2011).

### 3.10 Internal validity

Internal validity is the ability of the measuring instrument to measure what it is supposed to measure (Cooper & Schindler, 2014). To ensure internal validity of the study, a similar approach to the one in Flory et al. (1992) was used. The research approach was validated in the original study by Flory et al. (1992) who assessed its internal consistency. This was done by using factor analysis and Cronbach's  $\alpha$ . A four-factor analysis was conducted by using principal components analysis with an orthogonal rotation and constraining the outcome to confirm the three anticipated factors (Flory et al., 1992). Cronbach's  $\alpha$  was also used to measure each dimension.

The measuring instrument used was Reidenbach and Robin's (1988) multidimensional instrument which was validated by Cohen, Pant, and Sharp (1993). Lastly, a reliable statistician and a validated statistics programme was used to compile the data. The scenarios were adapted by the researcher from Flory et al. (1992) and were given to a language specialist to confirm that the scenarios are clear and were adapted for a South African context.

All four of these scenarios explained between 79% to 87% of the dependent variable. The researcher based this on the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy. This was above 60% which meant that this data were suitable for factor analysis (Williams, Onsman, & Brown, 2010).

In Scenario A, Factors 1, 2 and 3 explained 44%,16% and 12% of the variance. In Scenario B, Factors 1, 2 and 3 explained 43%,17% and 9% of the variance. In Scenario C, Factors 1 and 2 explained 53% and 16% of the variance. In Scenario D, Factors 1 and 2 explained 47% and 17% of the variance. Therefore, in the context of this study, the higher percentages of variance indicate the suitability of the factor analysis<sup>8</sup>.

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<sup>8</sup> See Tables 4.3, 4.4, 4.5 and 4.6 for the breakdown of factors

To ensure the validity of the answers obtained, certain variables were controlled. Perception which included how one views themselves and their peers was included as a variable measuring ethical behaviour (Stedham et al., 2007).

### 3.11 External validity

External validity is the ability of the research obtained to apply to other real-life situations (Ormrod & Leedy, 2005). External validity was addressed by the use of four real-life scenarios. In conforming with prior ethics research, scenarios were provided in this study to motivate the evaluation process and as background impetuses (Alexander & Becker, 1978). These four scenarios were developed and validated by (Flory et al., 1992). These scenarios are based on practical and realistic ethical scenarios (Flory et al., 1992).

### 3.12 Ethical considerations

The researcher obtained ethical clearance from the Ethics Committee of the School of Accountancy at the University of Witwatersrand. Questionnaire surveys contain sensitive data which should remain confidential; the researcher, therefore, put in place a variety of safeguards to protect the rights of each respondent (Creswell & Creswell, 2017). These safeguards included the researcher pledging to consider the rights and interests of all respondents while analysing and interpreting the data for reporting and ensuring the anonymity and confidentiality of each respondent. This was done through password protection of documents that had the potential to identify a specific respondent (Creswell & Creswell, 2017) and access controls over information received (Creswell & Creswell, 2017). Other safeguards included the non-verbal communication of the research objectives and obtaining consent from the respondent to participate in the survey (Leedy & Ormrod, 2015).

The results are presented in the next chapter with descriptive statistics detailing the demographic make-up of the participants, after which a factor analysis and the discussion of the results is included.



## Chapter 4: Results

Table 4.1 indicates the demographical spread of the respondents. The total number of respondents was 313. The respondents in this study were students from the University of Witwatersrand and trainees and accountants at BDO, Ernst and Young, KPMG, Deloitte and PWC.

Table 4.1:

### *Demographic summary*

Categories		N	N%
Gender	Female	159	51%
	Male	154	49%
	<b>Total</b>	<b>313</b>	<b>100%</b>
Level	Student	<b>203</b>	<b>65%</b>
	Trainee	100	32%
	CA (SA)	10	3%
	<b>Total</b>	<b>313</b>	<b>100%</b>
Highest Qualification	Grade 12	173	55%
	Bachelor's degree	32	10%
	Higher diploma in accounting	56	18%
	Honours in accounting	37	12%
	Masters	11	4%
	Other	4	1%
	<b>Total</b>	<b>313</b>	<b>100%</b>
Religious	Religious	279	89%
	Not religious	34	10%
	<b>Total</b>	<b>313</b>	<b>100%</b>
Age	Above 21	162	52%
	21 and below	151	48%
	<b>Total</b>	<b>313</b>	<b>100%</b>

Table 4.2 shows the respondents' opinions about the scenarios given. As can be seen from the high mean score, the majority of respondents leaned towards this scenario being unethical. Across all three ethical lenses, Scenario B was regarded as the most unethical as it had the highest mean scores (Moral equity  $mean_{high} = 4.07$ , relativism  $mean_{high} = 3.92$  and Deontology  $mean_{high} = 3.65$ ). The most ethical was Scenario D which had the lowest mean scores (Moral equity  $mean_{low} = 3.75$ , Relativism  $mean_{low} = 3.57$  and Deontology  $mean_{low} = 3.35$ ). The decrease in average mean comparison from Scenario B to D supports Flory et al. (1992) that ethics is

more important when there is public accountability. In this scenario, which talks about the personal problems of accountants-in-training, respondents are likely to be less judgemental in their ethical decision-making.

Table 4.2:

*Ethical lenses*

Lenses	Scenario A (Mean)	Scenario B (Mean)	Scenario C (Mean)	Scenario D (Mean)	Highest mean comparison <sup>9</sup>
Moral Equity	3.88	4.07	3.75	3.75	B > C B > D
Relativism	3.72	3.92	3.71	3.57	B > D
Deontology	3.46	3.65	3.48	3.35	B > D

4.1 Factor analysis

A principal component analysis was conducted on the 313 subject matter types with orthogonal rotation (varimax method) to aggregate subject matters. To balance ease of interpretation with exploratory power, only components with an eigenvalue > 1 are retained. The rotated component matrices for Scenario A, B, C and D are shown in Tables 4.6–4.9, respectively. The result for Scenario A is three components which account for 72,013% of the total variance in assurance scores. For Scenario B, the result is three components which account for 70,058% of the total variance. The result for Scenario C is two components which account for 69,432% of the total variance in assurance scores. Lastly, Scenario D has two components which account for 64,283% of the total variance in assurance scores.

The KMO measure suggests that the sample size is adequate (KMO = 0.83) for Scenario A and (KMO=0.790) for Scenario B, (KMO=0.865) for Scenario C and (KMO=0.836) for Scenario D. Based on the result for Bartlett’s test of sphericity, the null hypothesis that the variables included in the analysis are uncorrelated is rejected. Scenario A is  $X^2[1\ 7\ 1] = 1886, 716$ ,  $p < 0.01$ ; Scenario B is  $X^2[1\ 7\ 1] = 2024,534$   $p < 0.01$ ; Scenario C is  $X^2[1\ 7\ 1] = 2642,590$   $p < 0.01$ ; and Scenario D is  $X^2[1\ 7\ 1] = 2197.519$   $p < 0.01$ .

<sup>9</sup> A high mean comparison compares the highest and lowest means. Scenarios with a high mean indicate that respondents viewed these scenarios as unethical. Scenarios with a low mean indicate that respondents viewed these scenarios as ethical.

