Entry-Level Recruitment of Accounting Graduates:

Employers’ Expectations of Ethics Education

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Doctor of Business Administration

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Cheung Wai Yi, Rachel
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Abstract

During the last two decades, the accounting profession has witnessed many corporate scandals and, as a result, the ethical standards of accountants have been criticized and questioned. While there are many studies focussing on perceptions about ethics, ethics education and the ethical development of business students and academics, there are few studies available on ethics education and its relationship with recruitment and employment, especially in Hong Kong.

The purposes of this study are twofold: to investigate whether the coverage of ethics in accounting curricula is an important factor affecting the recruiting of entry-level accountants; and to examine if there is a gap between accountants’ expectations and the coverage of ethics in the education of accountants.

Both qualitative and quantitative methods were used to collect the data. An analysis of the relevant documents (syllabi and codes of ethics) was conducted to generate and group appropriate items that represent ethics themes. This led to seventeen themes such as integrity, conflict of interest, ethics theories, and resolving ethical dilemma. Using inputs from the qualitative study and relevant literature, a questionnaire was framed for the quantitative phase of the study.
An empirical analysis of data collected from 164 professional accountants revealed significant differences between male and female accountants with regard to the importance of ethics coverage in accounting curricula and its connection with the recruitment of entry-level accountants, but there were no significant differences with respect to age, firm type, firm size and ordinary work location. In ethics education of accountants, the themes of integrity, independence, corruption and insider trading should be given more importance than what they are getting at present. Four categories emerge for the ethics themes related to education in accounting: “Integrity to Accounting Profession”, “Regulatory Compliance”, “Practical Ethical Issues” and “Sense of Responsibility” (least important).

The results reveal there are gaps between ethics education and accountants’ expectations. Accounting educators, accountants and the accounting professional associations should work together to bridge this gap and contribute to a more effective ethics education for accountants in Hong Kong.
Chapter 1 Introduction

“Educating the mind without educating the heart is no education at all” (Aristotle).

1.1 Background to the Research

During the last two decades, the accounting profession has witnessed many corporate scandals. The ethical standards of accountants have, in consequence, been criticized and questioned. The ethical scandals including those at Enron and WorldCom, have raised public concerns on ethical behaviour with business firms and of accountant professionals (Emerson, Conroy, & Stanley, 2007). These scandals have raised awareness about the lack of ethics coverage in business and accounting curricula (Breaux, Chiasson, Mauldin, & Whitney, 2010).

Accountants usually encounter their first professional accounting training in their tertiary education. Professional accountants receive education not only in technical areas such as accounting, auditing, taxation, finance, economics, law and information systems, but also in non-technical skills such as communication skills and general studies. However, following the wisdom of Aristotle and with the lessons that can be learned from the many corporate scandals, it can be argued that, besides intellectual knowledge, one should also receive an education that will nurture hearts and character; otherwise, this education is not
all-embracing. Professional accounting education must not only emphasize the required
skills and knowledge; it must also instil the ethical standards and commitment expected of
a professional (Bedford Committee report of the America Accounting Association, 1986,
as cited in Frank, Ofobike, & Gradisher, 2010).

Professional bodies can help increase ethical and moral standards by including ethical
issues in their education, training and qualification criteria for their members and student
members. Ethics and integrity are major aspects of any code of business conduct. Under
the Code of Ethics for Professional Accountants issued by the International Federation of
Accountants (IFAC), all professional accountants are bound to uphold high ethical
standards; an accountant who is a member of a professional body that is an IFAC member
is required to comply with the principles of the IFAC Code and the code of conduct of
his/her professional body. The Hong Kong Institute of Certified Public Accountants
(HKICPA) has established a code of ethics for professional accountants in the
performance of professional services.

It is evident from the above discussion that ethics should be taught in accounting
programmes. The reasons why business ethics is very important in academic curricula are
not difficult to understand - we cannot put business ethics into our legal system as a
legislative body cannot legislate for morality, whether it be personal or corporate (Small,
After their formal education in a college or a university, accounting students are often required to undergo ethics training at their workplace. Many accounting firms require ethics training for their staff (Dipiazza, 2002). Continuous Professional Development (CPD) and many accounting programmes include an ethics component.

In order to prepare accounting students for their future professional examinations, the institutes of higher education have increased the coverage of ethics elements in their accounting curricula. A set of goals for ethics education in accounting courses is described in Callahan’s (1980) study. These goals are: 1) Relate accounting education to moral issues. 2) Recognize issues in accounting that have ethical implications. 3) Develop a “sense of moral obligation” or responsibility. 4) Develop the ability needed to deal with ethical conflicts or dilemmas. 5) Learn to deal with the uncertainties of the accounting profession. 6) “Set the stage” for a change in ethical behaviour. 7) Appreciate and understand the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics (Callahan, 1980). The development of the syllabi should consider these goals or other goals advocated by other educators, for example, the four goals discussed by Loeb (1994). The education system, including formal education such as accounting programmes and further education such as the CPD, lays an emphasis on ethics education.
There are differences of opinion on the pedagogy and methods for ethics education. There are various approaches for teaching ethics in accounting: lectures, the case study method, the scenario based method, current events periodicals, the experientially oriented pedagogical approach and guest lecturers. Teaching ethics as a stand-alone course has been the preferred approach (Warinda, 2013). However, some argue for an integrated approach to ethics education. In Hong Kong, the big four accounting firms have suggested that ethics should be integrated into all accounting courses and that graduates should be well aware of the importance of ethics (Chen, 2010).

Collaboration across disciplines within or beyond business departments is deemed to be an appropriate approach for incorporating business ethics (Calabretta, Durisin, & Ogliengo, 2011). Some in the profession prefer a capstone ethics course (Shawver, 2006). Alam (1999) suggests that, in order to achieve the objectives of teaching business ethics, a necessary step is to involve business people in the design of the curricula. According to Williams and Elson (2010), ethics should not be seen as a subject that can be taught by anyone and in any accounting subject. Chen’s (2010) study in Hong Kong shows that, while the HKICPA and the eight universities are divided as to whether ethics should be taught either by business or communication department, the big four accounting firms have stated a preference for ethics to be taught by the business department.
Accounting students, educators and employers are the three main parties involved in the recruitment of accounting professionals. Questions have been raised as to whether or not ethics are an issue of importance during the employment process, especially for accounting graduates in entry-level positions. The literature suggests that, in recruitment, accountants are sought who not only have ethical skills, but also the knowledge of the importance of making ethical decisions, that is, employers do not just merely look for competent accountants (Williams & Elson, 2010). Those recruiting entry-level employees to accounting firms view ethics to be of the highest level of importance on the list of desirable personal characteristics (Ahadiat & Mackie, 1993; Breaux et al., 2010).

There are many studies that focus on ethics perceptions, ethics education and the ethical development of business students and academia. However, there are only a few studies available on ethics education and its relationship with recruitment and employment (Ahadiat & Mackie, 1993; Breaux et al., 2010). Studies by Ahadiat and Mackie (1993), Breaux et al. (2010) and Adkins and Radtke (2004) focused on recruiters, but were not specific to professional accountants and were conducted in the context of the United States. In relation to entry-level accountants, the expectations of ethics education from general recruiters and professional accountants are different, as the latter are ultimately responsible for the work output of an entry-level accountant, while the former are merely responsible for recruiting suitable staff. Meanwhile, professional accountants do know what ethics elements are required for fresh graduates in the ever-changing business world.
1.2 Research Problem

Ethics must be learnt via both formal and informal education, but there is a question as to whether it is an important attribute when recruiting potential candidates to entry-level accounting positions. Regardless of whether it is important or not in the recruitment stage, it is true that many accounting programmes do include ethics studies. However, a question must be asked: Do the ethics studies in accounting curricula concur with the expectations of accountants? Accountants may consider ethics studies to be of little use if the content of the ethics elements in accounting curricula do not match their expectations. Ethics should be applied identically to everyone in a society. But, are they? Would any accountant consider ethics education differently because of their particular background? For instance, do differences in age or gender affect the expectation of ethics education among accountants?

Hong Kong society does take corruption issues seriously, as is proven by the Mission Statement of the Independent Commission Against Corruption (ICAC): “With the community, the ICAC is committed to fighting corruption through effective law enforcement, education and prevention to help keep Hong Kong fair, just, stable and prosperous” (ICAC, 2013). This study on ethics education in Hong Kong will examine the level of importance that the surveyed accountants attach to the coverage of corruption issues in accounting education. Whereas, in education, the theory framework of a field of study is always stressed, we do know that accountants will not put an emphasis on theory
study. This study will therefore explore the gap between their expectation and the actual coverage of ethics theory in accounting education.

The basis of this study is formed by the following research questions.

**Research Question 1**

*What is the importance of ethics education in the recruitment of accounting professionals?*

**Research Question 2**

*Is there any gap between the expectations of employers and the coverage of ethics in the education of professional accountants?*

**Research Question 3**

*What are the accountants’ expectations of the themes, teaching methods and content relating to ethics education in the accounting curriculum?*

The questions above are the primary research questions in this study. However, as the demographic characteristics of an individual are related to moral and ethical issues (Deshpande, 1997), secondary research questions are built up from research question one to explore whether one’s: gender, age, firm size, firm type and ordinary work location would affect one’s ethics ranking.
The syllabi and professional examination requirements are changing and they are always in the process of development. This study looks for a few ethics themes that are considered important by accountants. In a further step, it will explore whether or not there are any particular sectors of knowledge that can be clustered into a field instead of a single ethics theme. In that case, educators and professional accounting bodies may consider including those fields into syllabi or continuing professional development training respectively. By doing so, the gap between the expectations of the accountants on ethics education in Hong Kong and the education provided will be narrowed. As this is a local study, any significant ethics themes and fields must be relevant to Hong Kong, and the local accounting professional body -- HKICPA may consider including seminars for their members and student members on any significant ethical issues found in the study.

1.3 Scope, Justification and Importance of the Study

Hong Kong is a small but an international city. It is influenced by Western culture, as it was a British colony until 1997. The majority of the population are Chinese. Business ethics is culture-specific (Nicholson & DeMoss, 2009). Geographically, Hong Kong is very near Mainland China and the two often share “Asian values”, but Lam and Shi’s (2008) study shows that institutional factors should be scrutinized because they form ethical attitudes and values. In recent years, a number of accounting firms in Mainland China were involved in various illegal practices, and the independence of both the individual member and the professional accounting bodies (for example, the Chinese
Institute of Certified Public Accountants “CICPA”) as a whole was threatened (Woodbine, Fan, & Scully, 2012). However, due to resource and time restrictions, the scope of this study is limited to Hong Kong and professional accountants.

The Hong Kong Institute of Certified Public Accountants is the only body authorized by law to register and grant practice certificates to certified public accountants in Hong Kong. Moreover, there are a number of prominent international accounting bodies that have their offices in Hong Kong. The level of ethics-related issues included in the professional examinations of these international and local accounting bodies varies. In other words, professional accountants in Hong Kong may come from different accounting professional associations, so that accountants who have received different professional training might have received different levels of ethics-related education and their views, coming as they do from different associations, are important to educators in Hong Kong.

In recent times, the secondary and tertiary (higher) education systems in Hong Kong have been changed. After 2012/13, the duration of degree courses will be four years and the number of secondary school years will be reduced from seven to six. In other words, there will be one more year in higher education which implies that there can be more courses introduced into the curricula of accounting degree programmes. An ethics related course is a potential course for inclusion into this extended curriculum.
1.4 Methodology

While the detailed methodology is discussed in Chapter 3, this section in the introductory chapter only gives a brief overview of the methodology, to put things into perspective. The purposes of this study are: to investigate whether the ethics coverage in the accounting curriculum is an important factor affecting the recruiting of entry-level accountants; and to examine whether or not there is a gap between accountants’ expectations and coverage in ethics education. Both qualitative and quantitative methods will be used to collect data. In the first stage, an analysis of the relevant documents will be conducted in order to select appropriate items to represent ethics themes. Items that frequently appear in the related documents are to be selected and will constitute the contents of one of the sections of the questionnaires. In the second stage, a questionnaire with four sections will be set up. The first section will check the eligibility of the participants. The second section will examine the importance of ethics education in the accountants’ perceptions. The third section will be based on ethics themes (keywords) selected from the stage one analysis. Participants will rate the importance of each of the themes and an open-ended question will follow for views on ethics in accounting education. The fourth section includes questions on the participants’ knowledge of ethics, and their views on accounting pedagogy. The fifth section covers five questions on demography.
1.5 **Outline of the Report**

This study includes five chapters: Chapter One is an introduction to ethics education in accounting courses and the profession in Hong Kong. A brief overview of the background of the study, research problems, the justification for the study, the methodology, and the definitions of the terminology used in the study and the limitations of the study are included. Chapter Two is a review of the literature on ethics theory, recent business scandals, ethics education including business ethics and professional ethics, the goals of accounting education and accounting pedagogies and the criteria for entry-level accounting position recruitment. It also includes the objective and the three research questions, together with a model. Chapter Three is a description of the method of research (qualitative and quantitative) of this study. It also explains the sample design and size and the procedures of the data collection. Chapter Four is a presentation of the results of this study. Both the qualitative and quantitative results are illustrated. Demographic data are investigated and hypotheses are tested. Chapter Five is a discussion of the results and the implications and limitation of the study.

1.6 **Definitions**

**Professional accountant**: An individual who is a member of an IFAC member body (Eilifsen, Jr Messier, Glover, & Prawitt, 2010, p.583)
**Professional accountant in business:** A professional accountant employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not-for-profit sector, regulatory bodies or professional bodies, or a professional accountant contracted by such entities. (Eilifsen et al., 2010, p.583)

**Professional accountant in public practice:** A professional accountant, irrespective of functional classification (e.g. audit, tax or consulting) in a firm that provides professional services. This term is also used to refer to professional accountants in firms in public practice. (Eilifsen et al., 2010, p.583)

**IFAC:** The International Federation of Accountants was established in 1977 and is a global organization of national accountancy bodies. It has more than 157 member bodies and associates in 123 countries around the world (Eilifsen et al., 2010)

**HKICPA:** The Hong Kong Institute of Certified Public Accountants.

**ACCA:** The Association of Chartered Certified Accountants.

**AICPA:** The American Institute of Certified Public Accountants.

**CGA-Canada:** Certified General Accountants Association of Canada.

**CICA:** The Canadian Institute of Chartered Accountants.

(The CICA and CMA Canada joined on January 1, 2013, to establish CPA Canada as the national organization to support the unification of the Canadian accounting profession under the CPA banner).
1.7 Delimitations of Scope and Key Assumptions

The study has several limitations that must be noted. First, the study is based in Hong Kong. Second, a convenience sample of professional accountants and a non-random approach to sampling were selected and the results cannot be generalized to the population. Yet, the findings that will result from this analysis should contribute to accounting education, professional accounting bodies and accountants.

1.8 Summary

This chapter has introduced the research problem and research issues. A summary justification of the research has also been given. The methodology was briefly described
and justified, the outline of the report was stated, definitions were presented and the limitations were highlighted. The next chapter will proceed with a detailed description of the theoretical backdrop and a review of the literature justifying the research.
Chapter 2 Theoretical Backdrop and Review of Literature

2.1 Introduction

The role of ethics in business is attracting great attention from both practitioners and academics (Adkins & Radtke, 2004; Emerson et al., 2007) as also is the relationship training and ethics (Huss & Patterson, 1993). Many have questioned the assumption that ethics can be taught (Klein, 1985; Schaupp & Lane, 1992). Alternative methods for teaching ethics in the classroom are being emphasized (Hosmer & Steneck, 1989; Schaupp & Lane, 1992). This chapter reviews the literature related to ethics and ethical education, especially for accounting professionals. It begins with a brief elaboration of the various theories of ethics in the next section, including utilitarianism, deontology, justice and virtue ethics. The cognitive moral development model, as given by Kohlberg, is also discussed. The third section discusses the concepts of business and professional ethics, as well as that of the social responsibility of businesses. Recent corporate scandals and ethical issues in accounting are highlighted to lead to the topics of accounting ethics and ethics education. The roles of professional accounting bodies and the importance of teaching ethics in accounting programmes are reviewed next. This chapter establishes links between professional bodies (which take the role of reflecting the expectations of the society), accountants (who take the role as end users to comment on accounting graduates’ work) and accounting education (which takes the role of education providers to future accountants who are one of the contributors to the business world). The chapter also
presents the goals of accounting education and the content and pedagogies of teaching ethics. Next, the chapter investigates whether ethics is one attribute in the recruitment of accounting graduates. The literature shows that students consider business ethics to be more important than do accounting academics. This study will explore the perception of the accountants regarding the importance of business ethics as an attribute of recruitment. At the end, the study includes various literatures on the demographic factors of ethics. Before concluding, the chapter identifies the research gaps and research questions for the study based on the review of literature.

2.2 Ethical Theories

Ethics is a field of philosophy that studies normative judgements about what should be done and what behaviour is right and correct. No ethical theory is complete or without limitations, yet learning the theories of ethics is important as it enables us to improve our ethical reasoning and ethical decision making (Brooks & Dunn, 2011). Different researchers have focussed on different aspects of ethics. For example, according to Calabretta et al., (2011) early researchers focus on Kohlberg whose theory is about moral development, while more recent researchers focus on Trevino whose study is about ethical decision making. To give a more comprehensive understanding of the different approaches to ethical decision making and the reasoning process involved, the prominent theories and models on ethics are briefly outlined below.
2.2.1 Classical History of Ethics

2.2.1.1 Plato

Plato’s ethical theory includes “right” and “wrong” as an absolutist ethical concept (Hinton, 2005b). Plato explains that there are three parts in our soul: reason, spirit and appetites. Properly functioning reason has wisdom, the spirit that moves in reference to reason has courage and the appetites which are under the control of reason have temperance. All the three parts of the soul working in harmony demonstrate the virtue of justice. Thus, wisdom, courage, temperance and justice are the four cardinal virtues which are important constituents of ethical behaviour.

2.2.1.2 Aristotle

Aristotle (384-322 B.C.E.) developed a virtue-based theory of ethics. Aristotle’s definition of virtue, attempting a mean between extremes and sound control of the appetites, inspires the ethical theory. Aristotle claims that the human soul has two parts - intellectual virtues (such as wisdom), which is attained through education and moral virtues (such as courage), which are a matter of habit. One is responsible for one’s voluntary actions, that is, if a person freely selects an action with full knowledge and information he is to be held morally responsible for that action. While knowledge is important, making the right choice or enacting “good judgement” is equally important (Hinton, 2005a).
2.2.1.3 Jean Piaget

Jean Piaget was a pioneering Swiss philosopher and psychologist who studied, interacted with and examined children in his profession (Crossman, 2008). He believed that the morality of cooperation encouraged by a school was more mature than the morality of heteronomy trained in the home. Piaget used stories with moral dilemmas to encourage the children’s natural drives in understanding the good as a consequence of a maturing intellect (Clouse, 2005).

2.2.2 Normative Ethics

2.2.2.1 Utilitarianism (Teleological)

Utilitarianism propounds the dictum of “maximizing the overall good” or of creating “the greatest good for the greatest number” as the guiding principle behind ethics. If an action can bring about the greatest good for the greatest number, then it is a right or good action, otherwise it is a wrong action. The skeleton of utilitarian thinking is found in the works of Jeremy Bentham and John Stuart Mill (Desjardins, 2011). Utilitarianism embraces the argument that the only morally relevant question in any situation is whether pain and pleasure are present or absent (Halliday, 2005).
2.2.2.2 **Deontology**

Deontology holds that there are some things that we should or should not do regardless of the consequences. It emphasizes that sometimes the proper path is not determined by its consequences, but by certain duties; this theory defines what is right independently from what is good, thus allowing that a right action may not necessarily maximize the good (Desjardins, 2011). Immanuel Kant is an important philosopher who posits that a person should act only according to those principles that could be universally accepted (Desjardins, 2011).

Rights-based ethics define what individuals must do for the common good of society: individuals should act fairly toward others in order to maintain the bonds of community (Steiner & Steiner, 2009). John Rawls developed a theory of justice and addressed principles of justice and fairness (Brooks & Dunn, 2011).

2.2.2.3 **Virtue Ethics**

Virtue is moral excellence in behaviour and character. Much of modern ethics focuses on specific acts that are justified by rules or consequences, yet “rules and consequences ethics” leave out an essential part of human life – feelings. Although there is no agreed list of virtues, all ethical theories and practice must deal with the whole person, which includes the mind and feelings, beyond rules and consequences (Chara, 2005; Kollar,
Vilcox and Mohan (2007, p.125) state that the following qualities may be called virtues: love, truth, justice, courage, hope, faith, obedience, reverence, mercy, forgiveness, patience, endurance, contentment, resignation, humility, loyalty, temperance, prudence, industry, chastity, generosity, kindness, cheerfulness, courtesy, self-control, hospitality, modesty, honesty, gratitude, thrift, punctuality, perseverance, unselfishness, patriotism and honour.

Virtue ethics draws their inspiration from Aristotle, wherein with virtues we can construct a good and full life (Desjardins, 2011; Steiner & Steiner, 2009). In the business world, we need to consider virtue ethics in our actual practices. Virtue ethics remind us to reflect on what type of people is being developed by current business practices (Desjardins, 2011). Virtue ethics emphasise good judgement which flows from good character (Kollar, 2005).

2.2.2.4 Kohlberg’s Stages of Cognitive Moral Development

In order to attain a better understanding of ethical reasoning, scholars often turn to cognitive moral development as a method for assessing an individual’s weighting and filtering of information leading to a decision (Weber, 2010). Piaget contends that morality is cognitive as well as environmental, while earlier theories paid attention only to the environmental aspect (Trevino, 1992). Grounded on Piaget’s contention and looking at the reasons behind an individual’s moral perception and decision-making behaviour
(Weber & Wasieleski, 2001), Kohlberg suggests stages of moral development. Kohlberg’s moral development model is a significant development in the moral psychology field. Kohlberg and Mayer (1972, as cited in Davis & Welton, 1991) state that the argument for cognitive-development is that a person’s cognitive and emotional make-up emerge naturally from interactions that accept the cognitive processes to emerge through a process of development where a reorganization of psychological structures results from organismic-environmental interactions. They do not emerge from direct biological maturation or direct learning.

Kohlberg’s model was created to assess an individual’s cognitive mapping from childhood to adulthood. Scholars utilize the six-stage framework to measure the location of “morally mature adults” (graduate business students, managers and executives) along the moral development continuum (Weber, 2010). The six stages are grouped into three levels: preconventional (stage 1 - obedience, stage 2 - egotism-instrumental and social exchange), conventional (stage 3 – interpersonal concordance, stage 4 - law and duty), and postconventional (stage 5 - general individual rights and standards agreed upon by society and stage 6 - self-chosen principles) (Brooks & Dunn, 2011; Weber & Wasieleski, 2001). Kohlberg concluded that most individuals stay in the first four stages and do not move beyond the law and order stage (Reinstein et al., 2006, as cited in Frank et al., 2010). Moral development theory can be considered to be a powerful educational tool, as a person’s moral thinking can be altered through learning (Dellaportas, 2006).
Kohlberg’s Stages of Moral Development

Stage 1: Hereronomous Morality

Avoiding breaking rules backed by punishment, obedience for its own sake and avoiding physical damage to persons and property.

