Rules or Consequences: Which Matter More to CPA-Practitioners?

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The last decade is rife with highly publicized audit and tax failures descriptive of CPA-practitioners either ex ante ignoring the possibility of personal adverse economic consequences or weighting more greatly adherence to rules. This leads us to question whether CPA-practitioners consider possible adverse consequences, or just follow the rules. This question has implications for small businesses as approximately half of all accounting firms are comprised of fewer than six accounting professionals (AICPA, 2011), and therefore may be described as small businesses. Further, many small businesses retain CPA-practitioners to assist with record-keeping, financial statement preparation, and regulatory reporting (e.g., income tax returns, payroll tax returns). If accounting firms increasingly fail, business owners will have fewer accounting firms from which to choose, which may lead to higher prices for accounting services. Results of a between-subjects experiment suggest CPA-practitioners are more likely to retain clients who represent the threat of an economic loss, compared to clients whose accounting practices violate a rule. Hence, current events, such as the shift to less rules-based accounting standards, may lead to an increase in accounting firm failures.

The last decade is rife with highly publicized audit and tax failures resulting in significant adverse economic consequences to CPA-practitioners. For example, it has been suggested that Enron improperly used mark-to-market accounting and failed to consolidate certain financing partnerships (Haldeman, 2006). Initial reports suggested Enron’s auditors, Andersen, may have followed the technical letter of the rules (generally accepted accounting principles and generally accepted auditing standards) in rendering their auditor’s report on Enron’s financial statements (Norris & Eichenwald, 2002; Roper, 2006; Benston et al., 2006). The Enron debacle led to the breakup of Andersen and ultimately, the firm’s demise.

KPMG was charged with helping clients evade taxes using structuring techniques that arguably followed the letter of the rules (tax laws and regulations), but were ultimately considered not in the spirit of the rules. KPMG suffered a $456 million fine as a result of the matter. Tyco and its officers failed to disclose numerous self-serving transactions which their auditor, PricewaterhouseCoopers (PWC), may have justified as being “immaterial.” Tyco’s audit engagement partner was barred by the Securities and Exchange Commission (SEC) from practicing as an accountant (Taub, 2003) and PWC agreed to pay $225 million to settle this and other Tyco fraud-related matters (Johnson, 2007).

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3 Financial Accounting Standards Board Statement of Financial Accounting Concepts No. 2, Qualitative Characteristics of Accounting Information, defines materiality as "the magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement." Materiality judgments are made in light of surrounding circumstances and necessarily involve both quantitative and qualitative considerations (AU Section 312, Audit Risk and Materiality in Conducting an Audit, available at: http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AU-00312.pdf, accessed May 29, 2012).
Examples of the actions of smaller CPA-practitioners resulting in adverse economic consequences occur but are not as frequently reported in the popular press. For example, auditors with the accounting firm Williams and Webster of Spokane, Washington, appropriately required their client, Diatect, to adhere to accounting rules which prohibited the recognition of a gain on the company’s mining claims until the claims were sold. Diatect then transferred the assets to an entity in exchange for an 18-year promissory note. Although it is unclear from published reports whether the auditors knew that the acquiring entity was owned by one of Diatect’s outside directors, the Public Company Accounting Oversight Board (PCAOB) required that Diatect reverse the gain, and barred the CPA-practitioners from associating with a public accounting firm for an admitted lack of skepticism, and for issuing an unqualified report on Diatect’s financial statements (Taub, 2007).

These examples, descriptive of CPA-practitioners either ex ante ignoring the possibility of personal adverse economic consequences or weighting more greatly adherence to rules, lead us to question whether, in terms of their decisions, CPA-practitioners consider possible adverse consequences, or just follow the rules.4 The answer to this question is highly relevant in light of recent shifts in the importance of accounting principles and concepts over accounting rules, and the in-process convergence of U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS).