Table 4.3:

*Rotated Component Matrix Scenario A*

Questions	Moral equity & Relativism	Component	
		Deontology	Perception
Acceptable to family	0.832		
Individually acceptable	0.816		
Morally right	0.802		
Culturally acceptable	0.797		
Traditionally acceptable	0.770		
Just	0.761		
Fair	0.757		
Violation of an unwritten contract		0.928	
Violation of an unspoken promise		0.926	
Probability of a colleague of mine reporting the unethical behaviour (of colleague)			0.849
Probability of me reporting the unethical behaviour (of colleague)			0.817

Table 4.4:

*Rotated Component Matrix Scenario B*

Questions	Moral equity & Relativism	Component	
		Deontology & Relativism	Perception
Acceptable to family	0.917		
Individually acceptable	0.906		
Morally right	0.697		
Culturally acceptable	0.539		
Traditionally acceptable		0.766	
Just	0.339		
Fair	0.399		
Violation of an unwritten contract		0.615	
Violation of an unspoken promise		0.603	
Probability of a colleague of mine reporting the unethical behaviour (of colleague)			0.949
Probability of me reporting the unethical behaviour (of colleague)			0.947

Table 4.5:

*Rotated Component Matrix Scenario C*

Questions	Component	
	Moral equity, Relativism & Perception	Deontology
Acceptable to my family	0.894	
Traditionally acceptable	0.843	
Culturally acceptable	0.836	
Fair	0.806	
Individually acceptable	0.802	
Just	0.798	
Morally right	0.796	
Probability that I would agree to the additional expense	0.740	
Probability that my colleagues would agree to the additional expense	0.544	
Violates an unspoken promise		0.958
Violates an unwritten contract		0.951

Table 4.6:

*Rotated Component Matrix Scenario D*

Questions	Component	
	Moral equity, Relativism & Perception	Deontology
Acceptable to my family	0.837	
Traditionally acceptable	0.835	
Culturally acceptable	0.824	
Fair	0.786	
Individually acceptable	0.747	
Just	0.724	
Morally right	0.716	
Probability that I would agree to the additional expense	0.701	
Probability that my colleagues would agree to the additional expense	0.575	
Violates an unspoken promise		0.955
Violates an unwritten contract		0.955

The rotated component matrices seen above for Scenario A, Scenario B, Scenario C and Scenario D indicate that the different questions are operating as factors in the determination of the answers. The questions are theoretically underpinned by different ethical lenses as well as into the fourth criterion of perception of oneself and perception of others (referred to as self-perception) (Appendix A). This has resulted in a merging of the ethical lenses and of perception into these components.

Based on the factor analysis above, there are three components for Scenario A and B and two components for Scenario C and D. The results in Table 4.2 show that respondents viewed Scenario A and Scenario B as the most unethical scenarios and Scenario C and Scenario D as more ethical. Their responses in Table 4.2 together with Tables 4.3, 4.4, 4.5 and 4.6 align with the research that states that as a scenario moves from an unethical scenario to an ethical scenario (Scenario A and B to Scenario C and D), we can see how more of the ethical lenses and individuals actions are aligned (Rossouw et al., 2010). This supports Reidenbach and Robin (1990) as the reduction of components shows that further thought process is required when dealing with an unethical scenario (Scenario A).

Scenario A, Component 1 is comprised of questions which align with the ethical lenses of moral equity and relativism. Component 2 comprises of questions that align to the ethical lens of deontology and Component 3 comprises of questions which align to self-perception.

Scenario B, Component 1 is comprised of questions which align with the ethical lenses of moral equity and relativism. Component 2 comprises questions that align to the ethical lenses of relativism and deontology and Component 3 comprises of questions which align to self-perception.

Scenario C, Component 1 is comprised of questions that align with the ethical lenses of moral equity, relativism and the aspect of self-perception. Component 2 is comprised of questions that align with the ethical lens of deontology.

Scenario D, Component 1 is comprised of questions that align with the ethical lenses of moral equity, relativism and the aspect of self-perception. Component 2 is comprised of questions that align with the ethical lens of deontology. Further statistical analysis has been performed in the analysis of responses by variable factors.

#### 4.2 Analysis of responses by variable factors

The components above were further analysed by variable factors. A Mann-Whitney U test was performed using gender as a grouping variable.

Table 4.7:

*Grouping variable – Gender (Scenarios A and B)*

	<b>Scenario A: Moral equity &amp; Relativism</b>	<b>Scenario A: Deontology</b>	<b>Scenario A: Perception</b>	<b>Scenario B: Moral equity &amp; Relativism</b>	<b>Scenario B: Deontology &amp; Relativism</b>	<b>Scenario B: Perception</b>
Mann-Whitney U	11135.500	11175.500	12020.500	12164.500	11085.500	11581.500
Wilcoxon W	23070.500	23110.500	23955.500	24099.500	23020.500	23516.500
Z	-1.384	-1.334	-0.278	-0.098	-1.446	-0.826
Asymp. Sig. (2-tailed)	0.166	0.182	0.781	0.922	0.148	0.409

Table 4.8:

*Grouping variable – Gender (Scenarios C and D)*

	<b>Scenario C: Moral equity, Relativism &amp; Perception</b>	<b>Scenario C: Deontology</b>	<b>Scenario D: Moral equity, Relativism &amp; Perception</b>	<b>Scenario D: Deontology</b>
Mann-Whitney U	11688.000	11359.000	10837.500	12029.500
Wilcoxon W	23623.000	23294.000	22772.500	24749.500
Z	-0.693	-1.105	-1.756	-0.267
Asymp. Sig. (2-tailed)	0.488	0.269	0.079	0.790

As can be seen from Table 4.7 and Table 4.8, gender had no significance ( $p > 0.10$ ) in relation to the components in either Scenario A, Scenario B or Scenario C indicating that ethical lenses are not influenced by gender. However, for Scenario D, moral equity, relativism and the perception component, gender is significant ( $p < 0.10$ ) indicating that this ethical decision was influenced by gender. Women had a mean rank of 165.84 and men had a mean rank of 147.87 which indicates that women found Scenario D more ethically objectionable than male respondents and relied more on the ethical lenses.

This may indicate that when faced with a straightforward ethical or unethical situation, the individual, regardless of gender, will respond to the ethical dilemma in a similar way. This contradicts H<sub>2</sub> and findings by Friesdorf et al. (2015) and Stedham et al. (2007) which suggested that women lean more towards the relativist and deontological lenses and men more towards a moral equity lens.

However, when presented with an ambiguous ethical dilemma, gender plays a role in how participants react to an ethical dilemma (Kennedy et al., 2017; Parker, 2008). This supports H<sub>2</sub> findings by Glover et al. (2002), Pierce and Sweeney (2010) and Loo (2003) that for Scenario D gender plays a role in ethical decision-making. Therefore, for scenario D we fail to reject H<sub>2</sub>. Figures 4.1 and 4.2 display the results for Scenario D.

Table 4.9 shows that gender was significant ( $p < 0.10$ ) in relation to attitudes towards ethics. Figures 4.1 and 4.2 illustrate the mean rank<sup>10</sup> of women and men for the questions that are discussed.