Stage 2: Individualism, Instrumental Purpose and Exchange

Following rules only when it is in someone’s immediate interest; acting to meet one’s own interests and needs and letting others do the same. Right is also what’s fair, what’s an equal exchange, a deal, an agreement.

Stage 3: Mutual Interpersonal Expectations, Relationships and Interpersonal Conformity

Living up to what is expected by people close to you or what people generally expect of people in your role as son, brother, friend, etc. “Being good” is important and means having good motives, showing concern about others. It also means keeping mutual relationships, such as trust, loyalty, respect and gratitude.

Stage 4: Social System and Conscience

Fulfilling the actual duties to which you have agreed. Laws are to be upheld except in extreme cases where they conflict with other fixed social duties. Right is also contributing to society, the group or the institution.
Stage 5: Social Contract or Utility and Individual Rights

Being aware that people hold a variety of values and opinions that most values and rules are relative to your group. These relative rules should usually be upheld, however, in the interest of impartiality and because they are the social contract. Some non relative values and rights like Life and liberty, however, must be upheld in any society regardless of majority opinion.

Stage 6: Universal Ethical Principles

Following self-chosen ethical principle. Particular laws or social agreements are usually valid because they rest on such principles. When laws violate these principles, one acts in accordance with the principles. Principles are the universal principles of justice: the equality of human rights and respect for the dignity of human beings as individual persons.


Figure 2.1 Kohlberg's Stages of Moral Development

This theory can be adopted in an educational program and these six stages and the motivation that leads individuals to make decisions at each stages can be useful in creating an educational program that will expose students to the six stages (Shenkir, 1990, as cited in Brooks & Dunn, 2011). Through understanding the stages and the motivations involved, students are able to develop their awareness, knowledge, and skills for dealing with ethical problems, and then to transfer their moral reasoning to a higher stage (Brooks
& Dunn, 2011). However, it should be acknowledged that higher levels of moral reasoning develop slowly and not universally. The role of business and accounting educators’ is to assist in this moral reasoning ability developmental process (Frank et al., 2010). Although it takes time for an individual to develop moral reasoning, good moral reasoning is a contributing factor for the advancement of our society. “High moral reasoning and the continued development of ethical standards are goals to which our government, businesses and educational system must ascribe” (Forte, 2004, p172).

Moral judgement, a concept that emerges from Kohlberg’s moral development model, refers to how an individual resolves ethical conflicts and how he makes his moral choices by sufficient rationale to enable him to make more ethical decisions (Sanders & Hoffman, 2010).

Critics of Kohlberg argue that Kohlberg’s theory is not a fully comprehensive theory of morality or moral development (Rest, Narvaez, Thoma, & Bebeau, 2000), that Kohlberg’s moral development theory is based on justice and emphasizes rational aspects of morality without paying much attention to emotional aspects and that Kohlberg only uses a few unrepresentative hypothetical dilemmas to claim universality.
2.3 Ethics in Business and Professional Conduct

2.3.1 Business Ethics

According to Aristotle, an individual should think of himself/herself as a member of the larger community and make every effort to be the best they can and work for the good of society. When an individual is a part of the business world, he/she should be working with the sole mindset of the primary purpose of the company - making money; that is, his sole responsibility is directed towards the fiscal bottom line of the company. The traditional theories of ethics, Kantian Deontology and Utilitarianism, support the argument that businesses exist for concerns beyond the fiscal bottom line (Solomon, 1992). If our inner virtues are the best they can be and they are defined as good by our society, individual self-interest and the public good will be along the same line. The Aristotelian approach to business ethics begins with the idea that it is individual virtue and integrity that counts; good corporate and social policy will follow (Solomon, 1992).

Business ethics is not a special set of ethical ideas that are different from ethics in general and applicable only to business (Frederick, Post, & Davis, 1992). Businesses need to be ethical as they are important parts of a society. Apart from moral considerations, there are other practical reasons why businesses need to be ethical. Social expectations of ethical business conduct have increased demands for transparency and accountability in corporate performance (Brunton & Eweje, 2010). Companies that flout this public attitude can
expect to be spotlighted, criticized, curbed and punished (Frederick et al., 1992). Secondly, increasing concern over business practice at the organizational level (e.g. deliberately misleading financial reporting at Enron and subsequent cover-ups with Arthur Anderson) or the individual level (e.g. investor fraud by Bernard Madoff) (Brunton & Eweje, 2010) have highlighted the adverse consequences of unethical business practices. Thirdly, high ethical performance also protects people who work in business. Businesses that treat their employees with dignity and integrity will be rewarded in the form of high morale and improved productivity (Frederick et al., 1992). Many universities / colleges have now recognized the implications of the increasing attention on business ethics and have therefore included ethical content in their educational programme (Brunton & Eweje, 2010).

2.3.2 Social Responsibility

Social responsibility concerns the social contract existing between business and the society (Robin & Reidenbach, 1987, as cited in Hunt, Kiecker, & Chonko, 1990). The primacy of love and service to others is consistent with the goals of social responsibility (Calkins, 2000). However, Friedman (1978, as cited in Ahmed, Chung, & Eichenseher, 2003) states that the only social responsibility of business is to increase its profit, and the moral obligation of business managers is to use resources efficiently.
Stakeholder theory appears to offer a useful framework for studying the relationship between business and society (Lamsa, Vehkapera, Puttonen, & Pesonen, 2008). All stakeholders, managers, shareholders, creditors, employers, government authorities and even society as a whole are impacted upon and also impact on the corporation (Psaros, 2009). Clarkson (1994, as cited in Psaros, 2009, p16) states that:

“The firm is a system of stakeholders operating within the larger system of the host society that provides the necessary legal and market infrastructure for the firm’s activities. The purpose of the firm is to create wealth or value for its stakeholders by converting their stakes into goods and services.”

2.3.3 Professional Ethics

Professional ethics are different from business ethics. In contrast to business people, professionals are required to have a high degree of ethical responsibility to society. Professionals do have expertise in their profession and the technical power they have enables them to gain opportunities to take advantage of lay persons who do not have similar technical knowledge and, therefore, are not able to evaluate the quality of services received (Cowton, 2009).

Ethical dilemmas for professional practitioners are a fact of life (Leung & Cooper, 1995, as cited in Pierce, 2007, p 66). Integrity is the key to professional ethics (Solomon, 1992).
Integrity is a key personal characteristic in ethical systems based on virtue and moral character. To achieve moral integrity, one should always hold to important moral principles in business which require a businessperson to refuse to compromise important professional principles (Forrest, 2005). Corruption is an impairment of integrity, virtue and moral principles. Corrupt individuals share a lust for wealth over others and, in turn, they will try to corrupt or harm those who remain their way (Smallwood, 2005). Conflicts of interest also raise moral concerns because conflicts cause the agent, who might have a personal interest that conflicts with his professional role, to have difficulties in being objective when evaluating the interests of both sides, therefore, when the agent acts on behalf of the clients and the clients would question if the agent will act in their best interests (Hicks, 2005).

2.3.4 Ethics and the Accounting Profession

The accounting profession suffered a series of setbacks when corporate scandals involving Enron and WorldCom. in the US (Conroy & Emerson, 2004; Emerson et al., 2007) HIH and Harris Scarfe in Australia (Dellaportas, 2006). These scandals have called into question whether the accounting practices or the standards themselves were to blame (Emerson et al., 2007). In the case of the Enron Corporation, the board of directors did not provide sufficient oversight to prevent bankruptcy of the company. Enron’s auditor, Arthur Anderson, also collapsed due to its shifting from providing audit services to selling high-profit margin consulting services (Brooks & Dunn, 2011). At the end, Author
Anderson falsified and shredded financial statements along with documents (Conroy & Emerson, 2004).

Gaa (1994, as cited in Dellaportas, 2006) states that the technical competence of professional accountants is rarely questioned, but the ethical standards and behaviour of accountants are always being questioned and attacked. There are relatively few financial scandals that are actually caused by methodological errors in the application of technique, but there are lots of accounting dishonour cases caused by errors in judgement (for example, the inappropriate use of a technique or non-disclosure related to it (Brooks & Dunn, 2011). These contemporary financial crises arises because of individual selfishness, moreover, the financial intermediaries and political representatives involved also have to be held responsible (Beverungen, Dunne, & Hoedemaekers, 2013). Since the occurrence of these financial crises, there has been a call to restructure the regulatory system that governs the accounting profession (Pitt, 2002). In the United States, the Sarbanes-Oxley Act was signed into law in 2002 after the financial crisis (Razaki, Koprowski, Alonzi, & Irons, 2010). The ethical and moral dimension of management, business and government is now being observed and regulated at the organization, state, national and international levels (Small, 2006). Accounting is an obligatory function for the operation of a corporation and, if there is a failure in a corporation, the accounting function should be scrutinized. Ethical issues in accounting have been focused upon because of corporate failure (Adkins & Radtke, 2004).
As the falling of ethical standards is a major concern of the accounting professionals, this dissertation studies the ethics and ethics education of accounting professionals.

2.3.4.1 Accounting Profession– Professional Bodies and Practitioners

Professional accounting bodies are made up of members and best portray the idea of a profession being a moral community. There are other types of professional bodies such as those that act as an examining institution (qualification professional bodies) and those with an extended relationship with customers (customer-focused professional bodies) (Cowton, 2009). All professional accountants (in practice or working in commercial or public sector organizations) are bound to uphold high ethical standards under the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC). An accountant who is a member of a professional body that is an IFAC member is required to comply with the principles of the IFAC Code and the professional body’s code of conduct. Ethics and integrity are major business conduct issues considered by many organizational leaders nowadays (IFAC, 2008).

Professional bodies can help to increase ethical and moral standards by including ethical issues in the education, training and qualifications set for their members and student members. The ICAEW (The Institute of Chartered Accountants of England and Wales) includes ethical matters in their “Reporting with Integrity” examination study and their
codes of ethics (Cowton, 2009). Other international accounting bodies, such as ACCA (Chartered Association of Certified Accountants) and CPAA (Certified Practising Accountants of Australia), also include business/accountants’ ethics elements in their professional examinations. Many accounting firms require ethics training for their employees (Dipiazza, 2002). In order to help build a decent moral community, professional accounting bodies do have the potential to contribute by including ethical matters in the requirements (Cowton, 2009).

HKICPA has set up a Code of Ethics (2013) dictating that professional accountants have to be independent in the performance of professional services. Independence comprises independence of mind and independence in appearance. These are defined as follows (HKICPA, 2013, p.34):

*Independence of mind*

*The state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.*
Independence in Appearance

The avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances, that a firm’s, or a member of the assurance team’s, integrity, objectivity or professional skepticism has been compromised.

It also regulates that professional accountants should apply safeguards when necessary to eliminate these threats or reduce them to an acceptable level. Safeguards are actions or other measures and they fall into two broad categories: (a) safeguards created by the profession, legislation or regulation; and (b) safeguards in the work environment (HKICPA, 2013).

2.3.5 Accounting and Ethics Education

Academics are pursued for their knowledge and they improve their professional knowledge through research; they also teach students how to learn through their teaching activities (Macfarlane, 2005). Calabretta (2011) has undertaken a meta-analysis of articles that have been published within the last 30 years in the Journal of Business Ethics and has found that there are articles discussing methods and tools for teaching business ethics, and articles on the implications of ethics courses in the academic curriculum. Ethics is now regarded by many accounting educators as a critical component of accounting education.
(Huss & Patterson, 1993). Since the 1980’s, there has been a rise in the number of ethics courses and modules in the graduate and undergraduate business curricula of colleges and universities in the United States and the American Assembly of Collegiate Schools of Business (AACSB) has sought to integrate ethics education into the business curriculum (Cavaliere, Mulvaney, & Swerdlow, 2010; Davidson, 2005).

The reasons why business ethics have become more important in the academia are not difficult to understand: we cannot just put the expected ethics into our legal system as one cannot legislate for morality, whether it be personal or corporate (Small, 2006). This is supported by Bies’ 2002 study (as cited in Emerson et al., 2007), it states that quality and integrity cannot be legislated. In the academic world, we might go one step further to improve the quality of the course of business ethics.

The area of ethics is a profoundly complex domain and this complexity has an impact not only on students and teachers, but also on practitioners (Hill, 2004). In Borkowski and Ugras’ (1998) study, it was found that additional exposure to ethics theory and ethical dilemmas would benefit the business community, whether in practice or in academia. Researchers have found that students in business facing ethical decisions are largely in cognitive stages 2 or 3 of Kohlberg; an initial emphasis on stage 3 reasoning may be necessary to enable students to aspire to and comprehend stage 5 reasoning, so that their
development is feasible and desirable (Brooks & Dunn, 2011; Weber & Green, 1991). Since a sense of ethics and moral development can be enhanced through the educational process, there is need for additional efforts by accounting teachers and researchers to work on the ethics education in accounting (Gaa & Thorne, 2004; Huss & Patterson, 1993).

Accounting professionals are looking for those who know the importance of and are equipped with the skills necessary for making ethical decisions and they are, therefore, no longer satisfied with just hiring competent accountants (Williams & Elson, 2010). “Good ethics is good business because of readily understandable quid pro quo concepts; a business that behaves ethically induces others to behave ethically toward it” (Ruegger & King, 1992, p180).

There is no single, ethically right solution for decisions made on ethical dilemmas (Crossman, 2008; Thorne, 2000). Both the accountants and accounting educators should warrant the accounting profession rest on ethical principles as the public would form opinion (Crossman, 2008; Fatt, 1995). There is a need for exemplary ethical behaviour from those running our business institutions. Business professional, such as financiers, accountants and lawyers, should receive continuous training from their professional bodies so they grow and improve “ethical sensitivity” – an understanding of fairness, openness, transparency, integrity and responsibility to others, and the ability to recognise
conflicts of interest, as they come to light (Back, 2012). The corporate world has changed, as has the culture in business; thus, academics in business schools and business students should be aware that there will be ethical and moral issues they will have to face at some time (Small, 2006). Accountants are induced to act ethically through two phases of their socialisation, with one phase being the education process and the other phase being the influence of the practical training process gained from accountancy activities (Dellaportas, 2006; Puxty, Sikka, & Willmot, 1994). Also important are role models who demonstrate ethical behaviour to them (Dellaportas, 2006; Puxty et al., 1994).

In the above-mentioned, many have explained positively why ethics education is required in accounting degree programmes, and Brooks and Dunn (2011) states that, if there is no formal ethics education, accounting students and graduate accountants need to develop their ethics cognitive judgement by trial and error from their workplace colleagues when they face ethical dilemmas. However, it would be very ineffective for our society to have our future accountants learn in such an undesirable way. Nevertheless, even though people have knowledge about constructing ethics positions via cognitive judgement, they may not exercise it in their workplace. Working people must remember that they or their colleagues sometimes need to make ethical decisions not consistent with their ethical and moral beliefs to keep their jobs (Crossman, 2008).
2.3.5.1 Goals of Accounting Ethics Education

The global economic crisis in 2008 was evidence of incompetence and defectiveness in financial institutions, monetary policy, financial markets, banking regulations, accounting standards, accounting practices and auditing practices. It is, however, clear that business students recognize that the accounting discipline is more than learning accounting techniques, such as the preparation of journals with debits and credits (Razaki et al., 2010). In the mid-1970s, a group of academics, mainly from Catholic universities in the United States, initiated the study of business from the perspective of ethical theory (Freeman, Stewart, & Moriarty, 2009). Over 77% of the respondents of a survey of 984 students and teachers from the accounting faculty agreed that there should be more emphasis on ethics (May, Windal, & Sylvestre, 1995). Since 1991, there has been a trend toward increased concern among college students regarding the lack of business ethics in the United States (Peterson, Beltramini, & Kozmetsky, 1991). Moreover, there has been growing concern with understanding the role of colleges and universities in helping students perceive themselves as responsible and ethical participants in a tolerant and diverse democracy (Mayhew, Seifert, & Pascarella, 2010). Therefore, ethics education was incorporated into the business curriculum (Cavaliere et al., 2010). In the United States, ethical understanding is one of the six learning outcomes among the other five (communication abilities, analytical skills, cultural sensitivity and diversity understanding, use of information technology and reflective thinking and reasoning skills) for the Association to Advance Collegiate Schools of Business Accreditation Standards (De Villiers, 2010).
Callahan’s 1980 study (as cited in Shawver, 2006, p.51) describes a set of goals for accounting ethics education:

1. Relate accounting education to moral issues.

2. Recognize issues in accounting that have ethical implications.

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

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

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

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

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

To relate accounting education to moral issues: 1) Students must understand that we are living in a society with a network of moral relationships and, within these relationships, we are unavoidably forced to make moral choices. 2) In recognizing that issues in accounting have ethical implications, students should be able to distinguish issues that need ethical judgement. 3) It is important to develop a sense of moral obligation so as to incline students to act for the right and the good. 4) In developing abilities to deal with
ethical conflicts or dilemmas, students should understand the consequences of different moral choices that are being made and also have the skills to deal with ethical dilemmas. 5) Students should understand the ethical problems in accounting professions and learn to deal with uncertainties within the accounting discipline. 6) Students should be able to recognize an ethical issue, as that can help change one’s behaviour after a moral judgement has been made. 7) Students must be able to understand the cultural, political and social aspects of the accounting profession (Shawver, 2006).

Alam (1999, as cited in Sims, 2002, p.279) suggests that fourteen steps should be taken to achieve the objectives of teaching business ethics including: involving business people in designing curricula; by creating a class with a businesslike environment; organizing workshops for developing different skills and competencies; co-ordinating different disciplines through case studies; inviting consultants from outside to provide a broader view of business; analyzing business practices; properly co-ordinating different disciplines; developing fictional companies for study developing courses on business ethics and society; using role playing to explore ethical problems, developing courses that relate to the social implications of business decision making; providing students with workplace experience; and training staff in multidisciplinary areas so that they can relate their disciplines to overall business /decision making; and ensure that education is well-rounded at the lower level and more specialized at the higher level.
2.3.5.2  

*Ethics as Stand-Alone or Embedded Courses*

To promote ethics education, a more interdisciplinary approach and professional socialization has been introduced in accounting programmes (Huss & Patterson, 1993). Different educational institutions have adopted different approaches to accounting ethics education (Warinda, 2013). A stand-alone course refers to a specific graduate ethics course required by one graduate, while an embedded or integrated course refers to the inclusion of ethics content throughout a program’s curriculum (Sanders & Hoffman, 2010).

Ethics can be a stand-alone course or a mixed course. Schoenfeldt, McDonald, and Youngblood in their (1991) study stated that, in the United States, 73% of the Association of Advance Collegiate Schools of Business (AACSB) International accredited undergraduate programs had a stand-alone ethics course in their curricula (Nicholson & DeMoss, 2009). In accountancy programs, co-ordinators reported an increase in ethics issues coverage across their curricula (R. L. Madison & Schmidt, 2006).

Curriculum design is a complex and time-consuming process (Ghaffari, Kyriaco, & Brennan, 2008). Stand-alone ethics courses are easy to manage during the design stage of the programme curriculum and some educators prefer the stand-alone approach. Teaching ethics as a stand-alone course was the most preferred approach (Warinda, 2013).
However, some other researchers (Blanthorne, Kovar, & Fisher, 2007; Ghaffari et al., 2008) found that there is a strong preference for an integrated/integration approach to ethics. Under this approach, the textbooks of other courses need to include ethics issues, otherwise the burden of integration would be on the educators and this would discourage the educators from embedding the ethical issues in the accounting programme. Textbooks routinely used in accounting programmes offer little or no coverage of ethics (Ghaffari et al., 2008; Sikka, Haslam, Agrizzi, & Kyriacou, 2007), thus, other accounting material may be lost when ethics is integrated into existing courses (Williams & Elson, 2010). Moreover, educators need to work in an interdisciplinary manner, and it would increase the burden of the education providers if an integrated approach were to be selected (Macfarlane & Ottewill, 2004).

Another approach for including ethics in the accounting curriculum is to position it at the very end of the curriculum. However, it can be argued that accounting ethics, an ethics course concentrating in accounting issues, should be considered as a capstone course and included in accounting curricula (Shawver, 2006).

Other researchers suggest a “sandwich” approach, whereby ethics cases are integrated throughout the accounting curriculum and students take a general ethics course early in
their academic careers, as well as a capstone course in accounting ethics (M. B. Armstrong, 1993; M. B. Armstrong, Ketz, & Owsen, 2003).

Students may experience scepticism when they study business ethics because of the seeming contradiction in the terms (Macfarlane, DesJardins, & Lowry, 2004). Through this, students increase their awareness of the topics relating to business ethics (Peterson et al., 1991). However, students need to be introduced to in-depth ethical situations before they enter the profession so that, as professionals, they can continue to meet society’s expectations in the most professional and ethical way (Helps, 1994; Williams & Elson, 2010).

2.3.5.3 Ethics Courses - Content Coverage

From the perspective of curriculum coordinators across the majors, there is a significant gap between current and normative levels of instruction on ethics in business school curricula and the content level in programs or majors, and it is not adequate to meet the needs of business graduates (Nicholson & DeMoss, 2009). To compare the contents of ethics courses in business disciplines and ethics courses in other disciplines, ethics courses in social work are used as an example. Most social work ethics courses use a three-step process: i) an introduction to moral theories, ii) the identification of ethical issues, and iii)
the application of ethical decision-making models and the code of ethics to ethical dilemmas (Dodd & Jansson, 2004).

There is a growing concern with understanding universities /colleges and their role in helping students realize themselves as responsible and ethical participants in a liberal and diverse society (Mayhew et al., 2010). Many universities/colleges have recognized the implications of the increasing attention on business ethics and, therefore, have included ethical content in their programmes (Brunton & Eweje, 2010; Cavaliere et al., 2010). In addition, there is an increasing level of concern among college students regarding ethics in business (Peterson et al., 1991). The aim of accounting educators is to expose students to ethics and to encourage students to reflect on the kind of ethical issues they might encounter (Ghaffari et al., 2008). To go further, there are increasing levels of concern regarding the methods and tools for teaching business ethics in academia (Calabretta et al., 2011).

### 2.3.5.4 Teaching Pedagogies

The teaching of accounting ethics should be congruent with the goals of an accounting curriculum. Educator should ensure that education rather than indoctrination occurs when teaching ethics, and that views that are based on reasonable grounds and that are different
from those of the educators should be accepted as correct answers (Huss & Patterson, 1993; Loeb, 1991).

Teaching values and methods

There are many methods of incorporating ethics into accounting courses, including the use of a variety of assignment and study materials, textbooks, ethics cases, video films, website materials, discussions of professional codes of conduct and professional examination questions (Adkins & Radtke, 2004; R. Madison, 2001). There are various approaches to teaching ethics in accounting, for example, philosophical approaches, psychological approaches, case studies and codes of conduct and virtue (M. B. Armstrong et al., 2003). Rest (1986, as cited in Dellaportas, 2006), revealed that dilemma discussion programmes are most effective, followed by personality development. Open and objective discussions regarding the morality of alternative decisions should be complemented by lectures on problem-solving methodologies (Huss & Patterson, 1993). Furthermore, in order to allow students to learn about current ethical issues in the business environment, faculty members and professionals should be involved in the classes (George, 1988; Huss & Patterson, 1993). Collaboration across disciplines within or beyond the business department is an appropriate approach for incorporating business ethics (Calabretta et al., 2011).
Lectures

Business ethics are the result of both personal and organizational influences, and this should not be taught via straight lectures which is a passive form of learning: lectures do not normally allocate time for students to do ethical analysis (Sims, 2002).