Regulators and promulgators of accounting pronouncements have suggested future accounting standards should be more principles-based (U.S. House of Representatives, 2002; FASB, 2002); and IFRS are more principles-based than are GAAP (Dickins & Cooper, 2010). Critics of rules-based standards have cited the overwhelming volume and complexity of standards as hindrances (e.g., Schuetze, 2001) and argue that rules-based standards replace accountants’ norms and professional behavior, usurping personal responsibility (Sunder, 2005). Although rules-based standards can reduce imprecision and enhance comparability, they can also lead to structuring transactions in a manner to achieve financial reporting goals, while technically meeting accounting rules (Schipper, 2003; Nelson, 2003) (e.g., employing a two-partner ownership structure of 49.99 and 50.01 to avoid consolidation for financial reporting purposes).

In addition, the answer to the research question has implications for small businesses. Approximately half of all accounting firms are comprised of fewer than six accounting professionals (AICPA, 2011), and therefore may be described as small businesses. Further, many small businesses retain CPA-practitioners to assist with record-keeping, financial statement preparation, and regulatory reporting (e.g., income tax returns, payroll tax returns). If accounting firms increasingly fail as a result of adhering to accounting or professional rules while ignoring potential negative economic impacts, small businesses will have fewer accounting firms from which to choose. In economic terms, fewer choices generally lead to higher prices, and many business owners already find professional accounting help costly (Tahmicioglu, 2004; del Villar, 1989).

This paper proceeds as follows. The next section develops the study’s hypothesis. The following sections describe the experimental methodology, present results, and discuss conclusions, implications, and limitations of the study’s findings.

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4 An alternative explanation may be that CPA-practitioners are poor at envisioning the possibility of adverse personal economic consequences, a view supported by Venuti (2004) who find auditors’ reports include going concern modifications only 48 percent of the time when companies declare bankruptcy. Our experimental methodology attempts to control for this alternative explanation by being explicit about the possibility of negative economic consequences. In the absence of client fraud, other explanations such as lack of access to (or poor) information are likely indicative of a lack of skepticism associated with the auditor under-weighting the possibility of adverse economic consequences.
HYPOTHESIS DEVELOPMENT

While anecdotal reports imply accountants may be more conservative and risk averse than the general population (e.g., Coate et al., 2003) which suggests their decisions may be influenced by the possibility of personal adverse economic consequences, at least one empirical study provides evidence which disputes this stereotyping. Martin and Previts (1982) find CPAs have a slight tendency to take more risk than other groups responding to the same risk situations. Further, the results of prior research suggest that in spite of high levels of education which are usually associated with high levels of moral reasoning (Blasi, 1980; Rest, 1979), and the general population’s progression from lower to higher levels of moral reasoning, accountants generally do not advance to the highest levels of moral development. Instead, accountants typically fall into the “conventional” classification on Kohlberg’s scale of moral development (Ponemon & Gabhart, 1993).

Individuals characterized as being of conventional moral development may be described as concerned with fulfilling agreed-to duties and obligations (law and order-oriented), and their decisions generally fail to consider self-chosen ethical principles (universal rights and justice) and consequences (Reinstein et al., 2006). As summarized by Abdolmohammadi et al. (1997), compared to the conventional level of moral development, individuals in Kohlberg’s “lower” pre-conventional level display more self-centered ethics of convenience; they seek to avoid punishment and obtain personal rewards. Individuals at the “higher” post-conventional level are more concerned with principle-centered ethics of conviction and with doing the “right” thing.

Differences in the moral development of accountants versus the general population may, in part, be explained by differences in the experiences and decision-making contexts of accountants. Specifically, accounting majors’ university-level curriculum is generally less focused on ethical decision-making than it is for other business majors (Abdolmohammadi & Reeves, 2000); and accountants’ decisions, particularly as necessitated by being a member of a small or sole practitioner firm, are frequently made individually rather than in groups (Abdolmohammadi et al., 1997).

These differences may also influence accountants’ decisions. Advancing theories about the nature of ethical judgments suggest that the specifics of the situation, including history and societal/governmental expectations highly influence individuals’ ethical decisions (Robin, 2004). White (2001/2002) suggests that moral development may play a less dominant role in ethical behaviors than do environmental factors, such as work characteristics, organizational culture, and immediate job context, and may explain why individuals’ moral judgments and their ethical behaviors may not align. Organizational and individual self-selection bias may also contribute to the explanation of differences in both the moral development and decisions of accountants as rule-followers are more likely to hire other rule-followers (Abdolmohammadi et al., 2003).