Table 4.9:

*Grouping variable – Gender*

	<b>Importance of ethics in accredited CA (SA) degrees</b>	<b>Importance of ethics in the business community</b>	<b>Importance of ethics in your personal decisions</b>	<b>Importance of ethics in your decisions in the workplace</b>
Mann-Whitney U	11636.000	11980.500	10961.000	10764.000
Wilcoxon W	24197.000	24541.500	23522.000	23325.000
Z	-1.200	-0.327	-1.808	-2.433
Asymp. Sig. (2-tailed)	0.230	0.743	0.071	0.015
	<b>Relate accounting to moral issues</b>	<b>Recognise issues in accounting that have ethical implications</b>	<b>Develop a “sense moral obligation” or responsibility</b>	<b>Develop the abilities needed deal with ethical conflicts or dilemmas</b>
Mann-Whitney U	10724.500	10947.000	11642.000	11304.000
Wilcoxon W	23285.500	23508.000	24203.000	23865.000
Z	-1.991	-1.835	-0.769	-1.358
Asymp. Sig. (2-tailed)	0.046	0.067	0.442	0.175
	<b>Learn to deal with the uncertainties of</b>	<b>Set the stage for “a change in ethical behaviour”</b>	<b>Appreciate and understand the history and composition of all aspects of accounting ethics and</b>	

<sup>10</sup> A low mean rank indicates a positive attitude towards ethics. A high mean rank indicates a negative attitude towards ethics.

	the accounting profession		their relationship to the general field of ethics
Mann-Whitney U	11783.000	11279.500	12016.500
Wilcoxon W	24344.000	23840.500	23951.500
Z	-0.546	-1.226	-0.202
Asymp. Sig. (2-tailed)	0.585	0.220	0.840

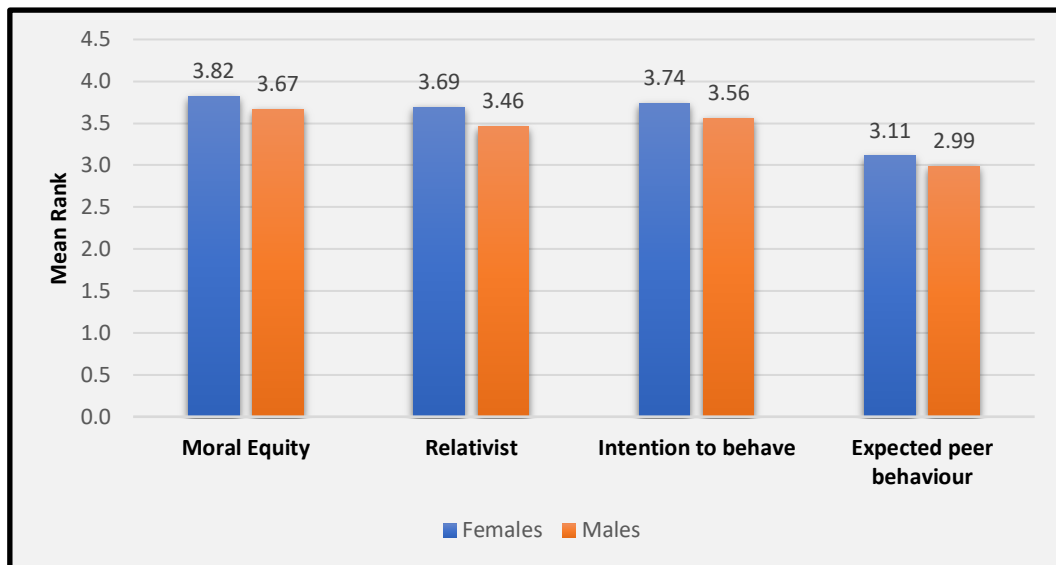


Figure 4.1: Scenario D: Moral equity, relativism & perception



Figure 4.1: Scenario D: attitude towards ethics

For the importance of ethics in personal and workplace decisions, the goals of accounting ethics education to relate accounting education to moral issues and recognise issues in



accounting that have moral implications, women had a lower mean rank than men. This may indicate that women view ethics in both a personal and professional capacity as more important than men. This provides support to the findings by Eagly and Kite (1987); Feldberg and Glenn (1979); Gilligan (1982) that society values different traits for men and women which causes men and women to be raised differently. These findings also suggest that women and men intend to behave differently therefore we fail to reject  $H_1$ .

A Mann-Whitney U test was performed using religion as a grouping variable. The results are shown in Table 4.10.

Table 4.10:

*Grouping variable – Religious (Scenarios A and B)*

	<b>Scenario A: Moral equity &amp; Relativism</b>	<b>Scenario A: Deontology</b>	<b>Scenario A: Perception</b>	<b>Scenario B: Moral equity &amp; Relativism</b>	<b>Scenario B: Deontology &amp; Relativism</b>	<b>Scenario B: Perception</b>
Mann-Whitney U	4368.000	4315.000	3479.000	4488.500	4593.500	3479.000
Wilcoxon W	4963.000	4910.000	4074.000	43548.500	5188.500	4074.000
Z	-0.753	-0.859	-2.537	-0.511	-0.300	-2.537
Asymp. Sig. (2-tailed)	0.452	0.390	0.011	0.609	0.764	0.011

As can be seen from Table 4.11 below Scenario A and Scenario B, perception is significant at the 5% level.

Table 4.11:

*Grouping variable – Religious (Scenarios C and D)*

	<b>Scenario C: Moral equity, Relativism &amp; Perception</b>	<b>Scenario C: Deontology</b>	<b>Scenario D: Moral equity, Relativism &amp; Perception</b>	<b>Scenario D: Deontology</b>
Mann-Whitney U	4324.500	4540.500	4258.000	4615.000
Wilcoxon W	4919.500	43600.500	4853.000	43675.000
Z	-0.840	-0.406	-0.974	-0.257
Asymp. Sig. (2-tailed)	0.401	0.684	0.330	0.797

This suggests that where people are religious, they are more inclined to have a certain perception of themselves and their colleagues to behave ethically. The effect of religion on

ethical attitudes (Table 4.12) indicates that in both personal and workplace ethical decisions, religion plays a significant role ( $p < 0.01$ ).

Table 4.12:

*Grouping variable – Religious*

	Importance of ethics in accredited CA (SA) degrees	Importance of ethics in the business community	Importance of ethics in your personal decisions	Importance of ethics in your decisions in the workplace
Mann-Whitney U	4394.000	4261.000	2987.000	3257.000
Wilcoxon W	43454.000	43321.000	42047.000	42317.000
Z	-1.265	-1.354	-4.205	-4.129
Asymp. Sig. (2-tailed)	0.206	0.176	0.000	0.000
	Relate accounting to moral issues	Recognise issues in accounting that have ethical implications	Develop a “sense moral obligation” or responsibility	Develop the abilities needed deal with ethical conflicts or dilemmas
Mann-Whitney U	4137.500	4430.000	4638.500	4262.500
Wilcoxon W	43197.500	43490.000	5233.500	43322.500
Z	-1.338	-0.754	-0.245	-1.211
Asymp. Sig. (2-tailed)	0.181	0.451	0.806	0.226
	Learn to deal with the uncertainties of the accounting profession	Set the stage for “a change in ethical behaviour”	Appreciate and understand the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics	
Mann-Whitney U	3986.000	3907.500	4700.500	
Wilcoxon W	43046.000	42967.500	5295.500	
Z	-1.725	-1.846	-0.092	
Asymp. Sig. (2-tailed)	0.085	0.065	0.927	

For personal decisions, non-religious respondents had a mean rank of 208.65 and religious respondents had a mean rank of 150.7. For workplace decisions, non-religious respondents had a mean rank of 200.71 and religious respondents had a mean rank of 151.67. This

indicates that religious people had a higher propensity to view ethics as important to their ethical decision-making for personal and workplace decisions than non-religious people.