Case study method

Cases are written descriptions of business situations that require students to form a decision and are based on articles in current periodicals, interviews with key local executives, films and videos and experiential living events. The case study method is useful for understanding the various personal and organizational issues that lead to ethical dilemmas. Students are active learners as they read the case, analyze the issues and make recommendations based on case facts; however, while some students may not be comfortable with the ambiguity of this form of teaching, it does allow students to opine and listen to opposing viewpoints (Sims, 2002). Newspaper stories can be used as a case discussion basis. It must also be remembered that a complete case discussion is rather time consuming (Schaupp & Lane, 1992).

Scenario based methods

The Ethics Challenge Game developed by Lockheed Martin is a scenario based ethics training game that provides realistic mini cases. Team members may choose from optional
behavioural reactions and the answers are assessed according to the company’s mission and values. The game facilitator provides feedback on each alternative answer (Sims, 2002).

Current events periodicals

Students are required to analyze news and current events and they should be able to provide their views on their knowledge of the theory. By using this tool, students are trained to have a habit of staying current with business affairs and the ethical implications thereof (Philips & Clawson, 1998; Sims, 2002).

Experientially oriented pedagogical approaches

Black and Mendenhall (1989, as cited in Sims, 2002), have noted that experiential training methods, such as simulations and role plays, enable students to take part in learning activities other than lectures. Simulations can provide students with hands-on experience and a better understanding of the concepts discussed in the classroom. For example, business ethics students under the simulation pedagogical approach can be faced with ethical dilemmas as though they were in real life situations.
Guest lecturers

A guest lecturer can bring specific expertise to a particular subject matter discussed in the course, including the ethical issues and dilemmas that occur in the business world; for example, they might able to provide first hand knowledge of topics like corporate fraud, insider trading and whistle blowing (Sims, 2002). Guests are usually well received and increase students’ interest because they appreciate the opportunity to examine the applicability of academic concepts to business practice; guests can also broaden students’ perspective of ethics and corporate responsibility (Nicastro & Jones, 1994, as cited in Sims, 2002). However, it is difficult to control the content of guests’ presentations as they are not experienced in teaching, thus they may not provide guidance for the students in recognizing ethical issues and may focus more on telling stories (Sims, 2002). To increase accounting students’ hands-on practical training, properly selected practitioners as speakers on ethics issues and cases could be included in the lectures as they are able to cover most of the practical ethical concerns faced by accountants (C. Liu, Yao, & Hu, 2012).

2.3.5.5 Educators

Ethics, in general, ought to be included within business school curricula (Ghaffari et al., 2008), but it should not be seen as a subject that can be taught by anyone in any accounting subject (Williams & Elson, 2010). However, many educators are willing to
teach ethics, although they are not philosophers (Warinda, 2013). The teaching that is valuable cannot be done simply by telling (Cheung, 2003). One article shows that values can be learned and formed in the course of education, which is consistent with Kohlberg’s cognitive model (K. C. Lam & Shi, 2008). Cheung’s (2003) study addresses how teachers teach in secondary schools in Hong Kong: they make use of the textbooks and teaching resources provided by the publishers, source audio-visual aids to stimulate students’ interest, adopt a variety of activities, use lively teaching approaches and discuss contemporary issues with students. While Cheung’s (2003) study focuses on secondary schools in Hong Kong, it is still worth noting its findings as higher education is a continuation of secondary education.

Appropriate standards of ethical behaviour and professional conduct can be introduced in higher education by means of examples, for instance, in auditing courses (an important course in any accounting programme) (Ahadiat & Smith, 1994). Education should have a positive effect on moral development, but the content and approaches in the current education system have shortcomings and need to improve so that the positive role of education in moral development can be restated (K. C. Lam & Shi, 2008). Higher education in accounting is a formal learning ground that trains future accountants for society and prepares students to be hired in the workplace. Educators should ensure that they support and encourage the development of critical thinking, oral and written communication skills, and proper professional conduct and ethical behaviour as these
characteristics are high on the list of favoured employee attributes among employers (Ahadiat & Smith, 1994).

2.3.6 Recruitment

There are many articles about education, but not so many relating to practitioners’ ethics. More attention should be spent on inquiring as to whether more can be done for practitioners, because the influence of business ethics research on practitioners’ managerial practices has received little attention, particularly those with a clear practical relevance (Calabretta et al., 2011). The literature suggests that in recruitment, accountants are sought who not only have ethical skills, but also the knowledge of the importance of making ethical decisions, that is, employers do not just merely look for competent accountants (Williams & Elson, 2010). Therefore, in order for professional accountants to fulfil their role in society, they must not only have intellectual and technical expertise, but also moral training, professional judgement and experience (Mintz, 1995; Williams & Elson, 2010).

2.3.7 Accounting Profession, Academia and Students in Recruitment

In the last three decades, different views have arisen among researchers regarding the importance of ethical behaviour and ethics education in the accounting curriculum. Employers in the accounting profession request highly qualified and skilled job applicants,
academia wish to deliver better equipped accounting graduates to the market and students want to equip themselves better for the work environment (Uyar & Gungormus, 2011). Some researchers have studied the perceptions of students, academia and accounting practitioners in relation to ethics in accounting, for example, Adkins and Radtke (2004), Ghaffari, Kyriacou, and Brennan (2008), and Ibrahim and Angelidis (2009).

2.4 Objectives

2.4.1 Research Gap

The literature on recent business scandals has been reviewed and it has been found that various acts of disgrace were not due to the technical incompetence of staff but to a fall in ethical standards, of which accountants were aware. Professional accounting bodies have attempted to remedy this by reinforcing the ethical elements in their codes of ethics which they require their members to observe and, in addition, by increasing the weightings attributed to ethics related issues in their examinations. Accounting educators have also responded to the fall in ethical standards by increasing the portion that relate to ethics in the accounting curriculum so as to improve students’ ethical awareness and behaviour. These parties are, hence, trying to improve the ethical standard of the accounting industry. However, there has been no prior study in Hong Kong to investigate whether working accountants concur with the ethics education received by future accountants (accounting students). From the literature review on business scandals, accounting education and recruitment, it can be seen that there is significant variation between the perceptions of
accountants on the importance of ethics education received at the time of an entry-level accounting graduate’s recruitment. There is no research in Hong Kong asking accountants about their views on ethics education, so this study aims to fill this research gap.

Globalization has brought many nations with different backgrounds, diverse cultures and know-how together to play a part in the global economy (Monga, 2007). In the eastern world, Chinese corporate governance is weak and non-transparent by western standards (Woodbine et al., 2012). Dolecheck and Dolecheck’s 1987 study (as cited in C. F. Lam, 2004) found that more than 50% of Hong Kong managers agree that business ethics means simply operating a firm in such a way as to comply with the law, while only about 10% of American managers agree with this statement. Business ethics does not dominate the business culture in Hong Kong. Earlier research by Ahadiat and Mackie (1993), Breaux et al. (2012) and Adkins and Radtke (2004) was conducted in the United States.

This study intends to examine, within the context of Hong Kong, whether there is any parity between the ethics education requirements for new accounting graduates from the employers’ viewpoint and the ethics education imposed via the syllabi of the ethics professional examinations. If there is less parity between them, it implies that the ethics education which students receive might not help them meet the requirements of their potential employers.
2.4.2 Research Question One

2.4.2.1 Discussion on Ethics Education in Recruitment

Ethics education has been introduced in the accounting curriculum of degree programmes. Accountants are required to assure objectivity and integrity for the protection of the public in their role as financial reports’ preparers or auditors, and it is presumed that they maintain both technical and ethical standards (Kirk, 1984, as cited in Hise & Masey, 2010). Many of the traditional technical accounting tasks are becoming automated, so the value of professional accountants now lies in their generic skills (Hunton, 2002; Klibi & Oussii, 2013). Ethics is one of those generic skills. However, to what extent do accounting practitioners consider “ethics education” in the recruitment process when they hire entry-level accounting graduates? The following two sections review the two different views on whether ethics education is a factor in recruiting entry-level accounting graduates.

2.4.2.2 Against Ethics Education as a Factor in Recruitment

In 1988, a study was conducted with a panel of partners and managers from accounting firms which analyzed and refined the characteristics their firms sought in entry-level accountants. The members of the panel indicated that measures of grade-point average, attendance at a quality university, attractive personality characteristics, participation and leadership in organizations, and professional appearance and presence were the most important characteristics, with academic aptitude, membership in organizations and most personality performance tests being of lesser importance among the 49 variables that were
used (Dinius & Rogow, 1988). Ethics education was not one of the 49 factors in their study.

The following example again shows that ethics is not always required as a recruiting characteristic. In 2008, a study confirmed the characteristics that employers of accounting graduates feel are most necessary. The study discovered that there are ten characteristics, namely: willingness to travel, compatible career aspirations, communication, accounting GPA, overall GPA, a Masters degree, respect, AACSB accreditation, computer skills and qualification to take the CPA exam (Metrejean, Metrejean, & Stocks, 2008). Notably, ethics is not one of the recruiting characteristic and, thus, ethics education is not always in the top characteristics that recruiters require from accountancy curricula.

In the accounting industry, technical skills will always be a priority in the development of a well-rounded accounting graduate (Tempone et al., 2012), but soft skills are always included in the list of desirable attributes.

2.4.2.3 Support for Ethics Education as a Factor in Recruitment

From the responses of 28 accounting practitioners, the following three have been found to be the qualities most required by employers: analytical/problem solving proficiency,
business awareness/real life experience and basic accounting skills. Ethics/fraud awareness/professionalism is fifth in the overall twelve as ranked by employers (Kavanagh & Drennan, 2008).

In another study, Tempone et al. (2012) included “Ethical, discretionary behaviour” as a non-technical skill in the questions for the interviewees (who were members of professional members and employers) to choose from, and the results show that it is not among the most frequently cited desirable attributes but does have a higher ranking than “written communication/reports, intellectual capacity and time project management skills” in interviews with professional bodies and employers (Tempone et al., 2012).

It has been found, however, that a higher level of importance is placed on ethics for entry-level employees. In recruiting their entry-level employees, accounting firms view ethics as the highest amongst the personal characteristics (Ahadiat & Mackie, 1993). Accountants are now required to meet a broader and more complex set of skill demands both at recruitment level and in their advanced career (Tempone et al., 2012). Due to the continuing interest in ethics shown by accounting firms and the ethics CPE requirement, it would seem that ethics education in accounting curricula should be an important factor in the hiring decisions of recruiters relating to entry-level accountants (Breaux et al., 2010). Several expectation gaps may exist among academia, the students and practicing
accountants (Adkins & Radtke, 2004). In Adkins and Radtke’s (2004) study, they found that students place a higher level of importance on accounting ethics and ethics education than do academic faculty members. Differences in perceptions between accounting students and faculty members are found in Adkins and Radtke’s (2004) study. This shows that students see a significant disconnect between ethics and professional performance or rewards (Luthar & Karri, 2005).

### 2.4.2.4 Summary on Ethics Education in Recruitment

From the above discussion, there are mixed views regarding whether or not ethics education should be a factor for hiring entry-level accounting graduates. Some studies find employers rank ethics education high among other recruitment attributes, in contrast, some studies do not place “ethics characters” on the recruitment list. It appears that there might be two extreme views on the importance of ethics education in the recruitment of entry-level accountants. Consequently, this dissertation addresses the first research question:

*Research Question 1: What is the importance of ethics education in the recruitment of accounting professionals?*

Various socio-demographic characteristics of individuals are related to moral judgement and ethical attitudes (Deshpande, 1997). In the following sessions, this research question
will be examined via a variety of demographic variables - gender, age, type of firm, firm size and ordinary work location of a respondent. Subsequently, five hypotheses are developed to study the extent of the influence.

2.4.2.5 Gender hypothesis

Earlier philosophers such as Kant, Nietzsche and Weininger stated that women were incapable of enjoying the same high degree of ethical values as men (K. C. Lam & Shi, 2008; Smith & Oakley, 1997); in other words, women have a lower ethical standard than their male counterparts. Gilligan (1982) suggests that men and women have different conceptions of morality, which is a challenge to Kohlberg’s model of cognitive moral development (CMD). The findings of Ruegger and King’s (1992) survey of 2196 students suggest that gender and age are significant factors in the determination of ethical conduct and that females are more ethical than males in their perception of business ethical situations. The main “whistle blowers” at Enron and WorldCom were Sherron Watkins and Cynthia Cooper respectively, both of whom are women (Emerson et al., 2007). Literature (K. C. Lam & Shi, 2008; Peterson et al., 1991) and this confirms that women have stronger ethical attitudes than men. A survey of 345 public accountants conducted by Ibrahim and Angelidis (2009) in the United States finds that ethics is ranked fourth by the females and sixth by the males. In other words, females consider ethics to be more important than males (Ibrahim & Angelidis, 2009). In conclusion, the literature supports
the idea that females are inclined to be more ethical and have stronger ethical attitudes than their male counterparts. Therefore, in the first hypothesis, this study postulates that:

**Hypothesis 1.1: The ethics rank (Value of ethics in education) is higher for female accountants than for male accountants.**

### 2.4.2.6 Age Hypothesis

Age is considered by Kohlberg (1984) to positively affect moral development, and his identification of age as a determinant of ethical behaviour has been supported by (Thoma, 1985 and Rest, 1986, as cited in Borkowski & Ugras, 1998). According to Rest and Trevino (1986), moral development is a function of the maturation resulting from life experiences (Dellaportas, 2006). These theories show support for the relationship between age and ethics.

Empirical work has shown divergent results between age and ethical behaviour. Previous research has found that the higher the age of the observer, the more unethical the situation is perceived to be (Ruegger & King, 1992). However, other researchers have found that in terms of ethicality there is no significant difference due to age (Lane & Schaupp, 1989).
On the other hand, most empirical studies indicate that older people exhibit higher ethical standard than younger people (Conroy & Emerson, 2004). Moreover, the meta-analyses also support the finding that ethical behaviour increases with age (Borkowski & Ugras, 1998). In more recent research on ethical attitudes in Mainland China and Hong Kong, it has been found that both the youngest and the oldest members of the population have a lower acceptability of unethical behaviours than middle-aged people (Borkowski & Ugras, 1998; K. C. Lam & Shi, 2008). This result is also supported by a recent study conducted on two groups of people, with one group containing people aged between 40-45 years and the other group containing people over 56 years of age. Both groups considered the goal of creating an awareness of ethical dilemmas and providing methods of resolving them to be extremely important (Warinda, 2013). Given these findings and Kohlberg’s Cognitive Moral Development theory, this study suggests that older accountants are inclined to be more ethical and have stronger ethical attitudes than the younger accountants. Therefore, the second hypothesis proposes:

_Hypothesis 1.2: Older accountants rank ethics as being more important than do younger accountants._

**2.4.2.7 Type of Firm Hypothesis**

This section discusses whether the type of firm affects the respondents’ ethics ranking. In terms of the ethical reasoning level measured in Liu’s (2011) study, there is no significant
difference between Chinese managers and accountants (G. Liu, 2011). The type of firm in this study is identified as either a CPA firm or a non-CPA firm. Professional accountants who work in CPA firms are described as CPAs in public practice. In the Merz and Groebner’s (1982) study on accountants’ ethical concerns and beliefs, they suggest that CPAs in public practice and CPAs who are not in public practice both hold similar ethical concerns and beliefs (Merz & Groebner, 1982). The findings of these investigations show that the type of firm in which a respondent is working does not significantly affect his or her ethical reasoning level, ethical concerns and beliefs. Therefore, this study proposes that:

_Hypothesis 1.3: There is no significant difference in ethics ranking among accountants working in CPA firms and those working in non-CPA firms._

**2.4.2.8 Firm Size Hypothesis**

At the organisation level, smaller firms appear to behave more ethically than their counterpart larger firms (Dalton & Kesner, 1988). A study on the service industry (Murphy, Smith, & Daley, 1992) states that firm size influences ethical conduct, although the direction of this influence is not specified. In another survey of 1224 respondents conducted in Hong Kong, McDonald and Kan (1997) concluded that company size does not significantly correlate to ethical responses, except in two scenarios relating to the exposure of personal error and insider trading (McDonald & Kan, 1997). These findings
show no strong indication as to whether working in a bigger or a smaller firm will lead to respondents possessing a stronger ethical attitude or displaying stronger ethical behaviour. Therefore, again, with regard to the fourth hypothesis, this study proposes:

_Hypothesis 1.4: There is no statistically significant relationship between ethics ranking among accountants and their company size._

### 2.4.2.9 Work Location Hypothesis

Business ethics is culture-specific (Nicholson & DeMoss, 2009). Culture is a set of learned core values, beliefs, standards, knowledge, morals, law and behaviours shared by individuals and societies. Culture has an influence on how one behaves, feels, observes and views itself and others (Mitchell, 2009). The way an individual does business is affected by their society’s view of authority, morals and ethics (Mitchell, 2009). Culture and ethical attitudes may vary across cities and countries (K. C. Lam & Shi, 2008). The present study is a local study, and it is expected that there will be little culture difference among respondents. Therefore, the fifth hypothesis proposed in this study is:

_Hypothesis 1.5: There is no significant difference in ethics ranking among accountants ordinarily working in Hong Kong and those who do not._
2.4.3 Research Question Two

Following from research question one, it is pertinent to test accountants’ perception of the importance of ethics education in entry-level recruitment. It is expected that some consider it to be important and some not. The reasons supporting their preferences depend on their perceptions of the content of ethics education and the learning effectiveness of the students. Students should learn what is in the syllabus, and the effectiveness of this learning will be conditional upon the accompanying pedagogy. Regarding the importance of technical and non-technical competency skills, it is found that there is a large gap between their emphasis in workplaces and at the universities (Chaker & Abdullah, 2011; Rahman, Abdullah, Agus, & Rahmat, 2007). In order to narrow this gap between universities and the workplaces, the syllabi might be modified to satisfy workplaces need (Uyar & Gungormus, 2011). Many western business schools have included business ethics in their curricula but, if there has been a failure of trained professionals to observe business ethics, it raises the question of whether the syllabi are either not effective or do not suit a capitalist economy (C. F. Lam, 2004).

Professional ethics course is part of the accounting education programme in Hong Kong, but there has been no previous study to see if there is a gap between the coverage of ethics in education and the expectation of employers. In this study, it is assumed that there will be a difference between the expectations of employers and the coverage of ethics in education, thus, research question 2 is as follows:
Research Question 2: Is there any gap between the expectations of employers and the coverage of ethics in the education of professional accountants?

2.4.4 Research Question Three

Further to the second research question, it appears that there might be a gap in ethics themes between the expectations of the employers and the syllabi of ethics education. There are many ethics themes included in ethics education, however, some ethics themes considered important by accountants are not given the desired level of emphasis in the syllabi. This study will compare and look at this gap.

The literature, as mentioned earlier, reports that there have been financial scandals in recent years, and it is observed that the ethical reasoning of accountants in recent two decades is declined (Abdolmohammadi, Fedorowicz, & Davis, 2009). A possible reason to explain this decline would be a lack of effectiveness in the ethical training (O'Leary & Stewart, 2013). From the literature discussed in Section 2.3.5.4, many teaching methods have been used to educate accounting students. In employability, the employers, students and the academia are the three main parties, among them, academia are to be responsible for pedagogy and the development of academic curriculum (Costea, Amiridis, & Crump, 2012). Acknowledging the importance of ethics education on the content and pedagogy of the accounting programmes in Hong Kong, therefore, the professional accountants’ views
on the content and teaching methods are to be examined. Many accountants have encountered professional ethics in their education or during their continued professional development. The answer to this research question will provide insights into whether our accounting practitioners have further expectations of ethics education when they recruit entry-level accountants. Here is the last research question of this study:

Research Question 3: What are the accountants’ expectations of the themes, teaching methods and content relating to ethics education in the accounting curriculum?

2.5 Model

The study develops a model linking the relationship among employers (professional accountants), academia and professional accounting bodies (via syllabi) and accounting graduates with respect to the recruitment of entry-level accountants. The model has been designed to look at accountants’ perceptions of the importance of ethics education in recruiting entry-level accounting graduates. This study presents five propositions testing the extent to which these demographic characteristics (gender, age, type of firm, firm size, and ordinary work location) affect accountants’ perceptions of the importance of ethics education in entry-level accounting graduate recruitment.

In addition, this study examines whether or not there is a gap between accountants’ expectations of ethics content and the syllabi in related documents (accounting
programmes, examinations of professional accounting bodies, and codes of ethics). Education includes not only the syllabus content, but also its delivery methods. This study also deals with professional accountants’ views on the content and pedagogies of ethics education. Meanwhile, at the qualitative stage, a comparison is conducted between the syllabi of ethics courses among the relevant documents. On the next page, a model is presented to reflect the relationship between the research questions and hypotheses. Due to the scope of this study, no investigation into any possible links between the programme design (i.e. from the syllabi to the actual delivery of the programme) and the assessment of accounting education is conducted.
A Framework for Ethics Education in Accounting Degree Programmes in Hong Kong

**Figure 2.2 Framework of the Research**

- H1, H2, H3, H4, H5
- Accounting Practitioners (perception on ethics education)
- RQ2
- Accounting Programmes (syllabi)
- Qualitative Analysis
- Relevant Professional Accounting Bodies (syllabi & codes of ethics)
- Programme Delivery (pedagogy, contents)
- Programme Design
- Assessment
- Accounting Graduates
2.6 Summary

This theoretical backdrop has provided some understanding of the classical history of ethics, Plato, Aristotle and Jean Piaget. Theories of ethics, including utilitarianism, deontology and virtue ethics, and Kohlberg and his model for moral development have been introduced. A few common ethics elements relating to personal and social ethics, business ethics and professional ethics have also been mentioned.

Extensive literature has been reviewed concerning the recent business scandals, the accounting profession (professional bodies and practitioners) and ethics in accounting education. Ethics as stand-alone or embedded courses have been discussed. The content coverage in ethics courses and goals of accounting ethics education has been identified. Teaching pedagogies, teaching values and different teaching methods, and the educators have been included. The relationship between the accounting profession, academia and students about to be recruited to entry-level accounting positions has been discussed. The research gap and the demographic factors have then been identified. Finally, three research questions and five hypotheses have been developed for investigation. A model has been developed to explore the relationship among employers, academia, and accounting graduates with respect to the recruitment of entry-level accountants. The next chapter will describe the methodology.
Chapter 3 Methodology

3.1 Introduction
The purpose of this chapter is to discuss the research design and the methodology adopted in order to examine the importance of ethics education in the recruitment of accounting professionals, to study the gap between the expectations of employers and the coverage of ethics in the education of professional accountants and to explore the accountants’ expectations of the themes, teaching methods and the content related to ethics education in the accounting curriculum.