Although the study’s research question (do CPA-practitioners consider possible adverse personal consequences, or just follow the rules) may or may not be characterized as an ethical dilemma, these prior findings shed light on related behaviors of CPA-practitioners. Specifically, they suggest that while both rules and consequences likely influence CPA-practitioners’ decisions, because “following the rules” is such a critical aspect of their day-to-day auditing, tax preparation, and financial reporting

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5 While an organization, such as a CPA Firm, cannot be characterized as making ethical or moral decisions, its management may assert views or take actions which are ascribed to the organization. Pierce (2006) performs a literature review of studies related to ethics and the professional accounting firm. She concludes that the accounting profession’s members should place emphasis on integrity over rules to ensure that ethical judgments prevail, and that further research is needed to assist in the development in strategies to achieve this goal. In particular, Pierce recommends future research investigate how accounting firms develop their culture, what determines a ‘good’ or ‘bad’ accounting firm culture, and how the focus on commercial success by professional firms can be reconciled with high moral standards.
responsibilities, CPA-practitioners are more likely to retain clients with situations that may adversely impact them economically, than clients in situations where accounting or professional rules may be violated. Formally stated:

H1: CPA-practitioners are more likely to retain clients who represent the threat of an economic loss, compared to clients whose accounting practices violate a rule.

**METHODOLOGY**

We test our hypothesis using CPA-practitioners and a between-subjects experimental design. Participants were solicited from six sessions of continuing professional education (CPE) conducted in June 2011, in four different states. Curriculum at each of the sessions was identical and unrelated to the research question, and the instructor was the same individual at each session. Although participation in the experiment was voluntary, nearly all CPE session-participants completed the experimental instrument. In total, 258 CPA-practitioners participated in the study. Demographic statistics of the participants are presented in Table 1.

Table 1. *Demographic Statistics* (n = 258)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Scale</th>
<th>Percentage Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>1 = 21 to 30</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>2 = 31 to 40</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>3 = 41 to 50</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>4 = over 50</td>
<td>49</td>
</tr>
<tr>
<td>Gender</td>
<td>0 = female</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>1 = male</td>
<td>60</td>
</tr>
<tr>
<td>Position</td>
<td>1 = staff</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>2 = senior</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>3 = manager</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>4 = partner/owner</td>
<td>54</td>
</tr>
<tr>
<td>Discipline</td>
<td>0 = tax</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>1 = audit</td>
<td>30</td>
</tr>
<tr>
<td>Firm</td>
<td>1 = local/sole practitioner</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>2 = regional</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>3 = national</td>
<td>1</td>
</tr>
<tr>
<td>Experience</td>
<td>1 = less than 2 years</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>2 = 2 to 4 years</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>3 = 5 to 7 years</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>4 = 8 to 10 years</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>5 = more than 10 years</td>
<td>67</td>
</tr>
</tbody>
</table>

On average, the participants represent a group of highly-experienced CPA-practitioners. Approximately 67 percent have more than ten years of experience, 54 percent hold the position of partner/owner in their respective accounting firms, and 49 percent of the participants are over age 50. Local/sole practitioner accounting firms comprise 74 percent of the study’s participants. Approximately 30 percent of participants describe themselves as audit practitioners, and 60 percent are male.
To reduce the likelihood that the study’s results are situation-specific, the experimental materials included two different client situations described as the “toxic waste” and “attest engagement” scenarios, and two outcomes for the CPA-practitioner, “rule violation” or “adverse economic consequences.” Each participant received only one situation and one outcome, and answered a single client retention question. Distribution of the experimental situations and outcomes are presented in Table 2.