The goal of accounting ethics education to learn to deal with the uncertainties of the accounting profession and set the stage for a change in ethical behaviour, religion was an influencing factor ( $p < 0.10$ ). For the goal of accounting ethics education to help deal with uncertainties of the accounting profession, non-religious respondents had a mean rank of 179.26 and religious respondents had a mean rank of 154.29. For accounting ethics education to set the stage for a change in ethical behaviour, non-religious respondents had a mean rank of 181.57 and religious a mean rank of 154.01.

These findings support Conroy and Emerson (2004), Ho (2010) and Kohlberg (1969) who suggested that religion influences ethical decision-making. These findings support the view that there is a relationship between religion and ethical behaviour. Religious people integrate ethical practices that they believe reinforce their religious values into their daily lives. Generally, people actively engaging in religious activities are likely to be exposed to ethical teachings that non-religious people are not exposed to. This may result in religious people believing religious ethics to be critical in their decision-making, whereas non-religious people depend on their own standard of decision-making rather than what society considers to be right or wrong. Therefore, we fail to reject  $H_3$  that religion or religious affiliation has an impact on an individual's response to an ethical situation.

To test the effect which education has on ethics a Kruskal-Wallis H test was performed using education level<sup>11</sup> as a grouping variable. As seen in Table 4.13 and Table 4.14, education level is significant ( $p < 0.01$ ) for component 1 and 3 for Scenario B, both components in Scenario C and component 2 in Scenario D.

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<sup>11</sup> Education level is made up of five components: Grade 12, Bachelor's degree, Higher diploma in accounting, Honours in accounting and Masters.

Table 4.13:

*Grouping variable – Education (Scenarios A and B)*

	<b>Scenario A: Moral equity &amp; Relativism</b>	<b>Scenario A: Deontology</b>	<b>Scenario A: Perception</b>	<b>Scenario B: Moral equity &amp; Relativism</b>	<b>Scenario B: Deontology &amp; Relativism</b>	<b>Scenario B: Perception</b>
Kruskal-Wallis H	5.552	6.937	1.266	15.013	6.023	17.349
Df	4	4	4	4	4	4
Asymp. Sig.	0.235	0.139	0.867	0.005	0.197	0.002

Table 4.14:

*Grouping variable – Education (Scenarios C and D)*

	<b>Scenario C: Moral equity, Relativism &amp; Perception</b>	<b>Scenario C: Deontology</b>	<b>Scenario D: Moral equity, Relativism &amp; Perception</b>	<b>Scenario D: Deontology</b>
Kruskal-Wallis H	22.502	23.120	4.626	17.708
Df	4	4	4	4
Asymp. Sig.	0.000	0.000	0.328	0.001

This indicates that education may have an effect on an individual's decision-making when considering an ethical dilemma. An untabulated Jonckheere-Terpstra test indicates that for Scenario B and C: moral equity & relativism (J-T statistic 2.787;  $p < 0.01$ ), and moral equity, relativism and perception (J-T statistic 4.211;  $p < 0.01$ ), there was a statistically significant positive trend. This supports the view that education has a normalising effect on ethical decision-making.

Scenario C and D: deontology has a statistically significant negative trend (J-T statistic -1.908;  $p < 0.10$ ) (J-T statistic -1.887;  $p < 0.10$ ). Deontology refers to the contractual nature of ethics under the premise that an action may be viewed as unethical only if it violates contracted terms (Rossouw et al., 2010). The negative trend may suggest that when participants apply a contract view to ethics, they view it in a binary fashion; the action is unethical only if is in contradiction to the contract. From a deontological perspective, as individuals are becoming educated and gaining more knowledge, our ethical perspective is determined through legal, contractual considerations rather than through any other thought process (Stedham et al., 2007).

Table 4.15 shows that education was significant ( $p < 0.10$ ) in relation to attitudes towards ethics.

Table 4.15:

*Grouping variable – Education*

	<b>Importance of ethics in accredited CA (SA) degrees</b>	<b>Importance of ethics in the business community</b>	<b>Importance of ethics in your personal decisions</b>	<b>Importance of ethics in your decisions in the workplace</b>
Kruskal-Wallis H	9.015	6.266	8.370	13.951
Df	4	4	4	4
Asymp. Sig.	0.061	0.180	0.079	0.007
	<b>Relate accounting to moral issues</b>	<b>Recognise issues in accounting that have ethical implications</b>	<b>Develop a “sense moral obligation” or responsibility</b>	<b>Develop the abilities needed deal with ethical conflicts or dilemmas</b>
Kruskal-Wallis H	4.923	5.747	1.127	6.044
Df	4	4	4	4
Asymp. Sig.	0.295	0.219	0.890	0.196
	<b>Learn to deal with the uncertainties of the accounting profession</b>	<b>Set the stage for “a change in ethical behaviour”</b>	<b>Appreciate and understand the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics</b>	
Kruskal-Wallis H	3.094	3.160	12.567	
Df	4	4	4	
Asymp. Sig.	0.542	0.531	0.014	

For ‘importance of ethics in accredited CA (SA) degrees’, ‘importance of ethics in your personal decisions’, ‘importance of ethics in your decisions in the workplace’ and ‘appreciate and understand the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics’ the mean rank for all five education levels was compared. Figure 4.2 below illustrates that; respondents with Bachelor’s Degrees did not feel that ethics was important in the CA (SA) degree and to their personal and professional lives. They also had less of an appreciation for the importance of ethical education. With further accounting education (a Higher Diploma degree or higher), this trend did not continue as attitudes of respondents towards ethics improved. This indicates that initially respondents see

the value in ethics in their personal lives but through their undergraduate degree, they view ethics as less important to their decision-making. The upward trend from a Bachelor's degree to Master's level suggests that as individuals obtain a higher qualification, they are exposed to more ethical education and believe that ethics is important in their decision-making in both a personal and professional capacity. This also may be an indication that undergraduate ethical education is ineffective in influencing ethical attitudes. This supports the findings of Jewe (2008) and Waples et al. (2009) that ethical education is not effective in changing the ethical attitudes of undergraduate students. However, ethical education plays a vital role in influencing postgraduate students (Ritter, 2006). Therefore, we fail to reject H<sub>4</sub> that qualification has an impact on an individual's response to an ethical situation.