3.2 Research Design
This is an atheoretical study. No specific theory is referenced to explain the reasons for the different expectations of the ethics education of accounting graduates in the views of accountants. The study aims to investigate the accountants’ expectations relating to ethics education in accounting curricula and in entry-level recruitment. The first part of the study - an analysis of documents, is explorative; important variables need not be thoroughly defined for an exploratory study (Cooper & Schindler, 2011). The middle part of the study is descriptive. In a descriptive study, characteristics associated with a subject population are described and associations among different variables are discovered (Cooper & Schindler, 2011). In a later part of the study, factor analysis and hypothesis testing are
undertaken. A mixed methods research design was chosen to collect both quantitative and qualitative data.

3.3 Qualitative Research

Qualitative research is explorative; quite often neither the sites and units of investigation, nor the precise objects of reasoning, circumstances and core problems are precisely known at the beginning of the research (Diefenbach, 2009). There are a number of qualitative research methods; for example, interviews, focus groups, case studies, document analysis and discourse analysis. Documents are sources of data; they can be letters, memos, diaries, autobiographies, internal reports, newspapers or magazines. These documents, however, are not produced at the request of the business researcher, instead, the objects are to be analysed (Bryman & Bell, 2011). This study utilizes the document analysis method for qualitative research. An analysis of relevant documents is conducted in order to select appropriate items to represent ethics keywords (themes). This is to be built upon to generate three sets of questions that are components of the questionnaire for the quantitative portion of the study. Other qualitative research methods such as interviews or focus groups are not used for the collection of major appropriate ethics related keywords because they are unsystematic and the results are not reliable indicators of the reactions of the wider population (Bryman & Bell, 2011). Nevertheless, expert advice on additional ethics themes is collected to compile all the themes used for the questionnaire because all the ethics elements may not be covered in the written documents being analyzed. The
expert advice helps to provide new insights to the systematically collected ethics themes from the analysis of documents, and to elaborate interpretations of phenomena without depending on numerical measurement (Zikmund, Babin, Carr, & Griffin, 2010).

3.3.1 Sampling Design and Sample

The analysis is to be carried out in the summer of 2012. The higher education system in Hong Kong has undergone a vast change from 2012/2013 onwards. The number of secondary school years has been shortened by a year from seven to six years, and the number of years required to complete a degree course has been extended by a year from three to four years. In a degree programme curriculum, a four-year programme does allow a wider spectrum of courses than those that are offered in a three-year programme. In a curriculum of insufficient space, it is a “luxury” to include ethics teaching (Bampton & Maclagan, 2005). Ethics related courses are not traditionally core accounting and finance subjects, but ethics are considered to be essential to support a healthy business environment. Nevertheless, due to the extension of the number of years in degree programmes in Hong Kong, there is a higher chance that ethics related courses may be included in a four-year programme than a three-year programme. During the period when the syllabi were searched for, the universities had just started to change to a four-year programme so there are only a handful syllabi and course descriptions available in the public domain.
There are only a small number of syllabi of accounting programmes available for further analysis. This available population is also the intended sample for this study. There are eight universities and a few colleges that offer accounting degree programmes in Hong Kong. Some local universities and colleges collaborated with overseas universities and offer accounting degree programmes, the awarding institutions being overseas universities. In this study, syllabi of this kind of higher education are excluded and not considered.

Three different types of documents are analyzed: One – the syllabi of ethics related courses in accounting degree level programmes offered in Hong Kong; Two – the syllabi of ethics related examinations of professional accounting associations; Three – the codes of ethics of professional accounting bodies. In total, there have been ten documents selected of which four are from the accounting programmes in Hong Kong, two from the accounting professional examinations and the remaining four are from codes of ethics.

Accounting students are required to take professional accounting examinations, and hence, the courses’ syllabi of their accounting programme should be set as a foundation to the syllabi of professional examinations set by the professional examination bodies. Detailed syllabi of ethics related courses such as business ethics, professional ethics, and accounting ethics available in the public domain are selected for analysis. The analysis
requires a comparison of themes related to ethics; a brief description of a course or a set of course objectives alone would be insufficient for further analysis. Finally, only four syllabi are selected because they are sufficiently detailed and specific for further analysis. Items in relation to ethics which appeared more frequently in the syllabi were selected, with 14 items being selected in total.

For the second type of documents, viz., syllabi of professional accounting examinations, only those examinations that are conducted in Hong Kong shall comprise the population. The syllabi of a stand-alone ethics related examination of professional accounting bodies offered in Hong Kong are also selected for comparison. The examinations of the following accounting bodies are looked at: HKICPA, ACCA, CIMA, CPAA and CGA. The examination papers of these accounting bodies covered ethics issues, but only paper P1 “Governance, Risk and Ethics” of the ACCA (The Chartered Association of Certified Accountants) and the professional paper “Ethics and Governance” of CPAA (Certified Practising Accountants of Australia) are stand-alone examinations, so they are analysed in this study. As for the other three associations, they do not have stand-alone examinations for ethics, for example CIMA covers ethics issues but over four examination papers, therefore, these examination papers are not included in this study.
The third type of document relates to the codes of ethics which professional accountants are required to observe by the respective professional accounting bodies. The following table (table 3.1) presents a summary of information for document analysis.

<table>
<thead>
<tr>
<th>Document</th>
<th>Degree Programme (Syllabi)</th>
<th>Professional Accounting Association (Syllabi)</th>
<th>Code of Ethics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Syllabi of ethics related courses in accounting degree level programmes</td>
<td>Syllabi of ethics related exam. of professional accounting associations</td>
<td>The codes of ethics of professional accounting bodies</td>
</tr>
<tr>
<td>Criteria</td>
<td>- in public domain -sufficient course details are available for comparison</td>
<td>-stand-alone ethics related exam. of professional accounting associations -exams. offered in Hong Kong</td>
<td>-codes are required for their professional examination -the local code of ethics in Hong Kong -codes are of accounting associations which have significant number of members in Hong Kong</td>
</tr>
<tr>
<td>No. of Sample Used</td>
<td>4</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 3.1 Summary of Information for Document Analysis

Only two syllabi linked to the examination papers from the professional accounting associations are stand-alone ethics related and, thus, attain the conditions of our study.
Additionally, a few of the codes of ethics are selected for the analysis of documents. The code of ethics of CIMA is selected, as a few sections of the codes are required for four of their examination papers and it is the only professional management accounting association. The code of ethics of HKICPA (February, 2012) is selected, as it is a local code of ethics of professional public accountants in Hong Kong. Further, a UK based accounting body (ACCA) is selected, as many of the accountants are trained under UK based accountant bodies since Hong Kong was a colony in the U.K. In addition, there are many professional accountants who have been educated in Australia, and, therefore, the code of ethics for professional accountants (Australia) published by APESB (Accounting Professional and Ethical Standard Board) is also selected. There are a few more codes of ethics available, but only the above four are selected because: firstly, their examinations can be taken in Hong Kong; and, secondly, many codes of ethics are in fact very similar as they have evolved from the International Federation of Accounting Association, so only representative codes of ethics need be selected.

### 3.3.2 Instrument

Keywords (or ethics elements) are chosen from the documents and are grouped into categories. The categories are adopted according to Callahan’s (1980) seven goals of ethics education. They are: 1) moral issues, 2) ethics application, 3) responsibility, 4) conflicts, 5) uncertainty and 6) theory. Only six categories have been adopted as no keyword is matched the goal “set the stage for ethics”.
Themes that appeared frequently in the documents have been selected. There is an additional requirement that at least one theme should be selected from each category. The above criteria set aims to maintain a reasonable spread for each category. In the end, fourteen themes of six categories were selected.

Ethics themes cannot all be covered by syllabi or be examinable, and some virtues should be included in ethics education. Moreover, the employers’ (accountants) expectations may extend beyond what is included in the syllabi. Therefore, three experts have also been invited to provide additional themes on ethics. Two of these experts who have experience in teaching business ethics come from academia; the third expert is a professional accountant with experience in conducting research. A number of themes or keywords were suggested by these experts. Most of these in common with that gathered through a scrutiny of the syllabi, except three. These three themes are also used in the study as they are distinct from the pre-selected ethics themes. The following diagram (figure 3.1) shows the flow of the development of the questionnaire.
3.3.3 Data Analysis

For the qualitative portion of the study, two comparative analyses are carried out. The first is a comparison between the syllabi of degree courses and professional examinations. The number of counts and the percentage of the ethics themes of these two groups of
syllabi are compared. It is reasonable to believe a syllabus of an accounting programme should be similar to the examination of the profession accounting bodies as higher education institutions should prepare their students to satisfy the examination requirements of accounting bodies. Following this logic, the syllabi of accounting programmes should follow the professional accounting bodies, and they may be similar. A comparison is to be done to test this.

The second assessment compares the results from the analysis of the documents and the responses of the survey. The three keywords that were added, as advised by the experts, are also examined. The comparison deals with the second research question, “Is there any gap between the expectations of employers and the coverage of ethics in the education of professional accountants?”

3.4 Quantitative Research

3.4.1 Sampling Design and Sample Population

The participants were professional accountants who were working in Hong Kong. Professional accountants in Hong Kong are usually members of one or more than one of the following accounting bodies, namely: HKICPA (The Hong Kong Institute of Certified Public Accountants), ACCA (The Association of Chartered Certified Accountants), AICPA (The American Institute of Certified Public Accountants), CGA-Canada
(Certified General Accountants Association of Canada), CICA (The Canadian Institute of Chartered Accountants), CIMA (The Chartered Institute of Management Accountants), CMA Canada (Certified Management Accountants of Canada), CPAA (Certified Practising Accountants of Australia), ICAA (The Institute of Chartered Accountants Australia) and ICAEW (The Institute of Chartered Accountants in England and Wales). These accounting bodies were selected for this study because they were members of IFAC (The International Federation of Accounting) and they had more than a few dozen members in Hong Kong. In addition, their examinations were in English and their members were, therefore, able to understand the questionnaire in the study which is in English. The participants were professional accountants and they had sufficient proficiency in the English language.

The survey was conducted in Hong Kong between October 2012 and January 2013. The prerequisite to being a member of a professional accounting association was at least three years work experience in accounting or accounting related fields. Members of the associations were the end-users of the day-to-day work of the entry-level accountants and, therefore, their views on the recruitment of entry-level accountants are significant. Professional accountants are responsible for the work done by their junior accounting staff, either via direct or indirect reporting lines in the organisations. Although non-accountant recruiters might have influence in the recruitment of entry-level accounting
graduates, they were not included in the population of the study, for they are not required to be responsible for the outputs of the accounting juniors.

During April to September, 2012, a few accounting associations were approached to explore whether there were any opportunities to help distribute the questionnaires. First, a Hong Kong office of an international accounting association, “A”, was approached. This office had close to 1000/approximately 1000 members and student members in Hong Kong who worked mostly in the commercial field. They replied verbally that they would only sponsor research conducted by their organisation. Then, in May 2012, an accounting association, “B”, located in Hong Kong was approached. It had approximately 1000 members and had been established in Hong Kong for a few decades, a relatively long time. A letter of request and the background of the project were submitted to the association. After one and a half months of both verbal and written communication, it seemed unlikely to yield positive feedback. In late July, an accounting association, “C”, was approached for both information and the possibility of providing assistance in collecting questionnaires from their members. The association’s members worked in the commercial field and in public accounting firms. The former request was successful, while the latter request was declined for the reason that they need to maintain their independence. A Hong Kong office of an international accounting association, “D”, was approached in July, 2012. This office had less than 1000 members in Hong Kong. There was about two months’ communication and, in September, they verbally declined my
request. The written correspondence between these associations and the student researcher are attached in Appendices B with the names of the accounting associations and/or representatives having been deleted.

There were 31,747 HKICPA (The Hong Kong Institute of Certified Public Accountants) members as at 31 July 2012. Their names only, with no contact details at all, are available on the HKICPA’s website. Therefore, the student researcher was not able to access these members. However, there is a webpage that contains the contact details, including email addresses, of 1000 accounting firms in Hong Kong. It is a source for contacting accountants in Hong Kong as there must be at least one professional/qualified accountant in a CPA firm. Most of the other accounting bodies selected in the study do not have their Hong Kong members’ details on their websites (ACCA; CIMA; CPAA); although some of them do have their council members’ names on the website, but without further contact details.

As it was not possible to access members of accounting bodies or to get support from the accounting associations in Hong Kong for the distribution of surveys, convenience sampling and snowball sampling methods were used to support the collection of data.
Procedures

Surveys were collected by web-based online and hardcopy methods. For the online surveys, in the first round, emails that contained the information statement and the link were sent to all Certified Public Accountants (“CPA”) firms that had their email addresses available on the HKICPA website. This email contained a URL and the email address of the student researcher for general enquiry purposes. An information statement in the email informed the potential participants how they could easily and anonymously exit if they chose not to participate. This statement gives a very brief background of the study, as well as the following two points: 1) the responses are confidential and anonymous, 2) participation in the survey is totally voluntary.

The procedures of the first round included the probability sampling method, which is one of the two main techniques for sampling plans, and the nonprobability sampling method. In probability sampling, every element in the population has a known, nonzero probability of selection, each member of the population has an equal probability of being selected, and this process aims to keep sampling errors to a minimum (Sekaran & Bougie, 2009).

From the negative responses of the accounting associations approached during the planning stage, it was foreseeable that there would be a limitation in mass access to professional accountants. Moreover, there was a timeframe within which to complete the
study. In addition to the above, it was observed during the interactions that the topic of ethics does not attract much attention from many professional accountants. Therefore, with the above constraints, the response rate of the CPA firms to the online survey looked as though it may not prove satisfactory. Therefore, this study required a second round of data collection that involved a different sampling method.

Convenience samples were adopted. Surveys were sent to the email addresses which were collected from the name cards received and personal friends of the student researcher. These accountants worked in non-CPA firms and would thus be able to provide data that represents opinions of non-CPA firms. Hard copies of the questionnaire were distributed by the student researcher to accountants at the sites of accounting seminars, and a pre-paid envelope was given to them in order for them to return the completed surveys. An information statement was attached to the top of the survey. Many of these recipients were asked to aid in further distribution of the whole survey set (the link to the online survey, the email from the student researcher and the information statement). This is an example of the snowballing method. While convenience sampling is one that is useful to the researcher in terms of its accessibility, the data from this method, however, does not allow definitive findings to be generated. Convenience samples are able to provide a large number of completed questionnaires quickly and economically (Bryman & Bell, 2011). However, as the participants are not selected on a probability basis, the haphazard selection of subjects may introduce bias, participants may not be representative and self-
selection bias may arise (Bryman & Bell, 2011; Zikmund et al., 2010). The findings from the sample cannot be confidently generalized to the population (Sekaran & Bougie, 2009). Convenience sampling is one of the non-probability sampling designs. With non-probability sampling, the probability of any particular member of the population being chosen is unknown; the selection of sampling units in this sampling method is quite arbitrary, as researchers rely heavily on personal judgement (Bryman & Bell, 2011; Zikmund et al., 2010). Snowball sampling was adopted, along with convenience sampling, as accountants are not a common population. In snowball sampling, initial participants are discovered and may or may not be selected through probability methods. This group is then used to refer the research to others who possess similar characteristics and who, in turn, can identify others (Cooper & Schindler, 2011).

Sample size

A usable response of approximately 160 was an estimated number for this research. This number of responses was justified by the following similar research. In the study of Breaux et al. (2010), 98 usable instruments were returned for a research topic on the recruitment of students with the given characteristics. Moreover, in the study of Ahadiat and Mickie (1993), 151 people responded to the survey about potential selection criteria relating to ethical behaviour and to the traditional characteristics. Statistically, for data
analysis, if descriptive statistics are to be used, for example, mean and frequencies, then, nearly any sample size will suffice (Israel, 2012).

Process

After receiving the Ethical Approval clearance from the Human Research Ethics Committee (HREC), surveys, together with information statements, were distributed to potential participants. The information statement was presented with those surveys that were distributed on-line. It enabled the visitors to access the site to directly assess whether or not they wanted to participate. If they chose not to participate, they could exit anonymously before the survey started. Implied consent was given to the researcher when they submitted the completed questionnaires. In accordance with the attached information statement, the participants were totally free to withdraw from participating in the research project at any point in time; the participants were also informed that all of the information collected would remain confidential with the Project Supervisor and the Student Researcher and would be stored securely and destroyed at a later date.

There was no tangible or financial gain for the participants from the research. However, there could have been intangible or non-financial benefits. For example, by filling in the questionnaires, participants could raise their concerns on ethics education in the accounting field.
3.4.2 Instrument

Pilot study

After the expedited approval was sought, the questionnaires were distributed online to eight people with their professions including professional accountant, educator or human resources manager. They worked in either the commercial or public sector, and their age range was between early thirty and late fifty. They were asked to comment on the format of the questionnaires, the content, the syntax of the questions and other issues that they thought were important to the study, in particular, whether the questionnaires were understandable and whether the online format was easy to fill in. Two different formats for Section 2 were prepared to give people choice. To summarise their feedback, for Section 1, the word “accounting” between the words in the phrase “professional bodies” was added and this became “professional accounting bodies” in the final version. Although all of the professional bodies cited related to accounting, the amended phrase brought greater clarity than the original. For the second section, seven out of eight respondents preferred the current format which states the eight criteria for each of the questions, and they commented that was clearer. Only one preferred a concise version where the nine criteria are mentioned once only in the introductory paragraph, and small buttons for criteria selection are given on one line and the spaces are reduced. The syntax of questions 35 and 40 was revised to keep the questions precise and understandable.
The following are the five sections of the questionnaire of this study.

Section 1: there are two questions in this section that were designed to check the eligibility of the participants. The first question checks whether the participants are a member of one of the professional accounting associations. The second question checks whether the participants have working experience with entry-level accounting graduates. Only if the answers were both positive were the participants eligible for this research and able to complete the remaining part of the questionnaire.

Section 2: survey respondents are required to rank “Ethics Coverage in Curriculum” in a set of criteria. The fundamental nine criteria are adapted from the study by (Breaux et al., 2010). Several questionnaires were studied the one from Breaux (2010), was used. Breaux used another questionnaire with 95 employee attributes, including ethics, in his 1994 study. The 95 employee-attribute items relate to appearance, education, ethics, extracurricular activities, performance, and personality (Ahadiat & Smith, 1994). This questionnaire has not been used in this study because there are too many attributes, and the aim of this study is to use only a few significant attributes, because this section contributes to only one part of my survey instrument.

Section 3 of the questionnaire includes those items (ethics themes) selected from the stage one analysis of relevant documents. Participants are required to rate these themes on a
scale of five and the results were compared with the frequency recorded from the analysis of relevant documents. The 5-point Likert scale ranges from 1 to 5, indicating “1” - totally unimportant, “2” – unimportant, “3” - neither important nor unimportant, “4” - important, “5” - very important. The comparison was made to observe whether the accountants’ expectations of the ethics themes are similar to those that appear most frequently in the syllabi. In other words, it was to test whether our syllabi, which are supposed to cover ethics education, have covered what the surveyed accountants expected or more than the surveyed accountants expected; and further, whether the three added ethics themes are important or not in the accountants’ expectations. A figure 3.2 showing an extract of instruction and questionnaire of online mode is displayed below.

![Figure 3.2 Instruction and Questionnaire Extract (online mode)](image-url)

What, according to you, is the importance of the following items for ethics education – that you expect the entry level accounting graduates to have learnt in their academic curriculum? “1”-Totally unimportant, “2”-Unimportant, “3”-Neither important nor unimportant, “4”-Important, “5”-Very important

Ethics theories, e.g. Kolberg’s framework

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>
| Totally unimportant | ☐ | ☐ | ☐ | ☐ | ☐ | Very important

Code of ethics

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>
| Totally unimportant | ☐ | ☐ | ☐ | ☐ | ☐ | Very important
As ethics is a behavioural issue and might not be studied or covered in accounting syllabi, those items that are not in the syllabi are included in the questionnaire. Expert advice was sought for the addition to and modification of this section of the questionnaire. The selected items were validated by three experts who are either professors in business ethics studies or professional accountants with an interest in ethics education. They were invited to comment on both the content and the format of the questionnaire. The following three items relevant to ethics were suggested for inclusion: “devotion”, “perseverance” and “consistency”. These are common elements that relate to virtue and ethics. The selected items formed the basis of Section 3 of the questionnaire. The end of the process of finalizing the questionnaire included having it read and reviewed by two academics for general understandability.

In Section 4, there are 6 questions/statements. The first five statements are adopted from Davis and Welton (1991) while the sixth is based on the insights of Schauupp & Lane (1992).

*Davis and Welton’s 1991 study*

Davis and Welton’s (1991) study evaluates how to measure whether ethical maturation/development are taking place and, if so, by how much and where. They compared three groups of students’ (including beginning business students, upper division business students and graduate business students of college) perceptions of ethical behaviour. Tests
were done to evaluate the impact of formal ethics training and to evaluate maturation from
the beginning of business education through to graduate level. Students were asked to
indicate whether they agreed, were undecided, or disagreed with each statement and their
mean responses were compared to the response of a group of sixty-nine randomly selected
accounting professionals whose responses were considered to be the most ethical. This is
“…assuming the responses of the accounting professionals indicate proper ethical
behaviour” (Davis and Welton, 1991, p. 462). The direction of the movement of these
three groups of students was compared to the accountants’ views so to present a limited
analysis of Values Transmission.

In this investigation, five out of seventeen statements were selected from their study in
order to test the respondents’ knowledge of ethics. Their statements were selected because
the professional accountants had provided responses indicating proper ethical behaviour.
For our purposes, the length of most of their questions is only one or two sentences and
they are within the range of the questionnaire of this study.

Six questions were omitted because there was no difference between the mean responses
of the three groups of college students and the suggested responses of those professional
accountants. For the remaining statements, firstly, the statement, “Company
policies/procedures should always be followed unless they are illegal”, was selected. “This
statement was designed to see if the respondents placed any emphasis on the difference
between illegal and unethical activities” (Davis & Welton, 1991, p. 462). This was the only statement in their study to distinguish illegal from unethical activities, although, in fact, some activities that are legal might not be ethical. The suggested response is “agree”.

There were ten statements left. For the remaining statements, there were three statements wherein the responses from the lower division (“undecided”) were different from the suggested responses (“disagreed”). They were similar; therefore, the easiest to understand in terms of content and wording was selected. The next statement selected was, “Forcing quarterly sales figures to meet a budget (thus insuring a quarterly bonus) is acceptable if no difference is expected in annual sales”. Another statement which was similar to this statement was also not selected.

There were only two statements out of the eleven to which the responses from lower division and the suggested responses were both “undecided”. The one that was selected was most closely related to the work done by accountants: “A person reviewing/approving expense reports has more responsibility for following company policy than someone merely recording the transactions in the accounting records”.

There were only 4 statements left and they were grouped in two pairs. The responses of the lower division agreed with their corresponding suggested responses. One pair of
statements relates more to financial reporting and the other pair relates more to commercial reporting. Due to the fact that the selected questions described above are more commercial in content, the pair on financial reporting was selected and they are: “Questionable adjustments to financial records that are used internally are acceptable”; and “Questionable adjustments to financial records that are used externally are unacceptable.” The suggested response for the former is “disagree” and the latter is “agree”. Five statements were selected in total.