Table 2. Distribution of Experimental Situations (n = 258)

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Toxic Waste</th>
<th>Attest Assignment</th>
<th>Total (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule Violation</td>
<td>67</td>
<td>60</td>
<td>127 (49)</td>
</tr>
<tr>
<td>Adverse Economic</td>
<td>59</td>
<td>72</td>
<td>131 (51)</td>
</tr>
<tr>
<td>Consequence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (percentage)</td>
<td>126 (49)</td>
<td>132 (51)</td>
<td>258 (100)</td>
</tr>
</tbody>
</table>

As depicted, the experimental situations were fairly evenly distributed. Out of the 258 participants, 49 (51) percent responded to the toxic waste (attest assignment) situation, and 49 (51) percent responded to the rule violation (adverse economic consequence) outcome.

Development of the experimental instrument took into consideration the expected demographics of the population from which participants were to be solicited (i.e., primarily CPAs of local and sole practitioner accounting firms). The situations and possibilities described were:

**Situation 1** - “You are the auditor in charge of an important client in your firm. Your client is a closely-held business with a long history of stable growth and steady profits. The client manufactures a growing line of plastics-based consumer products available for sale through multiple distribution channels. Recently, you learned that the client’s toxic waste capture system was malfunctioning for several months. The problem has since been corrected, clean-up has been completed, and the waste problem is not ongoing. It is possible that, if investigated, the client would be subject to a fine material to the client’s financial position and results of operations.”

And, description of a rule violation,

“Generally accepted accounting principles require disclosure of this material uncertainty, but the client refuses to disclose the matter. The probability of any sort of action being taken against the company in the upcoming fiscal year is remote.”

Or, description of an adverse economic consequence,

“Other enterprises with similar toxic waste situations have been fined as much as $5 million. The client has no insurance. If assessed, such fines would likely result in the client going out of business, likely exposing your auditing firm to shareholder lawsuits.”

**Situation 2** - “Your compilation and tax return practice has been steadily growing for the past decade with clients that extend statewide. A major customer of one of your best and most profitable clients recently asked for a CPA certification that all of the client’s employees are citizens or legal residents of the US. Services performed for the client in the past have been limited to preparation of Federal and multi-state tax returns. The client has asked you to prepare the certification and has implied that if you are unable to perform the service, it may be necessary to change accounting firms. Your CPA firm has never performed this type of service.”

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And, description of a rule violation,

“Although there is a chance you may be engaged next year to perform an audit of
the client’s financial statements, CPA Professional Standards prohibit providing
this type of attest service when the CPA’s only basis for evaluation is other non-
attest services.”

Or, description of an adverse economic consequence,

“Other enterprises with incidents involving immigration issues have been fined as
much as $5 million. If assessed, such fines would likely result in the client going out
of business, likely exposing your firm to shareholder lawsuits.”

Each participant was then asked to respond to a client retention question pertaining to their assigned
situation. In the case of the toxic waste situation, participants were asked, “Do you retain the client?” In
the case of the attest assignment situation, participants we asked, “Do you perform the necessary work
and issue the attest report to retain the client?” Responses were recorded categorically, yes or no.

RESULTS

Table 3 depicts the percentage of participants selecting to, “retain” the client, by situation (toxic waste
or attest assignment), and by outcome (rule violation or adverse economic consequence).

Table 3. Participants Choosing “Retain” (n = 258)

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Toxic Waste</th>
<th>Attest Assignment</th>
<th>Difference (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule Violation</td>
<td>13%</td>
<td>12%</td>
<td>01% (0.767)</td>
</tr>
<tr>
<td>Adverse Economic Consequence</td>
<td>51%</td>
<td>19%</td>
<td>32 (&lt; 0.001)</td>
</tr>
<tr>
<td>Difference (p-value)</td>
<td>38 (&lt; 0.001)</td>
<td>07 (0.078)</td>
<td></td>
</tr>
</tbody>
</table>

In the toxic waste situation, when confronted with a rule violation participants reported retaining the
client 13 percent of the time, compared to retaining the client 51 percent of the time when confronted
with the possibility of an adverse economic consequence, a statistically significant difference (p < 0.001).
In the attest assignment situation, participants reported retaining the client 12 percent of the time
under the rule violation outcome, compared to retaining the client 19 percent of the time under the
adverse economic consequence outcome, a marginally statistically significant difference (p = 0.078). As
hypothesized, these results suggest CPA-practitioners are more likely to retain clients when faced with
adverse economic consequences, than with accounting and professional rule violations.