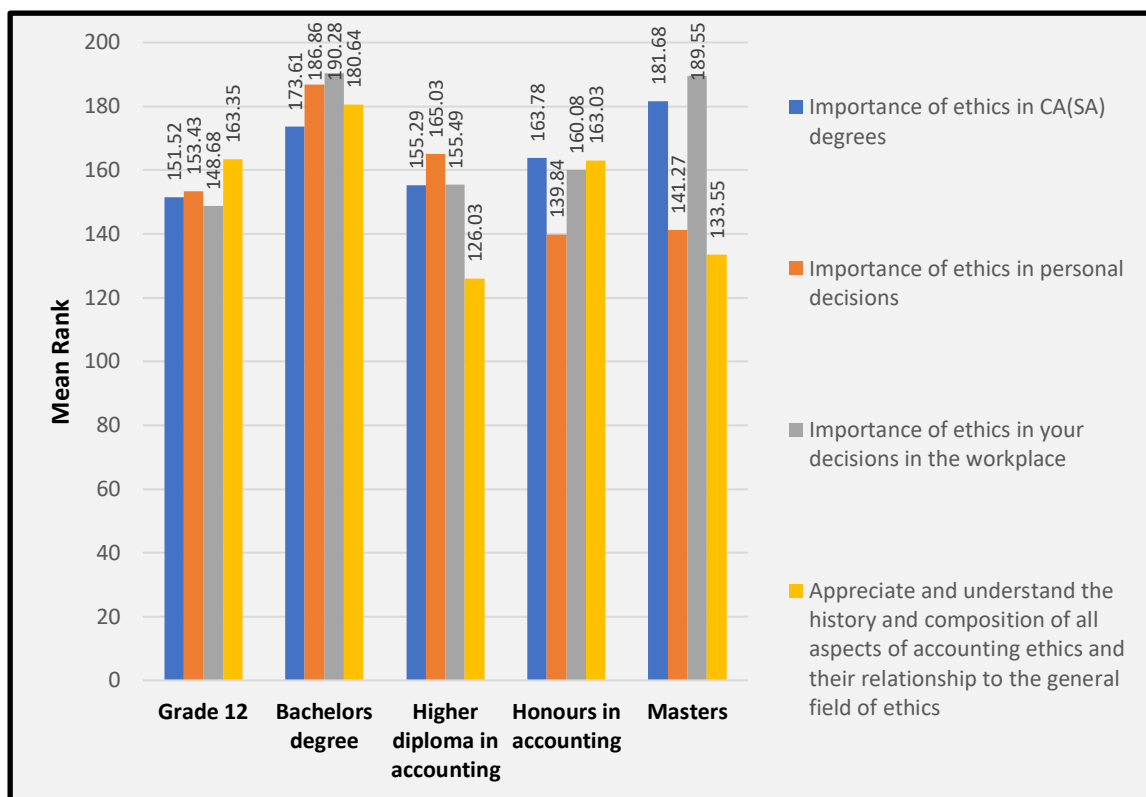


Figure 4.2: Importance of ethics over time

In addition to education, experience can also affect ethical decision-making processes (Glover et al., 2002). A Kruskal-Wallis H test was performed using experience<sup>12</sup> as a grouping variable. Table 4.16 and Table 4.17 show that experience is significant for Scenario A: Moral equity & Relativism ( $p < 0.10$ ), Scenario A: Perception ( $p < 0.10$ ) and Scenario B: Moral equity & Relativism ( $p < 0.01$ ), Scenario B: Deontology and Relativism ( $p < 0.10$ ) Scenario C: Moral equity, Relativism & Perception ( $p < 0.01$ ) and Scenario D: Deontology ( $p < 0.10$ ).

<sup>12</sup> Experience is made up of three components students, trainees and CA (SA).

Table 4.16:

*Grouping variable – Experience (Scenarios A and B)*

	<b>Scenario A: Moral equity &amp; Relativism</b>	<b>Scenario A: Deontology</b>	<b>Scenario A: Perception</b>	<b>Scenario B: Moral equity &amp; Relativism</b>	<b>Scenario B: Deontology &amp; Relativism</b>	<b>Scenario B: Perception</b>
Kruskal-Wallis H	5.623	2.697	5.243	9.351	7.572	2.414
Df	2	2	2	2	2	2
Asymp. Sig.	0.060	0.260	0.073	0.009	0.023	0.299

Table 4.17:

*Grouping variable – Experience (Scenarios C and D)*

	<b>Scenario C: Moral equity, Relativism &amp; Perception</b>	<b>Scenario C: Deontology</b>	<b>Scenario D: Moral equity, Relativism &amp; Perception</b>	<b>Scenario D: Deontology</b>
Kruskal-Wallis H	20.983	3.481	4.032	5.884
Df	2	2	2	2
Asymp. Sig.	0.000	0.175	0.133	0.053

This suggests that experience has an impact on the ethical lenses of the participants. The untabulated Jonckheere-Terpstra results indicate that there is a positive relationship between experience and Scenario A, Scenario B, Scenario C: moral equity & relativism (J-T Statistic 2,066;  $p < 0.10$ ); moral equity & relativism (J-T Statistic 3,050;  $p < 0.01$ ); deontology & relativism (J-T Statistic 3,050;  $p < 0.10$ ); moral equity, relativism & perception (J-T Statistic 4.569;  $p < 0.01$ ). For Scenario D, deontology has a statistically significant negative trend (J-T Statistic -1,855;  $p < 0.10$ ); deontology (J-T Statistic -2,424;  $p < 0.10$ ).

This supports Eweje and Brunton (2010) and Valentine and Rittenburg (2007) that as CA (SA)s-in-training gain more experience they are exposed to more ethical training which improves their responses to ethical dilemmas. Therefore, we fail to reject  $H_5$  which notes the same relationship between experience and ethical decision-making.

A Kruskal-Wallis H test was performed using experience as a grouping variable to compare female and male respondents. In Table 4.18 and Table 4.19, it can be seen that experience plays an important role in male ethical development.

Table 4.18:

*Grouping variable – Experience (Male vs Female Scenarios A and B)*

Gender		Scenario A: Moral equity & Relativism	Scenario A: Deontology	Scenario A: Perception	Scenario B: Moral equity & Relativism	Scenario B: Deontology & Relativism	Scenario B: Perception
Female	Kruskal-Wallis H	1,982	2,176	2,660	1,730	0,980	3,024
	Df	2	2	2	2	2	2
	Asymp. Sig.	0,371	0,337	0,264	0,421	0,613	0,220
Male	Kruskal-Wallis H	4,625	7,444	8,915	9,317	8,652	3,202
	Df	2	2	2	2	2	2
	Asymp. Sig.	0,099	0,024	0,012	0,009	0,013	0,202

Table 4.19:

*Grouping variable – Experience (Male vs Female Scenarios C and D)*

Gender		Scenario C: <i>Moral equity, Relativism &amp; Perception</i>	Scenario C: <i>Deontology</i>	Scenario D: <i>Moral equity, Relativism &amp; Perception</i>	Scenario D: <i>Deontology</i>
Female	Kruskal-Wallis H	5,953	1,962	0,291	2,935
	Df	2	2	2	2
	Asymp. Sig.	0,051	0,375	0,864	0,231
Male	Kruskal-Wallis H	16,993	4,594	5,394	12,780
	Df	2	2	2	2
	Asymp. Sig.	0,000	0,101	0,067	0,002

For Scenario A: moral equity & relativism ( $p < 0.10$ ), deontology ( $p < 0.10$ ), perception ( $p < 0.10$ ); Scenario B: moral equity & relativism ( $p < 0.01$ ), deontology and relativism ( $p < 0.10$ ); Scenario C: moral equity, relativism & perception ( $p < 0.01$ ) and Scenario D: Moral equity, relativism & perception ( $p < 0.10$ ) and deontology ( $p < 0.01$ ).