_Schaupp and Lanes 1992 study_

This article presents an alternative method for discussing ethical issues and this method supports that idea that use of newspaper articles that raise relevant ethical issues, along with practitioner involvement, improves the educational process. Schaupp and Lane explain the implementation of this method with a detailed description of the use of newspapers and the involvement of the speaker (the practitioner). It was interesting to discover the opinions of the respondents of the study towards this type of involvement of a professional in the field in teaching such a class on ethical issues, particularly as there are increasing concerns in the field of academia surrounding the methods and tools for teaching business ethics (Calabretta et al., 2011). The following three tables on ethics measurements (table 3.2, 3.3 and 3.4) showing the original items and the modified items used in the questionnaires.
<table>
<thead>
<tr>
<th>Source: Breaux et al., 2010</th>
<th>Questionnaire used (after review and pilot study)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Age</td>
</tr>
<tr>
<td>Professional appearance</td>
<td>Professional appearance</td>
</tr>
<tr>
<td>Uniform CPA examination eligibility</td>
<td>Professional accounting examination eligibility</td>
</tr>
<tr>
<td>Communication skills</td>
<td>Communication skills</td>
</tr>
<tr>
<td>Ethics coverage in curriculum</td>
<td>Ethics coverage in curriculum</td>
</tr>
<tr>
<td>Extracurricular activities</td>
<td>Extracurricular activities</td>
</tr>
<tr>
<td>GPA (Overall)</td>
<td>GPA (Overall)</td>
</tr>
<tr>
<td>GPA (Accounting)</td>
<td>GPA (Accounting)</td>
</tr>
<tr>
<td>Energy, motivation, enthusiasm</td>
<td>Energy, motivation, enthusiasm</td>
</tr>
</tbody>
</table>

**Table 3.2 Ethics Ranking Measurements (Section 2)**

<table>
<thead>
<tr>
<th>Source: Davis and Welton, 1991</th>
<th>Questionnaire used (after review and pilot study)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company policies/procedures should always be followed unless they are illegal.</td>
<td>Company policies/procedures should always be followed unless they are illegal.</td>
</tr>
<tr>
<td>Forcing quarterly sales figures to meet a budget (thus insuring a quarterly bonus) is acceptable if no difference is expected in annual sales.</td>
<td>Forcing quarterly sales figures to meet a budget (thus insuring a quarterly bonus) is acceptable if no difference is expected in annual sales.</td>
</tr>
<tr>
<td>A person reviewing/approving expense reports has more responsibility for following company policy than someone merely recording the transactions in the accounting records.</td>
<td>A person reviewing/approving expense reports has more responsibility for following company policy than someone merely recording the transactions in the accounting records.</td>
</tr>
<tr>
<td>Questionable adjustments to financial records that are used internally are acceptable.</td>
<td>Questionable adjustments to financial records that are used internally are acceptable.</td>
</tr>
<tr>
<td>Questionable adjustments to financial records that are used externally are unacceptable.</td>
<td>Questionable adjustments to financial records that are used externally are unacceptable.</td>
</tr>
</tbody>
</table>

**Table 3.3 Ethics Education Measurements (Section 4)**
Insight from the Journal Schaupp and Lane, 1992

<table>
<thead>
<tr>
<th>Questionnaire used (after review and pilot study)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditionally, business ethics/accounting ethics are taught via textbook approach. If an accounting professional is invited to present to a class of accounting students a practical case with ethical issues, to what extent you consider the involvement of the accounting professional (guest speaker) will benefit the students?</td>
</tr>
</tbody>
</table>

| Table 3.4 Ethics Education Measurements (Section 4) |

In Section 5, which covers demography, there are five questions on the type of the participants’ firms, the gender of the participants, the total number of employees in the firms (in Hong Kong), the age of the participants and whether they ordinarily work in Hong Kong.

The types of the participants’ firms

The two main categories of companies that accountants work in, accounting and non-accounting firms are included. Many accounting graduates join accounting firms after their graduation, and some of them stay in this field for their whole career. Others either join non-accounting firms right after their graduation or leave accounting firms in various stages of their career. They might end up working in non-accounting firms in the
commercial sector, public sector and in non-profit organisations. In this study any
difference between their views is explored.

Gender

Many of the studies in this subject area have included gender in their research, for example: Smith & Oakley (1997), Gilligan (1982), Lam and Shi (2008), Ruegger and King (1992), Emerson, Conroy, and Stanley (2007) and Peterson, Beltrmini, and Kilzmetsky (1991).

Firm Size

The number of employees in Hong Kong companies is a criterion for the size of firms. Some studies have investigated the relationship between firm size and employee ethical attitudes, for example: Dalton and Kesner (1988), Murply, Smith and Daley (1992), and McDonald and Kan (1997). Their conclusion is that the firm size influences ethical attitudes, but that this influence is not specific. The four categories used in the questionnaire are: employees under the number of fifty, between fifty and one hundred, between one hundred and one and two hundred, and over two hundred. The allocation of the divisions in relation to the sizes of firms is also applied by the Hong Kong Institute of Certified Public Accountants.
Age

Age is an independent variable in the study. The divisions are referred from the Hong Kong Monthly Digest of Statistics published by the Census and Statistics Department of Hong Kong Government (HKSAR, 2013). Their divisions are in smaller scales and they are grouped and modified into four categories to suit the purpose of this study.

The last question in relation to demographic is about the work location of the participants. Hong Kong is a small city near China and Macau. There are an increasing number of professional accountants who work in China or Macau, either in the long or short term, varying between a few days and a month. Moreover, accountants’ work covers whole regions, for example, the Asian region or South East Asian region. They can also undertake extensive travel within the region for which they are responsible; therefore many of their workdays might not be in Hong Kong. The views of these people, with their exposure to other cultures, may provide some additional insights for my study. Due to the fact that this study does not major in cultural difference, options are limited to two, either ordinarily work in Hong Kong, or not.

3.4.3 Data Analysis

Statistical techniques were employed for interpreting the data collected from the questionnaires. SPSS software was used for conducting the data analysis.
The statistics analysis was as follows: to begin with, descriptive statistics were computed to describe the characteristics of the participant sample.

The data analysis for each research question was as follows:

Research Question 1:

*What is the importance of ethics education in the recruitment of accounting professionals?*

A detailed description of ethics ranking with the means of ethics ranking and standard deviation was analysed.

*Hypothesis 1.1*

*The ethics rank (Value of ethics in education) is higher for female accountants than for male accountants.*

The Mann-Whitney test was used to determine that two independent samples for the data were at least ordinal. This test was used to test the relationship between demographic characteristics.
Hypothesis 1.2

Older accountants rank ethics as being more important than do younger accountants.

The Kruskal-Wallis Test was used to determine that more than two independent samples for the data are at least ordinal. There were four groups in age and this test was therefore used.

Hypothesis 1.3

There is no significant difference in ethics ranking among accountants working in CPA firms and those working in non-CPA firms.

Mann-Whitney was used to test this.

Hypothesis 1.4

There is no statistically significant relationship between ethics ranking among accountants and their company size.

The Kruskal-Wallis Test was used to test this.

Hypothesis 1.5

There is no significant difference in ethics ranking among accountants ordinarily working in Hong Kong and those who do not.

Mann-Whitney was used to test this.
Research Question 2:

*Is there any gap between the expectations of employers and the coverage of ethics in education of professional accountants?*

The gaps of themes obtained by the coverage of the documents and collected by surveys are compared under two levels, the first is at an individual level and the second is at a group level. To compare an individual theme level, divisions are set up for comparison; while at group of themes level, one-way ANOVA, post-hoc multiple comparisons tests are used.

Research Question 3:

*What are the accountants’ expectations of the themes, teaching methods and content relating to ethics education in the accounting curriculum?*

The section of 17 themes and the other questions (Q30-Q35 and the Q29 open ended question) on the surveys are related to this research question. Any correlation between the 17 themes is explored to examine if they can be categorised into groups. A principal component analysis was conducted to explore if any themes can be categorised or if any themes can be removed due to low factor loadings. Cronbach’s alpha reliability test (alpha value $\geq 0.7$) is used to test the four measuring and the overall construct. Meanwhile, Q30 to Q35 is analysed by descriptive, mean and standard deviations.
A flowchart indicating the data analysis of the research questions and hypotheses is shown below.

1. **Analysis of documents by comparison**
   To find representative ethics themes for the development of questionnaire

2. **Descriptive statistics**
   To present gender, age, firm type, firm size and work location data among respondents

3. **The first research question and the five hypotheses**
   
   **RQ1:** What is the importance of ethics education in the recruitment of accounting professionals?
   
   **H1.1:** The ethics rank (Value of ethics in education is higher for female accountants than for male accountants)
   
   **H1.2:** Older accountants rank ethics as being more important than do younger accountants.
   
   **H1.3:** There is no significant difference in ethics ranking among accountants working in CPA firms and those working in non-CPA firms.
   
   **H1.4:** There is no statistically significant relationship between ethics ranking among accountants and their company size.
   
   **H1.5:** There is no significant difference in ethics ranking among accountants ordinarily working in Hong Kong and those who do not.
4. The second research question

RQ2: Is there any gap between the expectations of employers and the coverage of ethics in the education of professional accountants?

To test the individual level by comparison (number of counts) and the group of themes level by one-way ANOVA and post-hoc multiple comparisons tests (Games Howell, Tukey HSD)

5. The third research question

RQ3: What are the accountants’ expectation of the themes, teaching methods and content relating to ethics education in the accounting curriculum?

To explore the relationship between themes and the demographic variables, correlation analysis, principal component analysis and factor analysis are used.

Cronbach’s alpha reliability test (alpha value >= 0.7) is used to test the four measuring and the overall construct.

Descriptive, mean and standard deviations are used.

Figure 3.3 Flow Chart for Data Analysis of the Research Questions and Hypotheses
3.5 Summary

This chapter focused on describing the research design and the methodology of this study. It first explained the qualitative research methodology used to collect the ethics themes from the documents analysis. Then, it showed the sampling design and sample used in the quantitative research. Standard statistical analysis was used to obtain the descriptive statistics and mean rank comparison. In addition, Kruskal-Wallis, Mann-Whitney, one-way ANOVA, post-hoc multiple comparisons tests, correlation, principal component analysis and factorization for testing the research questions and hypotheses were described. The final part is a flowchart showing data of the research questions and hypotheses of the study.
Chapter 4 Data Analysis and Results

4.1 Introduction

This study examines both qualitative and quantitative data. Qualitative data is collected through an analysis of relevant documents, and the results are used in the construction of the survey instrument. Quantitative data is analysed using SPSS (version 20). Besides calculating descriptive statistics, a number of tests are performed: Mann-Whitney, Kruskal-Wallis, correlation analysis, factor analysis, and one-way post-hoc ANOVA (Games Howell & Tukey’s HSD).

This chapter first presents the documents (syllabi and codes of ethics) that have been selected and the method by which the ethics related keywords (themes) have been selected in the qualitative analysis. A brief comparison is conducted between the themes of the syllabi of various degree courses of accounting programmes and the syllabi of professional examination papers of professional accounting bodies. The chapter then goes on to cover topics relating to quantitative analysis, such as how the respondents participated in this study, the response rate, demographics and intercorrelations among the different variables. Three research questions with hypotheses are appraised. Research question 1 (RQ1) investigates the importance of ethics education in the recruitment of accounting professionals. Five hypotheses on demographic variables are developed.
according to the RQ1, and these five hypotheses are tested. RQ2 is concerned with whether there is any gap between the expectations of employers and the coverage of ethics in the education of professional accountants. Questions in relation to RQ2 will be analysed at two levels: one at the individual theme level and two at the groups of themes level. One-way post-hoc ANOVA (Games Howell, and Tukey’s HSD) tests will be used to analyse groups of themes. RQ3 relates to the accountants’ expectations of the themes, teaching methods and content relating to ethics education in accounting curricula. Correlation and factor analysis are used to examine any correlations between the 17 themes. Other issues raised in the open-ended questions by accountants are also explored.

4.2 **Qualitative Analysis**

Documents relating to the curricula of ethics education in degree programmes and professional examinations, along with the codes of ethics of professional accounting bodies were inspected and observed. Ethics related keywords in the syllabi and codes of ethics were selected and the frequency of themes (keywords) was counted for comparison.

4.2.1 **Sources of Data**

Accounting graduates learn about ethics related issues from the curriculum of their accounting programme. The syllabi are good indicators of what is to be learned. Accounting is a professional course of study. Students of accounting programmes in Hong
Kong are prepared to take one of the local or international accounting examinations. Ethics related issues appear in stand-alone professional examinations and/or on integrated accounting related examinations. For the latter, the requirements for ethics knowledge are usually referred to in the Code of Ethics of the respective professional accounting bodies. Therefore, in this study, these three kinds of documents are examined, namely: syllabi of ethics related degree courses in accounting programmes, syllabi of ethics related professional examinations and codes of ethics of professional accounting bodies.

In total, ten documents were inspected. They fall into three categories: i) syllabi of ethics related degree courses of accounting programmes in Hong Kong (City University of Hong Kong - accounting and business ethics, Hong Kong Shu Yan University - professional ethics, Lingnam University – business ethics, The Open University of Hong Kong - business issues and ethics); ii) syllabi of professional examinations of accounting bodies (ACCA- Professional Paper 1, CPAA - Ethics and Governance, a compulsory segment); iii) codes of ethics of professional accounting bodies (Hong Kong - HKICPA, UK management accountant – CIMA, UK financial accountants - ACCA, Australia - CPAA).

These syllabi and codes of ethics were collected via the internet during late August 2012 until 24 September 2012. Not every syllabi of every ethics related degree course of accounting programmes offered in Hong Kong is available on the internet (five
universities/colleges) and, even if they are, their syllabi may not be included in the analysis of this study because the syllabi are either not sufficiently specific to ethics (e.g. an university in Hong Kong having over 8000 students on rolls) or they do not contain enough details for analysis (two universities/colleges).

Whereas some professional accounting bodies, as stated in question one of the survey, offer their examinations to be taken in Hong Kong, a number of them do not (AICPA, CMA Canada, CICA, ICAA, ICAEW). This bears upon the selection of professional accounting papers. Since the study is for Hong Kong, the examinations details of the five above-mentioned accounting bodies are not included in the study. While many of the other accounting bodies which offer examinations in Hong Kong, such as HKICPA, ACCA, CGA, CIMA and CPAA, require ethics knowledge in their examinations, only two of them have stand-alone ethics related examination. These two are ACCA (professional paper 1- Governance, risk and ethics) and CPAA (compulsory segment at the professional level - ethics and governance).
4.2.2 Documents Analysis

Overall, four syllabi of ethics related degree courses, two syllabi of ethics related professional examination papers and four codes of ethics of professional accounting bodies are examined. Keywords relating to ethics are picked from the documents and are referred as “themes” in this study. They are further grouped into categories with reference to Callahan’s (1980) seven goals of ethics education. They are: 1) moral issues, 2) ethics application, 3) responsibility, 4) conflicts, 5) uncertainty and 6) theory. One of the seven goals, setting the stage for ethics, is not in any of the categories.

The number of counts of themes was measured. Themes were selected according to both the number of counts and the category to which they belong. At least one theme was selected from each category. Finally, fourteen themes of six categories were selected. The counts of each theme and their respective ranks are presented in the Table 4.1.

The number of counts ranges from three to nine. Code of ethics and conflict of interest themes are included in 9 out of 10 documents. Code of ethics is an important set of documents concerning the expected behaviours of professional accountants. Conflict of interest is a common topic area in business and accounting programmes.
<table>
<thead>
<tr>
<th>Ethics themes</th>
<th>Number of counts (on ten documents)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>code of ethics</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>conflict of interest</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>threat and safeguard</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>ethics theory (e.g. Kohlberg’s framework)</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>corporate governance</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>whistle blowing</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>integrity</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>social responsibility</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>regulatory framework</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>resolving ethical dilemma/ethical dilemma</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>independence</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>corruption issues/corruption</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>insider trading</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>stakeholder theory</td>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 4.1 No. of Counts and Ranks of the Fourteen Themes

Some themes are commonly found in either one of the two documents, syllabi or code of ethics, therefore, the third highest theme has only 6 counts and the remaining 12 themes have 3 to 6 counts. For the last three themes, two themes relate to legal issues (corruption issues and insider trading) and one relates to theory on auditing (stakeholder theory). They are not common topics. The nine themes in the middle concern values, principles or ethical dilemmas.
4.2.3 Syllabi of Degree Courses and Professional Examination Papers

A comparison between the syllabi of degree courses and professional examination papers is considered (Table 4.2). The counts of themes were entered into a spreadsheet. The number of counts and percentage of the themes of ethics of these two groups of syllabi were compared.

Among these fourteen themes, only ethics theory is included in all the four syllabi collected from the degree programmes and also from professional examinations.

Four themes, code of ethics, conflict of interest, resolving ethical dilemma and whistle blowing are included in three out of four syllabi of the degree programmes, while the first two and the last two are included in two and one syllabi of the professional examinations respectively.
<table>
<thead>
<tr>
<th>Themes of ethics</th>
<th>Counts (4 syllabi)</th>
<th>Counts (2 Prof. Exam.)</th>
<th>Percentage (Degree courses)</th>
<th>Percentage (Prof. Exam)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ethics theory</td>
<td>4</td>
<td>2</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>code of ethics</td>
<td>3</td>
<td>2</td>
<td>75%</td>
<td>100%</td>
</tr>
<tr>
<td>conflict of interest</td>
<td>3</td>
<td>2</td>
<td>75%</td>
<td>100%</td>
</tr>
<tr>
<td>resolving ethical dilemma</td>
<td>3</td>
<td>1</td>
<td>75%</td>
<td>50%</td>
</tr>
<tr>
<td>whistle blowing</td>
<td>3</td>
<td>1</td>
<td>75%</td>
<td>50%</td>
</tr>
<tr>
<td>corporate governance</td>
<td>2</td>
<td>2</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>social responsibility</td>
<td>2</td>
<td>2</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>regulatory framework</td>
<td>2</td>
<td>2</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>stakeholder theory</td>
<td>1</td>
<td>2</td>
<td>25%</td>
<td>100%</td>
</tr>
<tr>
<td>threat and safeguard</td>
<td>1</td>
<td>1</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>insider trading</td>
<td>1</td>
<td>1</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>corruption issues</td>
<td>1</td>
<td>1</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>integrity</td>
<td>0</td>
<td>1</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>independence</td>
<td>0</td>
<td>1</td>
<td>0%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Table 4.2 Comparison of No. of Counts and Percentage for the Two Syllabi
Corporate governance, social responsibility, regulatory framework and stakeholder theory are included in both syllabi of the professional examinations, but they have different occurrence frequencies in the syllabi of degree courses. These four themes are related to advanced concepts and, therefore, it is not surprising that three of them are included in two out of four syllabi and that stakeholder theory is included in only one syllabus of the degree courses.

Threat and safeguard, insider trading and corruption issues are included in both groups, but to a lesser extent.

It is worth noting that integrity and independence are not included in any one of the four syllabi of degree courses and appear just once in the professional examinations. These two themes rank among the highest on the list of the surveys and will be discussed in a later section. Further analysis on the ten documents, along with the data collected from the survey, will be discussed under the section “Quantitative Survey”.

### 4.3 Quantitative Survey

In total, 164 surveys were received from accountants in web-based and hardcopy formats. Mann-Whitney, Kruskal-Wallis, comparison, correlation analysis, factor analysis and one-
way post-hoc ANOVA tests (Games Howell & Tukey’s HSD) were used to test the research questions.

4.3.1 Respondents

Surveys were collected via web-based online and hardcopy avenues. For the online surveys, firstly, emails with the information statement and the link were sent to all Certified Public Accountants (“CPA”) firms whose emails addresses were available on the HKICPA webpage. 826 emails were sent to CPA firms who had email addresses available in October 2012. There were 73 emails that were undeliverable, either because the email addresses had not been updated or the email inboxes were full. The first round of web-based online surveys was sent in late October 2012 and the second round was sent on 6 November 2012. In total, only two responses were received. The poor response rate (0.3%) may have been because the emails were not able to reach professional accountants. Company emails are always read by administrative staff, who screen incoming emails. Although a personalised salutation was used in the second round of email distribution, the response rate did not improve. Another reason for the low response rate is that CPAs had a deadline to meet in November and were busy. Meanwhile, three email addresses used for delivering emails were reported as spam and unusable. In a study by Davenport and Dellaportas on members of CPA Australia, response rates of 1.7 % and 2.7% respectively were received after first and second rounds of random samples of 3000 (Davenport & Dellaportas, 2009).
Owing to the poor response rate, another 180 emails were sent between 12 November, 2012 and 2 January, 2013. The email addresses were collected from the name cards received and the personal friends of the student researcher. The last survey received online arrived on 19 January, 2013.

There were 118 online surveys collected of which 105 were usable and 13 were rejected because five were answered negatively at question 2 (i.e. whether they have a colleague work under them as an entry-level accounting graduates), although their question 1 was positively answered (i.e. whether they are members of those professional accounting bodies stated). The remaining eight indicated that they were not qualified accountants. The potential participants belonged to a special group (professional/qualified accountants) and the snowballing method was considered appropriate to increase the response rate in the collection of data. Some surveys were collected through snowballing, but the exact number sent via snowballing is not known. At least 40 were sent by this method and known to the student researcher. The response rate is 59.44% if snowballing is not counted, and 48.6% or less if snowballing is counted.

Owing to the poor response rate during the first and second rounds of data collection, attempts were also made to collect data by the distribution of questionnaires in hard copy whenever possible. There were 173 hardcopy surveys distributed and 66 received, but
only 57 (response rate = 32.9%) were usable. Seven of the nine unusable surveys indicated that the respondents were qualified accountants, but failed question 2, while the rest were not qualified accountants. Hardcopies were distributed and collected with returned sealed envelopes, by post or hand. Data in relation to distribution and collection are presented in the following table.