Although under both the toxic waste and attest assignment situations, participants choose to retain
clients more frequently when faced with an adverse economic consequence than with a rule violation,
significantly more select “retain” under the toxic waste situation (51 percent versus 19 percent, p <
0.001). This finding suggests the type of situation may influence CPA-practitioners’ willingness to retain
clients when faced with economic consequences. In particular, a priori personal experience with a given
scenario may influence CPA-practitioners’ client retention decisions.

Supplemental post hoc analyses of the impacts of collected demographic characteristics (Table 1) on
participants’ client retention decisions reveal the only characteristic significantly correlated with
retention decisions is gender. Males are more likely to retain clients than their female counterparts in

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6 We have used the convention that reports results at p < 0.05 as statistically “significant,” and those at p = 0.05 to p < 0.10, as
“marginally significant.”

7 Participants’ locations (n = 6) and states (n = 4) are not reported in Table 1. However, supplemental analyses confirm that
consideration of these potential covariates does not alter the study’s findings and conclusions.
both of the toxic waste and attest assignment situations ($p < 0.05 – \text{not tabulated}$). As both experimental situations could be construed as evoking ethical dilemmas, this gender difference is not surprising. Findings of prior research investigating moral development and reasoning in other business-related contexts suggest women business majors score at least marginally higher on Kohlberg’s scale of moral development (e.g., Abdolmohammadi et al., 1997; Abdolmohammadi & Reeves, 2000), females score more highly on Reidenbach and Robin’s multidimensional ethics scale (Nguyen et al., 1990), and female marketing professionals make more ethical judgments in the context of marketing-mix decisions (Lund, 2008).

To determine the impact, if any, of gender on the study’s results, we performed a supplemental analysis of covariance finding that consideration of gender as a covariate does not alter the study’s results. Both males and females are more likely to retain clients with adverse economic consequences, than those with rule violations ($p < 0.001 – \text{not tabulated}$).

**CONCLUSIONS, IMPLICATIONS, AND LIMITATIONS**

**CONCLUSIONS**

Motivated by high profile CPA firm failures and losses, we investigated whether the potential for personal negative economic losses matters less to accountants than does adherence to rules. As predicted, and consistent with the results of prior research concerning the moral development of accountants, our results suggest CPA-practitioners are highly influenced by rules. We find CPA-practitioners are more likely to retain clients who represent the threat of an economic loss, compared to clients whose accounting practices violate a rule. These results are unaffected by measured demographic characteristics of the study’s participants (age, gender, position, discipline, size of firm, and experience).

Although the results of prior research suggest females score higher on certain scales that purport to measure moral development or ethical behavior, our results suggest, with respect to decisions concerning personal adverse consequences or adherence to rules, such differences are not significant enough to matter. Further, although the results of Hartikainen and Torstile (2004) suggest a positive correlation between age and job-related ethical judgments in the finance profession, our results did not identify a similar relationship. These conflicting results may be the result of systematic differences in the experiences of individuals in finance or accounting careers, or it may be that there was insufficient variation in the age of the study’s participants to detect such differences. Similarly, the lack of significance of other potential covariates (size of firm, and experience) may be attributed to a lack of variation among participants. Future research may want to more fully investigate these possibilities.

The study’s findings are both good news and bad news. The good news – CPA-practitioners purport to follow the rules even if it means losing a profitable client. As accountants engaged in auditing services (among other services) are required to maintain a mental attitude independent of their audit clients, this finding suggests they are likely able to comply with this standard. The bad news - less rules-based accounting standards may be problematic for CPA-practitioners who like following the rules and whose decisions appear to be less impacted by the potential for adverse economic consequences that may result from clients adopting strategies that increase their (and their firm’s) risk. If accounting firms increasingly fail as a result of adhering to rules while ignoring potential negative economic impacts, business owners will have fewer accounting firms from which to choose, which may lead to higher prices for accounting services.