Figure 4.4 suggests that for Scenario A: moral equity & relativism, Scenario B: moral equity & relativism, Scenario B: deontology and relativism, Scenario C: moral equity, relativism & perception, and Scenario D: moral equity, relativism & perception; as men transition from students to CA (SA), they intended to behave more ethically.



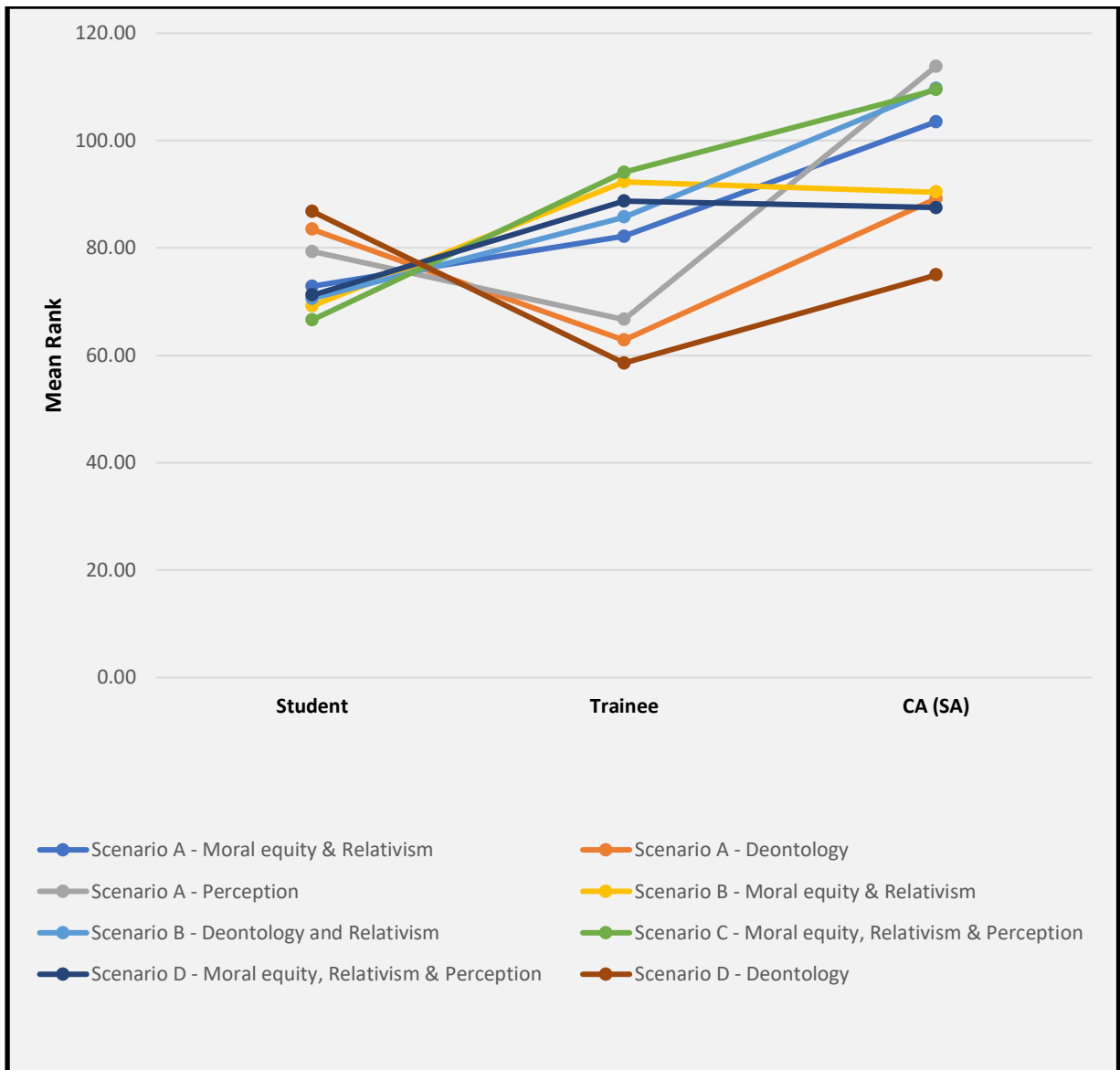


Figure 4.3: Ethical effect of experience for men and women

This result from the table above, may indicate that experience plays an important role in how men intend to behave. For women, experience does not seem to be an important determining factor. These findings contradict the findings of Bampton and Maclagan (2009), Friesdorf et al. (2015), Gilligan (1982), Glover et al. (2002), Kohlberg (1984), Loe and Weeks (2000) and Stedham et al. (2007) as men rely on both a moral equity and relativist lens when making ethical decisions and not a moral equity lens only. On the other hand, women do not rely on any ethical lenses. This may indicate that men can be taught to use ethical lenses when making ethical decisions, whilst women cannot.

Table 4.20:

*Conclusions on hypotheses*

<b>Hypothesis</b>	<b>Conclusion</b>
H <sub>1</sub> : When faced with an ethical dilemma, women and men intend to behave differently.	Failed to reject H <sub>1</sub> .
H <sub>2a</sub> : When faced with an ethical dilemma, women are more likely than men to rely on a relativist lens. H <sub>2b</sub> : When faced with an ethical dilemma, men are more likely than women to rely on a moral equity lens. H <sub>2c</sub> : When faced with an ethical dilemma, women are more likely than men to rely on a deontological lens.	H <sub>2</sub> was rejected for scenarios where the choices were clear but we failed to reject H <sub>2</sub> for grey scenarios.
H <sub>3</sub> : Religious affiliation has an impact on an individual's response to an ethical situation.	Failed to reject H <sub>3</sub> .
H <sub>4</sub> : The more qualified an individual is the more their responses to ethical questions/dilemmas are affected.	Failed to reject H <sub>4</sub> .
H <sub>5</sub> : As experience increases the responses to ethical dilemmas changes/adapt.	Failed to reject H <sub>5</sub> .
H <sub>6</sub> : As age increases the responses to ethical dilemmas change/adapt.	Findings were inconclusive.

The findings above suggest that qualifications and experience are the main influencing factor on ethical attitude and decision-making. There is a correlation between an increase in qualifications and experience and improved ethical judgement. A possible reason is that as people gain more qualifications and thereby more experience, they are exposed to ethical dilemmas and are trained to identify and respond ethically. This exposure enables one to be more adept at dealing with ethical dilemmas.

From this research, one can conclude that education plays an important role in ethics. This suggests that universities should increase their focus on ethics training. Specifically, this training needs to focus on developing cognitive moral development rather than theoretical knowledge in order to change ethical beliefs.

## Chapter 5: Conclusion

The purpose of this research was to investigate whether the different characteristics of gender, religion, qualifications, experience and age of CA (SA)s-in-training when looked at through a relativist, moral equity and deontological ethical lens have an impact on ethical attitudes and ethical decision-making.

The first hypothesis was to examine whether women and men intend to behave differently when faced with ethical dilemmas. As can be seen from the literature review, Kohlberg (1969) states that women and men intend to behave differently as they are on different stages of his cognitive moral development model. This is supported by Eagly and Kite (1987), Feldberg and Glenn (1979), and Gilligan (1982) who determined that society treats men and women differently which will result in different intentions and men leaning more towards a moral equity lens and women more towards a relativist and deontological lens when exposed to ethical dilemmas.