<table>
<thead>
<tr>
<th></th>
<th>Distributed</th>
<th>Returned</th>
<th>Usable</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Online</strong></td>
<td>753 (826-73)</td>
<td>2</td>
<td>2</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Online – convenience samples (snowballing)</strong></td>
<td>180</td>
<td>118</td>
<td>105</td>
<td>59.4 (&lt;48.6%)</td>
</tr>
<tr>
<td><strong>Hardcopy</strong></td>
<td>173</td>
<td>66</td>
<td>57</td>
<td>32.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,106</td>
<td>186</td>
<td>164</td>
<td>14.8%</td>
</tr>
</tbody>
</table>

Table 4.3 No. of Responses and Response Rate of the Data Collection

4.3.2 Demographic Data among Respondents

For the following quantitative analysis, 164 responses are used of which 107 were received from web-based and 57 from hardcopy surveys. Demographic data are reported in Table 4.4.
<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 35</td>
<td>21(21.0%)</td>
<td>21(32.8%)</td>
<td>42(25.6%)</td>
</tr>
<tr>
<td>35-44</td>
<td>28(28.0%)</td>
<td>25(39.1%)</td>
<td>53(32.3%)</td>
</tr>
<tr>
<td>45-54</td>
<td>29(29.0%)</td>
<td>15(23.4%)</td>
<td>44(26.8%)</td>
</tr>
<tr>
<td>Equal or over 55</td>
<td>22(22.0%)</td>
<td>3(4.7%)</td>
<td>25(15.3%)</td>
</tr>
<tr>
<td><strong>Firm</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPA firm</td>
<td>21(21.0%)</td>
<td>9(14.1%)</td>
<td>30(18.3%)</td>
</tr>
<tr>
<td>Non CPA firm</td>
<td>79(79.0%)</td>
<td>55(85.9%)</td>
<td>134(81.7%)</td>
</tr>
<tr>
<td><strong>No of employees in Hong Kong</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 50</td>
<td>39(39.0%)</td>
<td>12(18.8%)</td>
<td>51(31.1%)</td>
</tr>
<tr>
<td>50-100</td>
<td>15(15.0%)</td>
<td>8(12.5%)</td>
<td>23(14.0%)</td>
</tr>
<tr>
<td>101-200</td>
<td>11(11.0%)</td>
<td>8(12.5%)</td>
<td>19(11.6%)</td>
</tr>
<tr>
<td>More than 200</td>
<td>35(35.0%)</td>
<td>36(56.2%)</td>
<td>71(43.3%)</td>
</tr>
<tr>
<td><strong>Ordinarily work in Hong Kong</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>93(93.0%)</td>
<td>58(90.6%)</td>
<td>151(92.1%)</td>
</tr>
<tr>
<td>No</td>
<td>7(7.0%)</td>
<td>6(9.4%)</td>
<td>13(7.9%)</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>100</td>
<td>-</td>
<td>100(61.0%)</td>
</tr>
<tr>
<td>Female</td>
<td>-</td>
<td>64(39.0%)</td>
<td>64</td>
</tr>
</tbody>
</table>

Table 4.4 Demographic Data on Surveyed Accountants

Of the 164 respondents, 100 are males and 64 are females. Forty-two respondents indicated that their ages are under 35, fifty-three are between 35 and 44, forty-four are between 45 and 54, and twenty-five are over 55. About 134 (81.7%) respondents were working in non-CPA firms, and 30 were working in CPA firms.
Regarding the size of the organisations they were working in: fifty-one worked in organisations with less than 50 employees in Hong Kong, twenty-three, nineteen and seventy-one respondents were working in organisations with 50-100, 101-200 and over 200 employees in Hong Kong respectively.

Over 92% of respondents (151) are ordinary workers in Hong Kong and the others 13 are not.

4.3.2.1 Correlation between Demographic Variables

Table 4.5 shows the intercorrelations between five demographic variables and the 17 themes variables. In this section, only correlation among demographic variables is discussed. The discussion on the 17 themes is reported in the next section.
<table>
<thead>
<tr>
<th>Ethics Themes</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gender</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>2. Age category</td>
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<tr>
<td>3. Type of firm</td>
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<tr>
<td>4. Firm size</td>
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<tr>
<td>5. Ordinarily work in HK</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>6. Ethics theories</td>
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<tr>
<td>7. Codes of ethics</td>
<td></td>
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<td>8. Corporate Governance</td>
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<tr>
<td>9. Ethical dilemma</td>
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<tr>
<td>10. Whistle blowing</td>
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<tr>
<td>11. Integrity</td>
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<td>12. Independence</td>
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<tr>
<td>13. Threat and safeguard</td>
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<tr>
<td>14. Conflict of Interest</td>
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<td>15. Devotion</td>
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<tr>
<td>16. Insider trading</td>
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<td>17. Regulatory framework</td>
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<tr>
<td>18. Social Responsibility</td>
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<tr>
<td>19. Stakeholder theory</td>
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<tr>
<td>20. Perseverance</td>
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<tr>
<td>21. Consistency</td>
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<td>22. Corruption issues</td>
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<td></td>
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</tbody>
</table>

Table 4.5 Correlation Between Demographic Variables and the 17 Themes

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

(continued)
<table>
<thead>
<tr>
<th>Ethics Themes</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
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<tbody>
<tr>
<td>1.Gender</td>
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<td>3.Type of firm</td>
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<td>6.Ethics theories</td>
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<td>10.Whiistle blowing</td>
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<td>11.Integrity</td>
<td>.338**</td>
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<td>12.Independence</td>
<td>.300**</td>
<td>.546**</td>
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<tr>
<td>13.Threat and safeguard</td>
<td>.385**</td>
<td>.348**</td>
<td>.591**</td>
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<tr>
<td>14.Conflict of Interest</td>
<td>.358**</td>
<td>.388**</td>
<td>.505**</td>
<td>.480**</td>
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<tr>
<td>15.Devotion</td>
<td>.449**</td>
<td>.366**</td>
<td>.389**</td>
<td>.410**</td>
<td>.334**</td>
<td></td>
<td></td>
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<td>16.Insider trading</td>
<td>.457**</td>
<td>.271**</td>
<td>.295**</td>
<td>.543**</td>
<td>.356**</td>
<td>.483**</td>
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<tr>
<td>17.Regulatory framework</td>
<td>.347**</td>
<td>.358**</td>
<td>.348**</td>
<td>.342**</td>
<td>.295**</td>
<td>.505**</td>
<td>.528**</td>
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<td></td>
</tr>
<tr>
<td>18.Social Responsibility</td>
<td>.364**</td>
<td>.292**</td>
<td>.189**</td>
<td>.259**</td>
<td>.396**</td>
<td>.331**</td>
<td>.343**</td>
<td>.451**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.Stakeholder theory</td>
<td>.345**</td>
<td>.195**</td>
<td>.282**</td>
<td>.388**</td>
<td>.322**</td>
<td>.187**</td>
<td>.288**</td>
<td>.309**</td>
<td>.562**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.Perseverance</td>
<td>.357**</td>
<td>.235**</td>
<td>.273**</td>
<td>.330**</td>
<td>.269**</td>
<td>.456**</td>
<td>.304**</td>
<td>.425**</td>
<td>.456**</td>
<td>.470**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.Consistency</td>
<td>.261**</td>
<td>.318**</td>
<td>.349**</td>
<td>.405**</td>
<td>.333**</td>
<td>.371**</td>
<td>.340**</td>
<td>.499**</td>
<td>.410**</td>
<td>.357**</td>
<td>.519**</td>
<td></td>
</tr>
<tr>
<td>22.Corruption issues</td>
<td>.425**</td>
<td>.411**</td>
<td>.394**</td>
<td>.496**</td>
<td>.458**</td>
<td>.514**</td>
<td>.543**</td>
<td>.435**</td>
<td>.346**</td>
<td>.237**</td>
<td>.386**</td>
<td>.464**</td>
</tr>
</tbody>
</table>

**Table 4.5 Correlation Between Demographic Variables and the 17 Themes**

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).
The table shows that age and gender are significantly correlated ($r = -0.25$, $p<0.01$). The distribution of the 100 male accountants is quite equal (21, 28, 29, 22) among the four age groups while 95.3% of female accountants state they belong to age groups under 55. In this study, females are of a younger age.

The table shows that the number of employees in a firm (firm size) and gender are significantly correlated ($r = 0.24$, $p<0.01$). In this study, women are working in firms of more employees, over half (56.3%) of women work in a company with over 200 employees in Hong Kong.

The table shows that the number of employees in a firm (firm size), and the firm type (CPA firm or non CPA firm), are significantly correlated ($r = -0.231$, $p<0.01$). Most of the respondents in this study who were working in CPA firms were working in smaller sized companies (employees $<50$).

There is no significant correlation between people who ordinarily work in Hong Kong and other demographic variables.
4.3.3 Research Questions Testing

There are three main research questions in this study.

4.3.3.1 Research Question 1

What is the importance of ethics education in the recruitment of accounting professionals?

To examine accountants’ perceptions of the importance of ethics education in the recruitment of accounting professionals, respondents were asked to rank nine recruitment attributes of which ethics education is one. The other eight attributes are: age, professional appearance, professional accounting examination eligibility, communication skills, extracurricular activities, GPA (overall), GPA (Accounting) and energy/motivation/enthusiasm.

<table>
<thead>
<tr>
<th>Ethics ranking</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7</td>
<td>4.3</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>2</td>
<td>13</td>
<td>7.9</td>
<td>8.0</td>
<td>12.3</td>
</tr>
<tr>
<td>3</td>
<td>14</td>
<td>8.5</td>
<td>8.6</td>
<td>20.9</td>
</tr>
<tr>
<td>4</td>
<td>17</td>
<td>10.4</td>
<td>10.4</td>
<td>31.3</td>
</tr>
<tr>
<td>5</td>
<td>20</td>
<td>12.2</td>
<td>12.3</td>
<td>43.6</td>
</tr>
<tr>
<td>6</td>
<td>28</td>
<td>17.1</td>
<td>17.2</td>
<td>60.7</td>
</tr>
<tr>
<td>7</td>
<td>26</td>
<td>15.9</td>
<td>16.0</td>
<td>76.7</td>
</tr>
<tr>
<td>8</td>
<td>22</td>
<td>13.4</td>
<td>13.5</td>
<td>90.2</td>
</tr>
<tr>
<td>9</td>
<td>16</td>
<td>9.8</td>
<td>9.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>163</td>
<td>99.4</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>1</td>
<td>.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.6 Frequency and Percentage of Ethics Ranking
A detailed description of ethics ranking is shown in Table 4.6. According to the respondents (N=163), the mean ethics ranking is 5.6 and standard deviation is 2.262. The most important rank is “1” and the least is “9”. 17.2 % of the respondents rank ethics as the sixth most important attribute and 16% rank ethics as the seventh. Only 4.3% of respondents rank ethics as the most important attribute. Overall, 20% respondents rank ethics in the top three attributes and about 40% rank ethics between fourth and sixth. The remaining 40% rank ethics in the last three between seventh and ninth.

The data analysis for RQ1 implies five hypotheses which are related to demographic variables. Mann-Whitney (M-W) and Kruskal-Wallis (K-W) tests are used for testing the variables of two groups and of more than two groups respectively. The results of these tests are presented in Table 4.7 below.

**Hypothesis 1.1**

*The ethics rank (Value of ethics in education) is higher for female accountants than for male accountants.*

To test hypothesis 1.1, that ethics rankings among female accountants is more important than male accountants, the Mann-Whitney test is used. The test indicates a statistically
significant difference (0.022, p<0.05) in male and female accountants’ perceptions of the importance of ethics education in the recruitment of accounting profession. The results thus indicate that females consider ethics education to be more important than their male counterparts do.

_Hypothesis 1.2_

Older accountants rank ethics as being more important than do younger accountants.

To test hypothesis 1.2, that older accountants rank ethics as being more important than the younger accountants, Kruskal-Wallis and Mann-Whitney tests are used. Accountants are first divided into 4 groups. The results are not significant, so for easy comparison, they were divided into 2 divisions (<45, ≥45) by combining the first two groups into one, and same method applied for the second two groups. Both tests do not indicate statistically significant differences (Kruskal-Wallis: 0.402, p>0.05; Mann-Whitney: 0.094, p>0.05) between older and younger accountants. However, for the 2 divisions, the mean rank of ethics for the group of younger accountants (<45 of age) is 76.81 and the other (≥45 of age) is 89.26. From the result of the mean comparison, the group of younger accountants rank ethics as being more important than the senior accountants.
Hypothesis 1.3

There is no significant difference in ethics ranking between accountants working in CPA firms and those working in non-CPA firms.

To test hypothesis 1.3, that there is no significant difference in ethics ranking between accountants working in CPA firms and those working in non-CPA firms, Mann-Whitney is used. A null hypothesis that there is no significant difference in ethics ranking among accountants working in CPA firms and those working in non-CPA firms is not rejected. There is no significant difference in mean comparison: the mean rank of people working in non-CPA firms is (78.96) and in CPA firms is (95.48). However the group of accountants working in non-CPA firms rank ethics as being more important than the accountants working in CPA firm.

Hypothesis 1.4

There is no statistically significant relationship between the ethics ranking among accountants and their company size.

To test the hypothesis that there is no statistically significant relationship between the ethics ranking among accountants and their company size, Kruskal-Wallis is used. The test does not indicate a statistically significant difference (0.175, p> 0.05). Thus, we can say that there is no relationship between ethics ranking among accountants and their company size.
Hypothesis 1.5

There is no significant difference in ethics ranking among accountants ordinarily working in Hong Kong and those who do not.

To test the hypothesis that there is no significant difference in ethics ranking among accountants ordinarily working in Hong Kong and those who do not, Mann-Whitney is used. Although the size of the two samples differs (ordinarily working in Hong Kong: 150; not ordinarily working in Hong Kong: 13), Mann-Whitney is conducted to test this as there is no minimum sample size requirement for Mann-Whitney. The test does not indicate a statistically significant difference (0.98, p > 0.05), moreover, the means ranks are very close (ordinarily working in Hong Kong: 81.97; not ordinarily working in Hong Kong: 82.31).
<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Demographic factors (tests used)</th>
<th>Categor-</th>
<th>Fre-</th>
<th>Mean Rank (Ethics)</th>
<th>Rank (&quot;r&quot;: correlation coefficient &quot;p&quot;: sig. level)</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>gories</td>
<td>quency</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Total</td>
<td>163</td>
<td>Mean/SD</td>
<td>5.6/2.262</td>
<td></td>
</tr>
<tr>
<td>H1.1 The ethics rank (Value of ethics in education) is higher for female accountants than for male accountants.</td>
<td>Gender (Mann-Whitney)</td>
<td>Male</td>
<td>99</td>
<td>88.75</td>
<td>0.022 (p&lt;0.05)</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>64</td>
<td>71.59</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1.2 Older accountants rank ethics as being more important than do younger accountants.</td>
<td>Age (Kruskal-Wallis)</td>
<td>&lt;35</td>
<td>42</td>
<td>77.48</td>
<td>0.402 (p&gt;0.05)</td>
<td>Not supported</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35-44</td>
<td>53</td>
<td>78.27</td>
<td></td>
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<td></td>
<td>45-54</td>
<td>43</td>
<td>90.71</td>
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<tr>
<td></td>
<td></td>
<td>&gt;=55</td>
<td>25</td>
<td>86.76</td>
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</tr>
<tr>
<td></td>
<td>Age (Mann-Whitney)</td>
<td>&lt;45</td>
<td>95</td>
<td>76.81</td>
<td>0.094 (p&gt;0.05)</td>
<td>Not supported</td>
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<tr>
<td></td>
<td></td>
<td>&gt;=45</td>
<td>68</td>
<td>89.26</td>
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<tr>
<td>H1.3 There is no significant difference in ethics ranking among accountants working in CPA firms and those working in non-CPA firms.</td>
<td>Type of firm (Mann-Whitney)</td>
<td>CPA</td>
<td>30</td>
<td>95.48</td>
<td>0.081 (p&gt;0.05)</td>
<td>Supported</td>
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<tr>
<td></td>
<td></td>
<td>Non-CPA</td>
<td>133</td>
<td>78.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1.4 There is no statistically significant relationship between ethics ranking among accountants and their company size.</td>
<td>No. of employees of the firm (Kruskal-Wallis)</td>
<td>&lt;50</td>
<td>50</td>
<td>87.71</td>
<td>0.175 (p&gt;0.05)</td>
<td>Supported</td>
</tr>
<tr>
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<td></td>
<td>50-100</td>
<td>23</td>
<td>64.43</td>
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<td>101-200</td>
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<td>74.26</td>
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<tr>
<td></td>
<td></td>
<td>&gt;=200</td>
<td>71</td>
<td>85.74</td>
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<tr>
<td>H1.5 There is no significant difference in ethics ranking among accountants ordinarily working in Hong Kong and those who do not.</td>
<td>Ordinarily work in HK (Mann-Whitney)</td>
<td>Yes</td>
<td>150</td>
<td>81.97</td>
<td>0.98 (p&gt;0.05)</td>
<td>Supported</td>
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<tr>
<td></td>
<td></td>
<td>No</td>
<td>13</td>
<td>82.31</td>
<td></td>
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</tr>
</tbody>
</table>

Table 4.7 Mann-Whitney and Kruskal-Wallis on Demographic Data
Overall, ethics rankings show statistically significant difference according to gender. For age and type of firm, differences are noted in mean comparison though they do not have statistically significant difference. For firm size and whether the respondents ordinarily work in Hong Kong, they do not show statistically significant difference and the differences in mean comparison are small.

4.3.3.2 Research Question 2

*Is there any gap between the expectations of employers and the coverage of ethics in the education of professional accountants?*

The gaps between themes obtained by the coverage of documents and collected by surveys are compared at two levels. The first level is the individual single theme level and the second is the group of themes level. To compare at the individual theme level, divisions are set up for comparison; while at the group level the one-way ANOVA and post-hoc multiple comparisons tests are used.

4.3.3.2.1 Description of Themes

As stated in the previous section, there were 14 themes selected from the ten documents. The number of counts is presented in Table 4.8 and the rank is not presented as there are ties in some counts.
Three themes of ethics were added in the surveys after consultation with experts; they are consistency, devotion and perseverance. These themes emerge from the personal characteristics of people based on virtue and moral character. Accountants were asked to rate these 17 themes on a scale from “5” (very important) to “1” (totally unimportant). The sample sizes of the 17 themes range from 162 to 164, with the dissimilarity being due to the missing figures. As the web-based survey does not allow missing figures, and all questions have to be answered before proceeding to the next question, the missing figures are all taken from hardcopy surveys. Missing figures for an item are neglected when calculating the mean ranking of that item.

4.3.3.2.2 Individual Theme Comparisons

Themes are presented in descending order according to the mean scores received in the survey (Table 4.8). Two set of themes are compared, with one set having been obtained by the analysis of relevant documents and the other collected by the surveys. Themes are grouped into divisions which act as a yardstick for easy comparison. The data collected from the surveys are expressed using scores and, technically, are easier for comparison. The themes collected by the analysis of documents are, therefore, set as a base. For the total of 14 themes, two receive 9 counts, two receive 6 counts, three receive 5 counts, four receive 4 counts and three receive 3 counts. The first two sets are grouped together and the 14 themes are placed in 4 divisions (high, “H” (4 items), higher middle, “HM” (3 items), lower middle, “LM” (4 items) and low, “L” (3 items)).
<table>
<thead>
<tr>
<th>Themes on ethics (on surveys/on documents)</th>
<th>No. of counts</th>
<th>Rank on surveys, division (counts)</th>
<th>Difference (*yes, #no) Group (Tukey’s HSD)</th>
<th>No. of responses</th>
<th>Mean</th>
<th>Min/Max. in scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity</td>
<td>5</td>
<td>1 H (6,9)</td>
<td>* (vii) [9,6-9]</td>
<td>164</td>
<td>4.671</td>
<td>2/5</td>
</tr>
<tr>
<td>Independence</td>
<td>4</td>
<td>2 H (6,9)</td>
<td>** (vii) [9,6-9]</td>
<td>164</td>
<td>4.427</td>
<td>1/5</td>
</tr>
<tr>
<td>Conflict of interest</td>
<td>9</td>
<td>3 H (6,9)</td>
<td># (vii) [6,6-9]</td>
<td>164</td>
<td>4.396</td>
<td>1/5</td>
</tr>
<tr>
<td>Corruption issues</td>
<td>3</td>
<td>4 H (6,9)</td>
<td>*** (v) [6,4-6]</td>
<td>164</td>
<td>4.256</td>
<td>1/5</td>
</tr>
<tr>
<td>Code of ethics</td>
<td>9</td>
<td>5 HM(5)</td>
<td>** (v) [5,4-6]</td>
<td>164</td>
<td>4.232</td>
<td>1/5</td>
</tr>
<tr>
<td>Insider trading</td>
<td>3</td>
<td>6 HM(5)</td>
<td>** (v) [5,4-6]</td>
<td>163</td>
<td>4.209</td>
<td>1/5</td>
</tr>
<tr>
<td>Threat and safeguard</td>
<td>6</td>
<td>7 HM(5)</td>
<td>* (v) [5,4-6]</td>
<td>162</td>
<td>4.086</td>
<td>2/5</td>
</tr>
<tr>
<td>Resolving ethical dilemma</td>
<td>4</td>
<td>8 LM(4)</td>
<td># (v) [4,4-6]</td>
<td>163</td>
<td>4.074</td>
<td>1/5</td>
</tr>
<tr>
<td>Regulatory framework</td>
<td>4</td>
<td>9 LM(4)</td>
<td># (v) [4,4-6]</td>
<td>164</td>
<td>4.067</td>
<td>1/5</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>5</td>
<td>10 LM(4)</td>
<td>* (v) [4,4-6]</td>
<td>164</td>
<td>4.067</td>
<td>1/5</td>
</tr>
<tr>
<td>Consistency</td>
<td>0</td>
<td>11 LM( )</td>
<td>(v) [3,4-6]</td>
<td>164</td>
<td>4.012</td>
<td>1/5</td>
</tr>
<tr>
<td>Devotion</td>
<td>0</td>
<td>12 LM( )</td>
<td>(v) [3,4-6]</td>
<td>163</td>
<td>3.989</td>
<td>1/5</td>
</tr>
<tr>
<td>Whistle blowing</td>
<td>5</td>
<td>13 LM(4)</td>
<td>* (ii) [4,3-4]</td>
<td>163</td>
<td>3.810</td>
<td>1/5</td>
</tr>
<tr>
<td>Perseverance</td>
<td>0</td>
<td>14 LM( )</td>
<td>(ii) [3,3-4]</td>
<td>163</td>
<td>3.785</td>
<td>1/5</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>4</td>
<td>15 L (3)</td>
<td>* (ii) [3,3-4]</td>
<td>164</td>
<td>3.701</td>
<td>1/5</td>
</tr>
<tr>
<td>Stakeholder theory</td>
<td>3</td>
<td>16 L (3)</td>
<td># (ii) [3,3-4]</td>
<td>164</td>
<td>3.646</td>
<td>1/5</td>
</tr>
<tr>
<td>Ethics theory</td>
<td>6</td>
<td>17 L (3)</td>
<td>*** (i) [3]</td>
<td>163</td>
<td>3.307</td>
<td>1/5</td>
</tr>
</tbody>
</table>

Table 4.8 No. of Counts, Means and Other Characteristics of the Seventeen Themes
The themes collected from the survey are also divided into four divisions with similar number of items as those collected in the analysis of relevant documents. This analysis aims to examine whether a theme is located differently between the analysis of documents and the surveys; in other words, to examine whether there is a gap between the coverage of ethics education in the relevant documents and the surveys for any single individual theme.

When the three themes are added, there are 17 themes in the survey. These are distributed into four divisions and the number of items in each division is modified to cope with the three added themes. The lower middle division is extended to carry seven themes, instead of four, as the three added themes are within this division, and the distribution becomes high (4 items), higher middle (3), lower middle (7) and low (3). The two divisions in which a theme is located are compared. If there is no gap (e.g. high and high) it is represented by “#”, and if there is a gap, it is represented by “*” and by the number of gaps present (e.g. one discrepancy by “*”, two by “**”, and three by “***”). In other words, if there is one division difference between the survey and the document, for example, high to higher middle, there is a difference of one division; if there is a difference of two divisions between the survey and the document, for example, high to lower middle, there is a difference of two divisions.
For the first division, “high”, the corresponding number of counts in the documents is from 6 to 9. Among the four themes (integrity, independence, conflict of interest and corruption issues/ corruption), only conflict of interest is considered to be important by both the accountants and the documents. The three others are all considered as important by accountants, but the coverage in the documents is less than expected. The discrepancy in corruption issues is the highest, with a difference of three divisions.