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IMPLICATIONS

Our findings have implications for CPA-practitioners, business owners, standards setters, and academics. For CPA-practitioners, being cognizant of the possibility of improperly weighting adverse economic consequences is essential. Practitioners should consider adopting policies and procedures (e.g., client acceptance and retention approvals) to reduce the possibility they assume too much personal risk. Supported by the findings of Abdolmohammadi et al. (1997), CPA-practitioners (particularly those in small and sole practitioner firms) should also consider consulting with other CPA-practitioners (group decision-making), to help reduce the risk of personal economic loss.

Although many advocate education as a means of developing or enhancing ethical behavior (e.g., Hartikainen & Torstile, 2004), such a strategy may or may not be appropriate to address CPA-practitioners’ apparent choice of rules over consequences. Accounting, auditing, and tax rules are enacted because regulators believe they are in the best interest of the general public. It is only when individuals blindly adhere to rules without considering potential adverse consequences that unintended harm may occur. Through education, it may be possible to raise awareness of this issue. On the other hand, there is still much to be learned to substantiate the presumed positive association between teaching and learning of moral judgment and ethical behavior in adults (Wright, 1995). Future research is needed to assist accounting firms and CPA-practitioners develop cultures that place emphasis on integrity over rules to help ensure that ethical judgments prevail (Pierce, 2006).

Business owners both engage CPA-practitioners and employ accountants as bookkeepers, controllers, and/or chief accounting officers. Similar to CPA-practitioners, internal accountants are likely highly influenced by rules. In most cases, this rule-following characteristic is good, but in some circumstances, consideration of the possibility of adverse economic consequences is more important. Enron provides an example where internal accountants were able to justify adhering to minimal criteria to purportedly support non-consolidation of investments – a decision that did not end well for any of the parties involved. Rules-based accounting standards with “bright-line” tests open up the possibility of engineering transactions to fit the rules while avoiding the intent of the standards (SEC, 2003). Clever accountants may be able to identify rules to support accounting practices that may lead to adverse economic consequences for business owners. It is therefore important for business owners to set an ethical, “do the right thing,” tone at the top of their organizations.

Establishing a culture of accountability contributes positively to employees’ ethical decision-making (Nwachukwu & Vitell, 1997); however, Arjoon (2006) cautions that, similar to the establishment of rules-based accounting standards, companies risk unintended consequences and excessive costs if businesses rely too heavily on rules to influence behavior. Key to the development of a robust accountability culture are clearly-communicated, reasonable expectations, with positive (negative) performance appropriately rewarded (punished) (Grimshaw et al., 2006).

In recognition of accountants’ bias toward rules, regulators should take care to balance accounting, auditing, and tax standards’ focus between principles and rules to reduce the likelihood of unintended consequences. Results of the study indicate continued investigation by standard setters (as in Agoglia et al., 2011) of the treatment afforded transactions under comparative accounting pronouncements may be appropriate. For example, comparing CPA-practitioners’ recommended accounting treatment for recognition of barter revenue or a free software upgrade under the FASB and International Accounting Standards Board (IASB) joint revenue recognition proposal, Revenue Recognition: Revenue from Contracts with Customers, to the current, more specific guidance under U.S., Accounting Standards Codification, Entertainment (920-845-25-1), or Software (985-605-25-2).
LIMITATIONS

As with all experimental and survey-based research, it is possible the study’s results may not generalize to the population of CPA-practitioners. Our use of two different scenarios and a geographically-disbursed large group of participants help to minimize this possibility. It is also possible our findings are influenced by participants’ engagement-specific experiences or familiarity with the rules described in the experimental scenarios. Although we believe these differences are likely to be random among the study’s participants, and we attempted to control for the influence of possible systematic differences, further research may be appropriate to confirm the study’s results. In addition, the study’s analyses may be further expanded to investigate differences among types of accountants. For example, future studies may compare the propensity of internal and external accountants, and tax practitioner and audit practitioner accountants, to be influenced by rules.

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