The results in this thesis supported the literature review that women view ethics in both a personal and professional capacity differently to men. When faced with an ethical dilemma that is black or white, women and men do not intend to behave differently and do not rely on different ethical lenses but when the scenario is grey women behave differently from men. Further findings were that men tended to rely on ethical lenses as they became more experienced whereas women did not. This means that ethical education is not resonating with women and possibly changes in the curriculum to address this could be beneficial.

The second characteristic that was examined was religion. The literature review found that religious people lean more towards a moral equity and deontological view and less on a relativist lens. Religious people also had better ethical attitudes and decision-making (Conroy & Emerson, 2004; Ho, 2010). The results supported the hypothesis that religion played a positive role in influencing ethical attitudes. Religious people tended to view ethics as more important to their personal and professional lives. The results showed that this better ethical attitude did not influence their ethical decision-making. This illustrates that religion does not change the ethical behaviour of accountants-in-training.

Lastly, the influence of experience, qualifications and age on ethical attitudes and decision-making was examined. Based on Kohlberg's cognitive moral theory, Eweje and Brunton (2010) and Valentine and Rittenburg (2007) suggested that experience and qualifications improve decision-making and ethical attitudes. This suggests that as people become more experienced and gains more qualifications, they are more equipped to identify ethical

dilemmas. Additionally, the literature says that as accountants-in-training become more experienced, they lean more towards a moral equity and deontological rather than a relativist lens when confronted with ethical dilemmas.

The results agreed with the literature review that further education improved ethical decision-making. As respondents became more educated and qualified, they relied more on moral equity and relativist lenses and less on a deontological lens. However, the results also showed that the ethical attitude of accountants-in-training as they advanced through their education worsened. This suggests that although ethical education is improving the way accountants-in-training approach ethical dilemmas, it is not doing enough to change ethical perceptions which are important to restore the credibility of the accounting profession. When ethical decision-making is taught to accountants-in-training, they are shown how to identify and respond to ethical dilemmas but no focus is placed on helping these accountants-in-training change their ethical outlook. This is an area of possible improvement for accounting education.

The literature review found that the effect of age on ethical attitudes and decision-making was mixed (Weeks et al., 1999). The survey findings were inconclusive because most of the respondents fell in the 19 to 20 age range and there was no correlation between the age of the participants and their ethical attitude and decision making. It may be of value for further studies to look at a broader range of qualifications and a wider age group within the accounting profession to explore whether age is actually a factor.

Both the literature review and results have shown that ethical education can improve ethical behaviour. However, there are some shortfalls in the way that ethics is being taught, and more emphasis needs to be placed on changing ethical beliefs rather than just focusing on theoretical ethical procedures.

Future research should explore the different views on ethics education, specifically exploring the different ethical-education approaches. Research could also extend this study by exploring Chartered Accountants across different age groups and doing a comparative study across jurisdictions. This would provide an understanding of whether ethical education implemented internationally would be useful to adopt in a South African context.

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## Appendix A: Definitions

Definitions	
Just	An action is based on what is morally acceptable given the circumstances (Oxford Dictionary, 2004a, p. 247).
Fair	An action is based on treating people as they deserved to be treated (Oxford Dictionary, 2004c, p. 166).



Morally right	An action is based on your belief of right or wrong (Oxford Dictionary, 2004e, p. 290).
Acceptable to my family	The action must be acceptable to my immediate family (Parents, siblings, and children).
Culturally acceptable	The action must be culturally acceptable. Culture refers to one norms, traditions, religion, language, ethics and values (Oxford Dictionary, 2004f, p. 114).
Traditionally acceptable	The action must be traditionally acceptable. Tradition refers to an inherited, established or customary pattern of thought, action or behaviour (such as a religious practice or a social custom) (Oxford Dictionary, 2004b, p. 480).
Ethical Attitudes	A person's ethical attitude is how they think or feel about the morality of an issue (Oxford Dictionary, 2004d, p. 28,157).

<b>Definitions: Ethical lenses<sup>13</sup></b>			
Moral equity	Relativism	Deontology	Perception
M1- Fair M2- Just M3- Morally right M4- Acceptable to my family	R1- Culturally acceptable R2-Traditionally acceptable R3-Individually acceptable	C1- Does not violate an unwritten contract C2- Does not violate an unspoken promise	P1- How you perceive yourself P2- How you perceive others

<sup>13</sup> These are the categories that fall under each ethical lens. These ethical lenses are different approaches to ethical decision making. Perception was included as how one perceives oneself and others impacts ethical attitudes and ethical decision making.

## Appendix B: Official Masters Survey

Ethical clearance number: CACCN/1211

Dear Respondent, my name is Tammy Silberman. I am currently completing my Masters' degree at the University of Witwatersrand. The aim of my research is to investigate the effect of different ethical lenses on the decision-making of the South African CA (SA)-in-training. The following questionnaire should only take you approximately 10 minutes to complete. Participation is voluntary. No individual is required to reveal his or her identity as the entire process is anonymous. Your responses are strictly confidential, therefore please **do not include** your name anywhere on the questionnaire. I would like to thank you for your participation and co-operation. A summary of key results will be provided to you upon request. Should you require any additional information, please email me at [Tammy.Silberman@wits.ac.za](mailto:Tammy.Silberman@wits.ac.za). Please could you kindly read each case study and action statement. Based on your view please fill in your appropriate response on the questionnaire according to the guideline given below:

Yours sincerely Tammy Silberman 1131875

Name of supervisor: Wayne Van Zijl Email: [Wayne.VanZijl@wits.ac.za](mailto:Wayne.VanZijl@wits.ac.za)

Name of supervisor: Dannielle Cerbone Email: [Dannielle.Cerbone@wits.ac.za](mailto:Dannielle.Cerbone@wits.ac.za)

Q1: What is your gender?

Female (1)

Male (2)

Prefer not to say (3)

Q2: What is the highest qualification that you have obtained?

Matric (1)

Bachelor's degree (2)

Higher diploma in accounting (3)

Honours in accounting (7)

Masters (4)

PHD (5)

Other (6) \_\_\_\_\_



Q3: Are you currently?

A student (1)

A trainee (2)

A CA (SA) (3)

Q4: Year of study

1st year (1)

2nd year (2)

3rd year (3)

4th year (4)

Q5: Year of articles (i.e. 1st, 2nd, 3rd)

1st year (1)

2nd year (2)

3rd year (3)

Q6: How many years post article experience do you have?

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Q7: What is your religion?

Agnostic (1)

Atheist (2)

Buddhism (3)

Christianity (5)

Hinduism (7)

Islam (9)

Jewish (8)

Other (6) \_\_\_\_\_

Q8: What is your age?