In the second division, “higher middle”, the corresponding number of counts in the documents is 5 for the themes of: codes of ethics, insider trading and threat and safeguard. There are gaps between the coverage of documents and the expectations of accountants. The deviations occur in two directions. For code of ethics and threats and safeguard, the number of counts is 9 and 7 respectively and the coverage in documents is higher than the accountants’ expectations. While for insider trading, the number of counts is 3 and the coverage in documents is lower than the accountants’ expectations.

There are seven themes in the third division, “lower middle”. The corresponding number of counts is 4 for the themes: resolving ethical dilemma/ethical dilemma, regulatory framework, corporate governance and whistle blowing; and three that are added include consistency, devotion and perseverance. The themes of resolving ethical dilemma and regulatory framework are without discrepancy as they are covered by four documents.
Although the number of counts is 5 for the themes of corporate governance and whistle blowing, the coverage in the documents is higher than the accountants’ expectation.

For the last division (low), the corresponding number of counts is 3 and there are three themes in this division, namely: social responsibility, stakeholder theory and ethics theory. There is no division difference in the survey and the documents for theme of stakeholder theory and there is a one division gap for social responsibility. However, there is a bigger discrepancy between the accountant’s expectation and the coverage of the documents in relation to the theme ethics theory. This topic was covered in 6 documents but it scored the lowest in the survey.

4.3.3.2.3 Group Comparison

As the individual theme comparison does not indicate which themes or groups of themes have distinguishing scores, one way Anova post-hoc analysis is, therefore, used to test the groupings.

The post hoc analysis test for significance was chosen to examine the means of the themes. The assumptions about whether the population variances are equal is checked with the
result (table 4.9) from the Levene Statistic (p<0.05) showing that there is a significant population variance in the 17 themes.

### Test of Homogeneity of Variances

<table>
<thead>
<tr>
<th>Means of ethics themes</th>
<th>Levene Statistic</th>
<th>df1</th>
<th>df2</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.808</td>
<td>16</td>
<td>2763</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 4.9 Test of Homogeneity of Variances

Since the homogeneity of variance assumption does not hold, the Kruskal-Wallis test is used to test the mean difference between the 17 themes. Given that (p<0.05), chi-square (389.75, d.f. =16), there are significant differences between the mean ranks of the 17 themes.

The post-hoc ANOVA Games Howell test is computed to determine in which themes significance occurred. This test is robust against the unequal population variances and unequal population sizes. Therefore, a missing figure of an item is neglected when calculating the mean. The results are shown in Table 4.10. Again, there are significant differences between the mean ranks of the 17 themes (p< 0.05). Since the Games Howell test does not give subsets, Tukey’s HSD (Table 4.11) is also used to group the themes.
### ANOVA Means of ethics themes

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>281.326</td>
<td>16</td>
<td>17.583</td>
<td>27.195</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1786.408</td>
<td>2763</td>
<td>.647</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2067.733</td>
<td>2779</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.10 One-way ANOVA - Games Howell Test

The Tukey’s HSD test is sensitive to unequal population variances and unequal population sizes. The population variance of the study is not equal, but the test has been adopted for the reason that it can provide subsets. In order to maintain the same population sizes for all of the 17 themes, an average value is used to replace a missing value.

### ANOVA Means of ethics themes

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>282.018</td>
<td>16</td>
<td>17.626</td>
<td>27.341</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1786.408</td>
<td>2771</td>
<td>.645</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2068.426</td>
<td>2787</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.11 One-way ANOVA - Turkey HSD

Tukey’s HSD test for significance was computed to determine which groups the significance occurred. The findings show that there are seven subsets, but some themes are in duplicate or triplicate with other groups, only four groups do not show duplication.
Homogeneous Subsets

Tukey HSD

<table>
<thead>
<tr>
<th>Ethics themes</th>
<th>N</th>
<th>Mean Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>i</td>
<td>ii</td>
</tr>
<tr>
<td>Ethics theory</td>
<td>164</td>
<td>3.307</td>
</tr>
<tr>
<td>Stakeholder theory</td>
<td>164</td>
<td>3.646</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>164</td>
<td>3.701</td>
</tr>
<tr>
<td>Perseverance</td>
<td>164</td>
<td>3.785</td>
</tr>
<tr>
<td>Whistle blowing</td>
<td>164</td>
<td>3.810</td>
</tr>
<tr>
<td>Devotion</td>
<td>164</td>
<td>3.988</td>
</tr>
<tr>
<td>Consistency</td>
<td>164</td>
<td>4.012</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>164</td>
<td>4.067</td>
</tr>
<tr>
<td>Regulatory framework</td>
<td>164</td>
<td>4.067</td>
</tr>
<tr>
<td>Resolving ethical dilemma</td>
<td>164</td>
<td>4.074</td>
</tr>
<tr>
<td>Threat and safeguard</td>
<td>164</td>
<td>4.086</td>
</tr>
<tr>
<td>Insider trading</td>
<td>164</td>
<td>4.209</td>
</tr>
<tr>
<td>Codes of ethics</td>
<td>164</td>
<td>4.232</td>
</tr>
<tr>
<td>Corruption issues</td>
<td>164</td>
<td>4.256</td>
</tr>
<tr>
<td>Conflict of interest</td>
<td>164</td>
<td>4.396</td>
</tr>
<tr>
<td>Independence</td>
<td>164</td>
<td>4.427</td>
</tr>
<tr>
<td>Integrity</td>
<td>164</td>
<td>4.671</td>
</tr>
<tr>
<td>Sig.</td>
<td>1.000</td>
<td>.917</td>
</tr>
</tbody>
</table>

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 164.000. Subset for alpha = 0.05

Table 4.12 The Tukey's HSD Test Results for the Mean Scores of Four Subsets

Table 4.12 is arranged by the mean scores from the survey, in ascending order. Table 4.8 shows the four subsets without duplication. There are five scales for these questions; the lowest score is “1”, and the highest score is “5”. According to the subsets (Table 4.8), the
first group (vii) includes: integrity, independence and conflict of interest, and the range of means is from 4.396 to 4.671, while the corresponding number of counts is 6 to 9. In the coverage of the documents, conflict of interest receives 9 counts. Both the coverage of documents and the expectation of accountants receive similar important results. However, there are gaps for integrity (5 counts) and independence (4 counts) and the importance in the documents is less than the accountants’ expectations.

The second group (v) includes nine themes with the corresponding number of counts being between 4 and 6. For threat and safeguard, resolving ethical dilemma, regulatory framework and corporate governance, the counts are from 4-6, that is, the coverage and the accountants’ expectations are in-line with each other.

Code of ethics receives 9 counts and the coverage in the documents is higher than the accountants’ expectations.

Both corruption and insider trading only receive 3 counts. The coverage in the document is less than the accountants’ expectations. Consistency and devotion are not included in the syllabi and, therefore, no comparison is made.
There are four themes in the third group (ii) and the corresponding number of counts is 3 to 4 themes. Social responsibility and stakeholder theory receive 4 and 3 counts respectively. The coverage of documents and the accountants’ expectations are similar. However, accountants consider whistle blowing to be less important. While for perseverance, there is no comparison.

In the fourth group (i), there is only one theme, namely ethical theory and this has 3 counts. There are 6 counts in the documents, but accountants consider it to be the least important. There is a large gap between the coverage of the documents and the accountants’ expectations.

4.3.3.3  **Research Question 3**

What are the accountants’ expectations of the themes, teaching methods and content relating to ethics education in the accounting curriculum?

The 17 themes and questions 29 to 35 in the surveys are related to this research question. Q29 asks respondents the following: “Besides the above items [the 17 themes], can you think of any element(s) that should be included in ethics education. Please suggest. You can add these against the blank spaces below”. Q30 to 34 are statements in relation to ethical issues in business, in particular, circumstances faced by accountants. Q30 states that company polices/ procedures should always be followed unless they are illegal. Q31
states that forcing quarterly sales figures to meet a budget (thus insuring a quarterly bonus) is acceptable if no difference is expected in annual sales. Q32 asks whether a person reviewing/approving expense reports has more responsibility for following company policy than someone merely recording the transactions in the accounting records. Q33 and Q34 are similar as they both concern ethical financial reporting. Q33 and Q34 are:

Questionable adjustments to financial records that are used internally are acceptable; and

Questionable adjustments to financial records that are used externally are unacceptable.

Any correlation between the 17 themes is explored to examine if they can be categorised into groups. The means and standard deviations of the results from Q30-34 are analysed; meanwhile, Q35 and the open-ended question (Q29) are analysed for this research question. Q35 relates to teaching methods: “Traditionally, business ethics/accounting ethics are taught via textbook approach. If an accounting professional is invited to present to a class of accounting students a practical case with ethical issues, do you agree the involvement of the accounting professional will benefit the students?”

The respondents of this study evaluated the importance of the 17 themes according to their expectation of what should be learnt at entry level in an accounting graduates’ academic curriculum. Table 4.5 demonstrates that many of the demographic variables (such as gender, age, firm type, firm size, work location) do not correlate with the 17 themes. Only
the following demographic variables are exceptions: the gender of the respondents and how this correlates with the regulatory framework (r=0.158, p<0.05); the age of the respondents and how this correlates with the code of ethics (r=0.2, p<0.05); corporate governance (r=0.2, p<0.05), integrity (r=0.186, p<0.05), devotion (r=0.161, p<0.05), social responsibility (r=0.191, p<0.05) and corruption issues (r=0.158, p<0.05); the size of the firm and how this correlates with corporate governance (r=0.168, p<0.05); resolving ethical dilemmas (r=0.157, p<0.05); respondents ordinarily working in Hong Kong and how this correlates with threat and safeguard (r=-0.216, p<0.01); and social responsibility (r=-0.154, p<0.05); and consistency (r=-0.189, p<0.05).

4.3.3.3.1 Intercorrelation

Table 4.5 shows intercorrelations between five demographic variables and the 17 theme variables. Many of the 17 themes are inter-correlated at a significance level of 0.01. However, ethics theory does not correlate with integrity (r=0.066, p>0.05), independence (r=0.123, p>0.05), conflict of interest (r=0.153, p>0.05). Ethics theory correlates with threat and safeguard (r=0.18, p<0.05) and it correlates with the other 12 themes at p<0.01. As stated above, the correlation between integrity and ethics theory is (r=0.066, p>0.05) which is a very low correlation. Besides this, integrity correlates with stakeholder theory (r=0.195, p<0.05) and it correlates with the other 14 themes at p<0.01.
The correlation between independence and ethics theory is \( r=0.123, \ p>0.05 \). Independence correlates with social responsibility \( r=0.189, \ p<0.05 \) and it correlates with the other 14 themes at \( p<0.01 \).

Devotion correlates with stakeholder theory \( r=0.187, \ p<0.05 \) and it correlates with the other 15 themes at \( p<0.01 \).

Furthermore, all the following themes correlate to the other remaining 16 themes at \( p<0.01 \): codes of ethics, corporate governance, resolving ethical dilemma, whistle blowing, insider trading, regulatory framework, perseverance, and consistency.

4.3.3.3.2 Principal Components Analysis

A principal component analysis (table 4.13) was conducted to explore whether some themes can be categorised into common factors. Factors are extracted if the initial Eigenvalues of a component is less than 1. After the extraction by the principal component analysis, the extracted factors were rotated by Varimax with Kaiser Normalization. Solution from Oblimin rotation was also examined, theme components of the four factors are the same as those obtained from the Varimax rotation.
However one of the factors gave negative loadings in Oblimin, therefore Varimax rotation was finally chosen. No themes were eliminated as all of them did have load on at least one factor. Four out of seventeen factors have initial eigenvalue greater than one. Four factors emerged with eigenvalues of 6.796, 1.542, 1.137, 1.006; and after rotation these become 2.935, 2.750, 2.569 and 2.228 (Table 4.14). The Barlett’s test of sphericity (approximate Chi-square= 116.854, df=136, p<0.01) is significant suggesting that the population correlation matrix is not an identity matrix, factorability can therefore be assumed. The value of the Kaiser-Meyer-Olkin measure of sampling adequacy (0.879) is far greater than
0.6, indicating that the principal component analysis is appropriate. The communalities were all above 0.3, and indicate that each theme shared some common variance with other themes.

The four factors account for 61.652% (10.481/17) of the overall variance. In other words, these four factors account for 61.652% of variation in the importance of ethics education. The results of the principal components analysis, the respective items under each factor and the item loadings, are shown on Table 4.14. The loadings were correlation coefficients between variables and factors. All the 17 variables were included in the four selected factors, but only some of variables possessed high loads within each factor.

The four factors are named according to the list of themes under each factor and the respective loadings of the themes. Four categories are identified and named, they are presented as follows in the order of their contribution to the overall variance: 1) Sense of Responsibility (Cronbach’s alpha =0.801), 2) Regulatory Compliance (Cronbach’s alpha =0.800), 3) Integrity to Accounting Profession (Cronbach’s alpha =0.790) and 4) Practical Ethical Issues (Cronbach’s alpha =0.752).
Factors and Themes | Loading | Rotated Eigen-value | % of variance | Mean Score |
---|---|---|---|---|
Factor 1 - *Sense of Responsibility* (Cronbach’s alpha = 0.801) | | 2.935 | 17.263 | 3.754 |
Social responsibility | .728 |
Stakeholder theory | .697 |
Perseverance | .693 |
Consistency | .612 |
Corporate governance | .553 |
Ethics theories | .486 |
Factor 2 - *Regulatory Compliance* (Cronbach’s alpha = 0.800) | | 2.750 | 16.174 | 4.123 |
Insider trading | .730 |
Devotion | .718 |
Corruption issues | .637 |
Regulatory framework | .593 |
Factor 3 – *Integrity to Accounting Profession* (Cronbach’s alpha = 0.790) | | 2.569 | 15.111 | 4.396 |
Independence | .814 |
Integrity | .703 |
Conflict of interest | .611 |
Threat and safeguard | .576 |
Factor 4 – *Practical Ethical Issues* (Cronbach’s alpha = 0.752) | | 2.228 | 13.103 | 4.039 |
Resolving ethical dilemma | .767 |
Whistle blowing | .672 |
Code of ethics | .643 |

Note. Factor loadings <.433 are suppressed

**Table 4.14 Results of Principal Components Analysis for Ethics Themes**

The mean scores for each factor are calculated. As all of the questions are about “importance”, each mean score represents the importance of each factor. There are significant differences between the mean scores of the four factors (p<0.00) with the
exception between factor 2 (Regulatory Compliance) and factor 4 (Practical Ethical Issues) (p=0.053). The most important factor is “Integrity to Accounting Profession”, the second most important is “Regulatory Compliance”, the third is “Practical Ethical Issues” and the fourth is “Sense of Responsibility”.

The alpha value of the four factors (overall ethics themes) is shown in Table 4.15. The Cronbach’s alpha is 0.838 and is above the criterion (0.7). This result shows that the collected data are statistically robust. The alpha values of the four factors are above the criterion (0.7), which indicates that all these factors have satisfactory internal reliability and are statistically robust.

<table>
<thead>
<tr>
<th>Measuring Constructs (Factors)</th>
<th>Cronbach’s Alpha</th>
<th>Corrected Item – Total Correlation</th>
<th>Cronbach’s Alpha if Item Deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1 – Sense of Responsibility</td>
<td>0.838</td>
<td>0.688</td>
<td>0.788</td>
</tr>
<tr>
<td>Factor 2 – Regulatory Compliance</td>
<td>0.639</td>
<td>0.811</td>
<td></td>
</tr>
<tr>
<td>Factor 3 – Integrity to Accounting Profession</td>
<td>0.706</td>
<td>0.779</td>
<td></td>
</tr>
<tr>
<td>Factor 4 – Practical Ethical Issues</td>
<td>0.661</td>
<td>0.799</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.15 Cronbach’s Alpha on the Overall Construct

4.3.3.3 Perception of Ethical Issues

A descriptive analysis on variance and mean score was conduct for the Q.30 to Q.34 of the questionnaires (table 4.16), the details of the questions are stated in the following
paragraphs. These questions will investigate whether there is a perception of ethical issues between the participants in my study and the sixty-nine accounting professionals in Davis and Weldton’s (1991) study. The evaluation scale of their study for the mean response are agree, disagree, or undecided. The scales of this study are strongly agree, agree, neither agree nor disagree, disagree and strongly disagree.

<table>
<thead>
<tr>
<th></th>
<th>Q30</th>
<th>Q31</th>
<th>Q32</th>
<th>Q33</th>
<th>Q34</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>163 (100%)</td>
<td>163 (100%)</td>
<td>164 (100%)</td>
<td>163 (100%)</td>
<td>163 (100%)</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.777</td>
<td>1.116</td>
<td>1.241</td>
<td>1.125</td>
<td>1.157</td>
</tr>
<tr>
<td>Mean</td>
<td>4.18</td>
<td>2.67</td>
<td>3.31</td>
<td>2.35</td>
<td>3.99</td>
</tr>
</tbody>
</table>

**Table 4.16 Responses to Perception of Ethical Issues**

Q30 asked whether “Company policies/procedures should always be followed unless they are illegal.” This statement is designed to see if the respondents placed any emphasis on the difference between illegal and unethical activities (Davis & Welton, 1991, p.462). The answer from their study is “Agree” which corresponds to the scale of 4.0 or above in the study. The result of this study is 4.18, 85.3% of respondents selected agree or strongly agree in this statement. Overall, 59 respondents (36.2%) strongly agree, 80 respondents (49.1%) agree, 19 respondents (11.7%) neither agree nor disagree, 4 respondents (2.5%) disagree, 1 respondent (0.6%) strongly disagrees.

Q31 asked whether “Forcing quarterly sales figures to meet a budget (thus insuring a quarterly bonus) is acceptable if no difference is expected in annual sales”. The answer
from their study is “Disagree” which corresponds to the scale of 2.0 or below in the study. The result of this study is 2.67, 39.8% of respondents selected disagree or strongly disagree in this statement and 35.4% (58 respondents) selected neither agree nor disagree. 5 respondents (3.0%) strongly agree, 35 respondents (21.3%) agree, 32 respondents (19.5%) disagree and 33 respondents (20.2%) strongly disagree.

Q32 asked whether “A person reviewing/approving expense reports has more responsibility for following company policy than someone merely recording transactions in the accounting records”. The answer from the study is “undecided” which corresponds to the scale of 3.0 in the study. The result of this study is 3.31, 19.5% (32 respondents) of respondents selected “neither agree nor disagree” in this statement, 53.7% selected agree or strongly agree and 26.8% selected disagree or strongly disagree. The details of this are: 26 respondents (15.9%) strongly agree, 62 respondents (37.8%) agree, 25 respondents (15.2%) disagree, and 19 respondents (11.6%) strongly disagree.

Q33 asked whether “Questionable adjustments to financial records that are used internally are acceptable”. The answer from their study is “Disagree” which corresponds to the scale of 2.0 or below in the study. The result of this study is 2.35, 59.5% of respondents selected disagree or strongly disagree in this statement. Overall, 5 respondents (3.1%) strongly agree, 25 respondents (15.3%) agree, 36 respondents (22.1%) neither agree nor disagree, 53 respondents (32.5%) disagree and 44 respondents (27.1%) strongly disagree.
Q34 asked whether “Questionable adjustments to financial records that are used externally are unacceptable”. The answer from the study is “Agree” which corresponds to the scale of 4.0 or above in the study. The result of this study is 3.99, 69.9% of respondents selected agree or strongly agree in this statement and 19.0% (31 respondents) selected neither agree nor disagree, 74 respondents (45.4 %) strongly agree, 40 respondents (24.5%) agree, 10 respondents (6.1%) disagree and 8 respondents (4.9%) strongly disagree.

Question 35
In the section 4 of the survey, Q.35 asked the accountants “Traditionally, business ethics/accounting ethics are taught via textbook approach. If an accounting professional is invited to present to a class of accounting students a practical case with ethical issues, do you agree the involvement of the accounting professional will benefit the students?” All respondents answered this question (N=164), mean score equal to 4.2 and standard deviation 0.774. There are over 82.3% (strongly agree=64, agree=71) of respondents who answered this statement positively and 1.2% answered it negatively (strongly disagree or disagree). The remaining 16.5% neither agree nor disagree. This indicates that a majority of accountants agree that the inclusion of an accounting practitioner’s involvement in ethics education could benefit students.
Open-ended question

Besides questions on the 17 themes of ethics, section C of the survey included an open-ended question. This question asked the respondents, “Besides the above items, can you think of any element(s) that should be included in the ethics education?” Of the 164 respondents, 21 responded to the open-ended question, but four merely included words such as “no further comments” or “n/a”, and 17 (10.4%) respondents provided their views on ethics education. Their views can be categorized into four areas: contents, teaching methods, issues relating to work place and values/virtues.

Contents

One respondent wrote “overall balance among above themes, instead of isolated review of individual item”, this indicates that this respondent agrees that the ethics education or its curriculum should be a broad spectrum one. One wrote “practical experience is more important than knowledge learnt, internship should be added for students to experience any potential ethical dilemma during internship.” This indicates that the education should not only instil ethics knowledge to students but also provide an environment for students to apply that ethics knowledge learnt. Facing ethical dilemmas is a day-to-day issue and student interns may be first to encounter this issue in an ethics sense. Others wrote “environmental accounting”, “UK Bribery Act”, and “Objectivity”. They are in the context level. Environmental accounting is the practice of accounting for all the contributing factors that result in an impact on the environment, it is an emerging
discipline (Australia Institute of Environmental Accounting, 2013). The UK Bribery Act 2010 came into effect on 1 July 2011 in the UK and is for anti-corruption. Ethics issues such as corruption are incorporated into law. Objectivity is a topic that appeared in code of ethics.

Pedagogy

One respondent suggested that using life situations for teaching ethics “provide simple life examples to illustrate complicated concepts during teaching”. Another suggested using makeup stories for teaching “learned ethical stories and approach to resolving ethical dilemmas.” To link ethics education to our business environment, one respondent suggested the “history of significant financial crisis e.g. GFC [Global Financial Crisis] as a case study”. The advantage of using life examples is that they increase student interest.

Business Practice

More than one third of the views received are related to business practice. One advocated “telling them the ethical standard and culture in the organisation” and another recommended that courses “identify between unethical and business practice.” Different organisations have different cultures and their ethical standards may be different. One respondent suggested “a clear concept of what ethics is about and why it is important to incorporate ethics as the root to good corporate practice. It is important to let the candidate know the severe consequence for any breach of ethical requirements when
working for the corporation or institution.” It suggests further that the entry level graduates should be warned, at the very beginning of joining an organisation, of the consequence for any breach of ethical requirements. One respondent suggested that organisations, at the company level, should assist their employees if ethical issues arise from any actions of their supervisor “Explicit guideline how to deal with the supervisor's pressure; identify between unethical and business practise.” Other respondents were concerned with the communication between entry-level accounting graduates and stakeholders. Responses such as “confidentiality”, “he/she should be sensitive about the integrity of information provided and the skills in crucial conversation to other stakeholders.” These views suggested that graduates are not only concerned about their own ethics issues but they also pay attention to other stakeholders’ integrity. A respondent stated “Establishing Values - think about what you want about employees.” This suggests that an organisation should establish common important values that all employees should follow. It would be good for entry-level accounting graduates as it would save them from the traps they may fall into if not otherwise told.