\_\_\_\_\_

Q9: How important is ethics in accredited CA (SA) degrees?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Unimportant

Q10: How important is ethics in the business community?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Important						Unimportant

Q11: How important is ethics in your personal decisions?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Important						Unimportant

Q12: How important is ethics in your decisions in the workplace?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Important						Unimportant

Q13: Please rate the importance of each of the following possible goals of accounting ethics education:

	Very important (1)	Important (2)	Neutral (3)	Of little importance (4)	Unimportant (5)
Relate accounting education to moral issues (13.1)					
Recognise issues in accounting that have ethical implications (13.2)					
Develop "a sense of moral obligation" or responsibility (13.3)					
Develop the abilities needed to deal with ethical conflicts or dilemmas (13.4)					
Learn to deal with the uncertainties of the accounting profession (13.5)					
Set the stage for "a change in ethical behavior" (13.6)					
Appreciate and understand the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics (13.7)					

Q14: Tom Waterman is a young management accountant at a large, diversified company. After some experience in accounting at headquarters, he has been transferred to one of the company's recently acquired divisions, run by its previous owner and president, Howard Heller. Howard has been retained as vice president of new division, and Tom is his accountant. With a marketing background and a practice of calling his own shots, Howard seems to play by a different set of rules than those to which Tom is accustomed. So far it is working, earnings are up and sales projections are high.

The main area of concern to Tom is Howard's expense reports. Howard's boss, the division president, approves the expense reports without review, and expects Tom to check the details and work out any discrepancies with Howard. After a series of large and questionable expense reports, Tom challenges Howard directly about charges to the company for typing that Howard's wife did at home. Although company policy prohibits such charges, Howard's boss again signed off on the expense. Tom feels uncomfortable with this and tells Howard that he is considering taking the matter to the Board Audit Committee for review. Howard reacts sharply, reminding Tom that "the Board will back me anyway" and that Tom's position in the company would be in jeopardy.

**ACTION STATEMENT: Tom decides not to report the expense charge to the Audit Committee.** Please evaluate Tom Waterman's action by ticking the appropriate column for each category based only on the action statement:

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Fair						Unfair
Just						Unjust
Morally right						Not morally right
Acceptable to my family						Unacceptable to my family
Culturally acceptable						Culturally unacceptable
Traditionally acceptable						Traditionally unacceptable

Individually acceptable						Individually unacceptable
Violates an unwritten contract						Does not violate an unwritten contract
Violates an unspoken promise						Does not violate an unspoken promise

Q15: The probability that I would not report the expense charge to the Audit Committee

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Highly Probable						Highly Improbable

Q16: The probability that my colleagues would not report the expense charge to the audit committee

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Highly Probable						Highly Improbable

Q17: Anne Devereaux, company controller, is told by the chief financial officer that in an executive committee meeting the CEO told them that the company "has to meet its earnings forecast, is in need of working capital, and that's final." Unfortunately, Anne does not see how additional working capital can be raised, even through increased borrowing, since income is well below the forecast sent to the bank. Seth suggests that Anne review bad debt expense for possible reduction and holding sales open longer at the end of the month. He also brushes off the management letter request from the outside auditors to write down the spare parts inventory to reflect its "true value."

At home on the weekend, Anne discusses the situation with her husband, Larry, a senior manager of another company in town. "They're asking me to manipulate the books," she says.

"On the one hand," she complains, "I'm supposed to be the conscience of the company and on the other, I'm supposed to be absolutely loyal." Larry tells her that companies do this all the time, and when business picks up again, she'll be covered. He reminds her how important her salary is to help maintain their comfortable lifestyle, and that she shouldn't do anything drastic that might cause her to lose her job.

**ACTION STATEMENT: Anne decides to go along with the suggestions proposed by her boss.** Please evaluate this action of Anne Devereaux by ticking the appropriate column for each category based only on the action statement:

	1 (1)	2 (2)	(3)	(4)	(5)	
Fair						Unfair
Just						Unjust
Morally right						Not morally right
Acceptable to my family						Unacceptable to my family
Culturally acceptable						Culturally unacceptable
Traditionally acceptable						Traditionally unacceptable
Individually acceptable						Individually unacceptable
Violates an unwritten contract						Does not violate an unwritten contract
Violates an unspoken promise						Does not violate an unspoken promise

Q18: The probability that I would go along with the suggestions which are proposed

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Highly Probable						Highly Improbable

Q19: The probability that my colleagues would go along with the suggestions that are proposed

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Highly Probable						Highly Improbable

Q20: Drew Isler, the plant's chief accountant, is having a friendly conversation with Leo Sullivan, operations manager and old college buddy, and Fred LaPlante, the sales manager. Leo tells Drew that the plant needs a new computer system to increase operating efficiency. Fred interjects that with the increased efficiency and decreased late deliveries their plant will be the top plant next year.

However, Leo wants to bypass the company policy which requires that items greater than R5000 receive prior Board approval and be capitalized. Leo would prefer to generate purchase orders for each component part of the system, each being under the R5000 limit, and thereby avoid the approval "hassle". Drew knows this is clearly wrong from a company and accounting standpoint, and he says so. Nevertheless, he eventually says that he will go along with it.

Six months later, the new computer system has not lived up to expectations. Drew indicates to Fred that he is really worried about the problems with the computer, and the auditors will disclose how the purchase was handled in the upcoming visit. Fred acknowledges the situation by saying that production and sales are down, and his sales representatives are also upset. Leo wants to correct the problems by upgrading the system (and increasing the expenses), and urges Drew to hang in there.

ACTION STATEMENT: Feeling certain that the system will fail without an upgrade. Drew agrees to approve the additional expense. Please evaluate this action of Drew Isler by ticking the appropriate column for each category based only on the action statement:

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Fair						Unfair
Just						Unjust
Morally right						Not morally right
Acceptable to my family						Unacceptable to my family
Culturally acceptable						Culturally unacceptable
Traditionally acceptable						Traditionally unacceptable
Individually acceptable						Individually unacceptable
Violates an unwritten contract						Does not violate an unwritten contract
Violates an unspoken promise						Does not violate an unspoken promise

Q21: The probability that I would agree to the additional expense

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Highly Probable						Highly Improbable



Q22: The probability that my colleagues would agree to the additional expense

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Highly Probable						Highly Improbable

Q23: Paul Tate is the assistant controller at Stern Electronics (Stern), a medium-sized manufacturer of electrical equipment. Paul is in his late fifties and plans to retire soon. His daughter has been accepted into medical school; financial concerns are weighing heavily on his mind. Paul's boss is out of the office recuperating from problems, and in his absence, Paul is making all decisions for the department.

Paul receives a phone call from an old friend requesting a sizable amount of equipment on credit for new business. Paul is sympathetic but cognizant of the risk of extending credit to a new company, especially under Stern's strict credit policy for such transactions. When Paul mentions this conversation to Warren, general manager, he is immediately interested. Warren notes that the company (Stern) needs an additional R250,000 in sales to meet the quarterly budget and, thus, ensure bonuses for management, including Paul.

**ACTION STATEMENT: Paul decides to make the sale to his friend's new business.**

Please evaluate this action of Paul Tate by ticking the appropriate column for each category based only on the action statement:

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Fair						Unfair
Just						Unjust
Morally right						Not morally right
Acceptable to my family						Unacceptable to my family
Culturally acceptable						Culturally unacceptable
Traditionally acceptable						Traditionally unacceptable

Individually acceptable						Individually unacceptable
Violates an unwritten contract						Does not violate an unwritten contract
Violates an unspoken promise						Does not violate an unspoken promise

Q24: The probability that I would make the sale

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Highly Probable						Highly Improbable

Q25: The probability that my colleagues would make the sale is

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	
Highly Probable						Highly Improbable

End of survey