General values/virtues

Some respondents suggested items that are common to all people, and not particularly in their employment. They stated that “The number one importance is honesty; number two is integrity. Not telling lies, not taking things not belong to you”, “polite”, “common sense, justice, fairness”. Honesty, justice and fairness are basically virtues of people, one
should observe them in life including when they carry out their job duties. These values/virtues should not be taken less seriously when people are working in the business field.

### 4.3.3.4 Summary of Analysis Results

The following table (table 4.17) show a summary of analysis results.

<table>
<thead>
<tr>
<th>Research Questions/ Hypotheses</th>
<th>Data Analysis</th>
<th>Results</th>
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</table>
| **RQ1: What is the importance of ethics education in the recruitment of accounting professionals?** | Mean Rank | Mean ethic ranking = 5.6  
~20% of respondents (rank top 1,2,or 3)  
~40% of respondents (rank 4,5, or 6)  
~40% of respondents (rank 7,8, or 9) |
| **H1.1 The ethics rank (Value of ethics in education) is higher for female accountants than for male accountants.** | Gender (Mann-Whitney) | Supported  
(r=0.022, p<0.05) |
| **H1.2 Older accountants rank ethics as being more important than do younger accountants.** | Age (Kruskal-Wallis) | Not Supported  
(r=0.402, p>0.05) |
| **H1.3 There is no significant difference in ethics ranking among accountants working in CPA firms and those working in non-CPA firms.** | Firm Type (CPA / non CPA firm) (Mann-Whitney) | Supported  
(r=0.081, p>0.05) |
| **H1.4 There is no statistically significant relationship between ethics ranking among accountants and their company size.** | Firm size (Kruskal-Wallis) | Supported  
(r=0.175, p>0.05) |
**H1.5** There is no significant difference in ethics ranking among accountants ordinarily working in Hong Kong and those who do not. **Ordinarily working in Hong Kong (Mann-Whitney)** **Supported**

\[(r=0.98, p>0.05)\]

| RQ 2: Is there any gap between the expectations of employers and the coverage of ethics in the education of professional accountants? | Individual ethics themes (no. of counts comparison) | Gaps found in the following themes:

Ethics theory, corruption issues, code of ethics, insider trading, and independence

**Groups of themes**

- One-way ANOVA
- Post-hoc analysis (Levene Statistic p<0.05)

**The following show the four distinguished subsets, with the themes where gaps are found in bold.**

- **Subset 1** (conflict of interest, **independence, integrity**)
- **Subset 2** (Devotion, consistency, corporate governance, regulatory framework, resolving ethical dilemma, threat and safeguard, **insider trading, code of ethics, and corruption issues**)
- **Subset 3** (Stakeholder theory, social responsibility, perseverance, and **whistle blowing**)
- **Subset 4** (**Ethics theory**)

| RQ3: What are the accountants’ expectations of the themes, teaching methods and content relating to ethics education in the accounting curriculum? | Accountants’ expectations on the 17 ethics themes (correlation analysis between demographic data and ethics themes) | Correlation found in:

- Gender/regulatory framework \( (r=0.158, p<0.05) \)
- Age/ code of ethics \( (r=0.2, p<0.05) \)
- Age/corporate governance \( (r=0.2, p<0.05) \)
- Age / integrity \( (r=0.186, p<0.05) \)
- Age/ devotion \( (r=0.161, p<0.05) \)
- Age/ social responsibility \( (r=0.191, p<0.05) \)
- Age/ corruption issues \( (r=0.158, p<0.05) \)
- Firm size/ corporate governance \( (r=0.168, p<0.05) \)
- Firm size/ resolving ethical dilemmas \( (r=0.157, p<0.05) \) |
| Demographic variables | Correlation analysis between the variables | Correlation found in:  
   Age/ Gender (r=-0.25, p<0.01)  
   Firm size/ Gender (r=0.24, p<0.01)  
   Firm size/ firm type (r=-0.231, p<0.01) |
<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Intercorrelation analysis among ethics themes</td>
<td>The following themes correlate to the other remaining 16 themes at p&lt;0.01: codes of ethics, corporate governance, resolving ethical dilemma, whistle blowing, insider trading, regulatory framework, perseverance, and consistency</td>
<td></td>
</tr>
<tr>
<td>Principal component analysis (Eigenvalues&lt;1) Rotated by varimax with Kaiser Normalization KMO=0.879</td>
<td>Four categories are named from the highest mean scores to the lowest (mean scores): 1) Integrity to Accounting Profession (4.396) 2) Regulatory Compliance (4.123) 3) Practical Ethical Issues (4.039) 4) Sense of Responsibility (3.754)</td>
<td></td>
</tr>
<tr>
<td>A practitioner to present a practical case with ethical issues to students</td>
<td>A majority (82%) of the respondents agreed the involvement of the practitioners will benefit the students.</td>
<td></td>
</tr>
<tr>
<td>Work in HK/ threat &amp; safeguard (r=-0.216, p&lt;0.05) Work in HK/ social responsibility (r=-0.154, p&lt;0.05) Work in HK/ consistency (r=-0.189, p&lt;0.05)</td>
<td></td>
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4.4 Summary

This chapter presents the analysis of documents includes the syllabi of ethics related courses in degree programmes in Hong Kong, and ethics related examinations in professional accounting bodies, along with some Codes of Ethics. The finding of the hypotheses tested on demographic characteristics (gender, age, type of firm the respondents are working for, the number of employees and whether the respondents ordinarily work in Hong Kong) in this study reveals the respondents’ perceptions on the importance of ethics education in the recruitment of accounting professionals. The selected themes are analysed both at the individual themes level and at the groups of themes level. The result from the themes analysis shows that some gaps are found between the expectations of employers and the coverage of ethics in the documents. Analysing correlations between variables (demographics and the 17 ethics themes) reveals that most of the demographic variables do not correlate with the 17 ethics themes, rather most of the 17 themes are intercorrelated. Four categories out of the 17 themes are identified. Further views from respondents suggest improvements in ethics education in relation to the contents, pedagogy, business practice and general value/virtues. In the next chapter the identified key issues shall be discussed, and implications for accountants and educators shall be explained.
Chapter 5 Discussions and Conclusion

5.1 Introduction

This chapter discusses the findings emerging from the study. The second section is the discussion of the findings. The third section deals with the implications and the fourth are the limitations. The last section are the directions for future research.

Various documents (syllabi and code of ethics) were analysed and a questionnaire was used for data collection. Breaux et al.(2010) in their study in the United States find that ethics education in accounting curricula should be an important factor in the hiring decisions of recruiters relating to entry-level accountants, whereas in Hong Kong, in a similar set of criteria, this study finds that the surveyed accountants advocate higher importance for ethics education in accounting curricula.

In this study, there is a statistically significant difference between genders when analysing the ranks of ethics coverage. However, there are no significant differences found in the age, firm size, type of firm and ordinary work location of the respondents.
Ethics themes are compared extensively by way of individual themes and by groups of themes. Interpretations are offered for the discrepancies and the similarity between the accountants’ expectations and the documents’ (syllabi and codes of ethics) coverage. Four different groups are found by Tukey HSD. Integrity, independence, ethics theory are the major distinguishable themes. Correlation between themes and the demographic variables are discussed. However, most of the themes are inter-correlated, with the exception of ethics theory, which is not correlated with integrity, independence or conflict of interest.

An exploratory principal components analysis indicates that four factors are found according to the surveyed accountants’ expectations on the importance of ethics education in accounting curriculum in Hong Kong. These four factors are Sense of Responsibility, Regulatory Compliance, Principles for Professional Accountants and Practical Ethical Issues. The results for the five statements on ethical behaviour are compared between the surveyed accountants and the sixty-nine accountants from Davis’ (1991) study. Comments collected from surveyed accountants give insights into ethics education. Their suggestions cover the areas of contents of the curriculum, pedagogy, business practice and values/virtues.
At the end of this chapter, the implications for educators and professional accounting bodies are presented. The limitations of the study and directions for future research are also discussed.

5.2 Discussions

5.2.1 Ethics Ranking

The mean of ethics ranking is 5.6 in the study, the range of scores is from 1 (the most important criterion) to 9 (the least important criterion). It is lower than Breaux’s (2010) study (7.4) investigating recruiters of CPA firms in the United States. The other eight criteria of both studies are the same. In general, the surveyed accountants in this study rank ethics coverage in curriculum as more important that the respondents in Breaux’s (2010) study. The ethics coverage includes ethics related issues taught in the curriculum of the accounting programme, and from the analysis of the documents (qualitative analysis) fourteen ethics themes are selected. Integrity is the only theme in this study to represent the first goal to “Relate accounting education to moral issues” of ethics education stated in Callahan’s (1980) study. There a few keywords (ethics themes) related to moral issues found during the document analysis stage, but the count for this is low so they are not selected. In the end of this section some major unselected ethics keywords are presented. Independence, codes of ethics, and regulatory framework are themes selected for the second goal to “recognize issues in accounting that have ethical implications”. Codes of ethics and regulatory framework are guidelines and the framework set up for accountants
to follow. Ethics is one of the matters embraced in them. Independence is a requirement for an auditor for taking assurance services. The third goal, to “develop a sense of moral obligation or responsibility”, is represented by corporate governance and social responsibility. These two are related to accountants’ responsibilities to the shareholders and the society. The fourth goal is to “develop the abilities needed to deal with ethical conflicts or dilemmas”. Corresponding themes are conflict of interest, corruption issues, insider trading, and resolving ethical dilemma. These themes are all about conflicts and ethical dilemmas, and possibly relate to criminal offences. The fifth goal is to “learn to deal with the uncertainties of the accounting profession”. Related themes are threat and safeguard and whistle blowing. Threat is a kind of uncertainty accountants may encounter, and in some situations they are required to be whistle blowers. Stakeholder theory and ethics theory are the top two theories that appeared on the documents. Stakeholder theory is related to auditing study and these two themes represent the goal, “Appreciate and understand the history and composition of all aspects of accounting ethics and their relationship to the general field of ethics”.

While a statistical comparison cannot be made between Breaux’s (2010) study and this study, the mean ethics ranking as obtained in this study seems to be substantially lower (i.e. more important) that that of Breaux’s (2010). The difference between the means of ethics ranking in the two studies implies that the ethics attitude or ethics perception of the respondents of the studies are different. This difference can be explained by the profession
of targeted respondents, the timing, the location, the culture and the education of the two studies. In Breaux’s (2010) study, recruiters are targets, and in this study professional accountants are targets. Professional accountants might have a more stringent requirement for ethics education than the non-accounting professional recruiters. Senior accountants carry the ultimate responsibility for their subordinate accountants’ work outputs. Technical skill errors made by a junior are easily and immediately spotted by experienced seniors, but, with errors in ethical issues, even experienced supervisors are not always able to identify them, but, certainly, take a longer time than normal to discover them. Furthermore, there might be culture differences as the locations of the two surveys are far away. One is in the United States (Western culture) and the other is in Hong Kong (Asian culture). The culture of the two countries and the education received in these countries (cities) are different and their ethics perception or attitudes may be different, and this affects the ethics ranking of the two studies. Meanwhile, shortly before the start of the distribution of the surveys in November 2012, there were some prominent cases on ethics related issues reported in Hong Kong. These cases might have raised concerns for the importance of ethics when the respondents filled in the questionnaires.

5.2.2 Demographic Variables

This study finds significant differences between female and male accountants’ perceptions on the importance on ethics coverage in accounting curricula in recruiting entry-level accountants. Females ranked ethics coverage as more important than their male
counterparts. The result is similar to the findings of Ruegger and King (1992) which was that female students have higher scores on the perception of business ethics situations than their male counterparts. Lam and Shi (2008), Peterson et al., (1991) and Gilligan (1982) have also reported similar findings. One of the reasons for this is that women have a lower acceptability of unethical behaviours in Hong Kong (K. C. Lam & Shi, 2008). In Hong Kong, there are equal numbers of male and female members of the HKICPA, while 65% of all new members joining the HKICPA are women (Yiu, 2012). As more women than men join as professional accountants, and women consider ethics coverage to be more important, the future requirement for ethics in the recruitment stage may grow higher.

On the other hand, this study shows that age, firm size, type of firm and work location did not significantly impact the surveyed accountants’ perceptions on the importance on ethics coverage in accounting curricula in recruiting entry-level accountants. The results for each of the demographic variables will be analyzed in the following paragraphs.

Regarding age categories, there is no significant difference between the four categories of ages. This result is different from that of Thoma’s (1995) study and Rest’s (1986) study who state that age is a determinant of ethical behaviour. However, a similar result to this study was found in Lane and Schaupp’s (1989) study. Although, in this study, there is no significant difference among the four age categories the highest mean rank (lowest in
importance in ethics education in accounting curricula) is found in the age group (45-54). In the other age groups, either younger (<35, 35-44) or older (>=55) respondents show a comparatively lower mean rank. Recent research in Hong Kong and Mainland China undertaken by Lam and Shi (2008) share a similar pattern for age. They find that both the youngest and the oldest people have a lower acceptability of unethical behaviour than middle-aged people. One possible explanation is that the financial burden of the age group (45-54) is the highest amongst the three. This result is of concern, as people of this age (45-54) reach the peak of career and they might have authority over the recruitment of new staff. If they have a low mean rank on ethics coverage, the requirements of ethics coverage in the recruitment will be weak and the whole accounting industry will be affected for the worse.

In this study, the sizes of companies are not significantly different, which is not in agreement with previous studies, for example, that undertaken by Dalton and Kesner (1988) and McDonald and Kan (1997). Smaller firms appear to behave more ethically than their counterpart larger firms (Dalton & Kesner, 1988); larger organisations are less likely to agree to participation in insider trading, which represents ethical behaviour (McDonald & Kan, 1997). The finding of the study is, however, similar to that of Murphy and Daley’s (1992) study, who state that firm size influences ethical conduct, but the direction of this influence is not specific. In the open ended question, a respondent said that students should learn the ethical standards of their organization. It is quite common
for large (especially multinational) organisations in Hong Kong to have a company policy for staff to obey. In recent years, some organisations have included an ethical standards policy. But it may not be the case with small local firms which usually have no written policy. However, since the owner is also the management, he or she can have a closer relationship with the staff so that the staff may know the ethical standards of the company via informal learning and, therefore, the ethical requirements may not necessarily be less than those of large organisations. Therefore, respondents’ expectations on ethics coverage in this study may not be due to the size of the firm he/she is working in but may be due to other factors such as the people he/she is working with.

For the type of firms (CPA or Non-CPA firms), the result shows there is a mean difference between the two groups. The 30 respondents working for CPA firms show a higher mean rank (expect lower ethics coverage) than the other 133 respondents working for non-CPA firms, though statistically there is no significant difference between them. However, it is also important to note that in this study 19 out of 30 of the respondents work in CPA firms with less than 50 employees. The result of lower expectations for ethics coverage in the syllabi may be because of the effect of small companies, but not because of the type of the companies.
Thirteen respondents reported that they do not ordinarily work in Hong Kong. Hong Kong is a regional headquarters of the Asia Pacific region. Regional workers such as regional accountants and regional financial controllers require frequent travel. The result shows that there is no significant difference between the ordinary work location (Hong Kong or non-Hong Kong) in the means of ethics coverage ranking. Lam and Shi (2008) state that culture and ethical attitudes may vary across cities and countries. The result of this study is different from their study. One possible reason is that, although the respondents do not ordinarily work in Hong Kong, they most likely have strong connections with Hong Kong otherwise they would not be surveyed. They might have been educated in Hong Kong or share the same culture as the other respondents who ordinarily work in Hong Kong. Therefore, these two groups of respondents share similar results.

5.2.3 Comparison in Ethics Themes

Documents (syllabi and code of ethics) have been analysed and ethics themes have been selected for further study. The analysis in Chapter Four has been made at two levels, individual themes and groups of themes. For the groups of themes, means scores have been compared between the results from the documents and the surveys and four distinguished subsets have been found. The patterns of the differences and similarities of both the individual themes and groups of themes level are alike and they will be explained together.
Integrity, independence, corruption and insider trading are the themes that accountants consider to be more important than the coverage they receive in the documents (syllabi and codes of ethics). Integrity is a virtue and, therefore, may not be easily put into writing and included in accounting studies or examinations. A human resource partner of one of the Big-four accounting firms in Hong Kong says, “…integrity, professionalism and adherence to the highest professional standards are important for an accountant” (Zavadszky, 2011). Accounting professionals do not just say that integrity is important; they also put it in action, as shown in a recruitment advertisement in Hong Kong for a Head of Finance, where the requirements are:

…..to spearhead finance and accounting operations, …..the incumbent must have strong analytical capabilities and business acumen, and a high level of integrity…. (Recruitment-Advertisement, 2007).

Independence is an essential attribute for auditors. In the Enron case, the accounting firm Arthur Andersen acted in more than one role which caused it to lose its independence in its external auditing role. Growing concerns regarding greater independence are expected and independence is of second highest importance as opined by the respondents.

Accountants consider corruption issues and insider trading to be important - but they are only covered in three documents. However, this is not uncommon in documents as they
are only covered to a small extent in undergraduate studies, because these themes are too practical in nature. However, the consequences are very severe if accountants are ignorant of them, particularly as corruption issues attract a large amount of attention from society. The Independent Commission Against Corruption (ICAC) in Hong Kong is committed to fighting corruption to keep Hong Kong just and stable. Meanwhile, pertaining to the open ended question, a respondent mentioned that the UK Bribery Act could be included in ethics education.

Code of ethics, whistle blowing and ethics theory received higher coverage in document analysis than the accountants’ expectations. The theme of ethics theories, such as Kohlberg’s framework, is considered to be the least important the respondents to the survey, but it is covered in over half of the analysed documents. In education, theories should be learnt as they are the foundation for other applied knowledge. Some accountants may consider theory to be not as important as the other selected themes which are more practical in nature.

Codes of ethics are a necessity for professional accountants as they provide detailed information as to what is expected of an accountant in certain circumstances. Accountants are required to learn them throughout their continuing professional education, even if they have had their qualifications for a long time. Respondents rank it within the first one third
among all the themes, and nine out of ten documents in the study include code of ethics; the only exception is the syllabus of “Business Ethics”, which is a general course for business students. For some accounting degrees, students study this course instead of a professional ethics course.

Whistle blowing is covered by five documents and it ranks 13 in the survey. Due to the role of whistle blowers in recent business scandals, accounting associations emphasize the topic of whistle blowing and the academics have followed this and increased the weight of it in accounting syllabi. Whistle blowing may violate loyalty and confidentiality; nevertheless it works in the public interest (Heizer, 2005). Traditionally, confidentiality is one of the principles that accountants should follow in business practice, which may explain why there is a difference between accountants’ expectations and its coverage in the documents.

The following themes are considered similar in terms of importance in the survey and the document analysis. Conflict of interest (high in both the survey and the documents); threat and safeguard, resolving ethical dilemma, regulatory framework and corporate governance (middle in both the survey and the documents); and social responsibility and stakeholder theory (low in the survey and the documents). Only conflict of interest will be discussed further owing to its importance. Accountants are the gatekeepers of the financial reporting
system and they will inevitably face conflict of interest in their career sooner or later. Therefore, they should be taught how to tackle conflict of interest issues and, in this regard, the result of the analysis of relevant documents concurs with the views of the surveyed accountants.

Lastly, the three added ethics themes of consistency, devotion and perseverance, are not ranked high by the surveyed accountants; however, they are all considered to be more important than the theories (stakeholder and ethics). Accounting/auditing standards keep changing over time and accountants need to update their technical knowledge when they are in the profession. This requires the devotion of a lot of time to staying informed of current developments and they must do this with diligence in order to have a successful career. “The dynamic nature of the profession requires the professionals to have strong technical skills, diverse competencies, a high level of tenacity and a passion for lifelong learning”, comments a CPA firm partner (Zavadszky, 2011).

During the selection process, some themes were considered, but they are not included in the analysis due to insufficient appearance frequency, including objectivity, moral reasoning, moral judgement, fairness, justice, confidentiality, due care, environmental issues, cultural context of ethics, rights and duties, legal compliance and agency theory.
Keywords such as objectivity and fairness are mentioned by the respondents in the open ended questions.

5.2.4 Themes’ Correlations with Demographic Variables

Among the seventeen themes, corporate governance, social responsibility, code of ethics, resolving ethical dilemmas, integrity, devotion, regulatory framework, consistency, corruption issues, and threat and safeguard do correlate with demographic variables and the other themes (ethical theory, whistle blowing, independence, conflicts of interests, insider trading, stakeholder theory, perseverance) do not. The correlation is shown on Table 4.5 (Section 4.3.2.1) - Correlation between demographic variables and the 17 themes.

Corporate governance correlates with variables of age and size of the company. Relatively, those people who are of an older age and who work in a sizeable company give higher scores. Corporate governance is concerned with the control and governance of a company and is mainly related to listed or larger companies, because smaller companies usually have fewer shareholders and stakeholders. Therefore, it is reasonable that accountants working in sizeable companies have more concerns for corporate governance. In the profession of qualified accountants, age might indirectly link with their positional rank in organisations. Since there is a restriction in the number of years or numbers of
attempts for professional accounting examinations and accountants usually attempt to complete all their examination requirements in their early working life otherwise they will have to leave the industry or remain as paraprofessionals. Therefore, those accountants who are of an older age have more work experience and are much more likely to have higher positions in organisations and should have more concern for corporate governance.

Social responsibility is correlated positively with age and negatively with ordinarily working in Hong Kong. Respondents, who are not engaged in ordinarily working in Hong Kong or who are of a senior age, feel that they have a higher level of importance with regards to social responsibility. Threat and safeguard and consistency are negatively correlated to ordinarily working in Hong Kong. Respondents who do not ordinarily work in Hong Kong consider these themes to be important. These respondents would have exposure to legal systems that are different from that found in Hong Kong. For example, the nearby countries/cities of Hong Kong are Macau and China and they are under civil law legal systems. Accountants from Hong Kong might have concerns in regards to threat and safeguard when facing such different legal systems.

Consistency is negatively correlated with ordinarily working in Hong Kong. Those respondents who do not ordinarily work in Hong Kong have more opportunity to engage
in cultures where some things are treated differently and this might make them feel the importance of consistency.

The themes of codes of ethics, integrity, devotion and corruption issues are positively correlated with age, that is, older respondents consider these themes to be more important with a statistically significant difference. Older respondents acknowledge the value of integrity, the merit of understanding the corruption issues and having codes of ethics in the accounting profession. Meanwhile, they know that if one lacks in devotion to their profession, he/she may not able to stand the long working hours during the peak reporting season and will leave the industry sooner rather than later.

Resolving ethical dilemmas is positively correlated with the size of companies: respondents working in firms with more employees consider this theme to be more important. This may be because there are more company politics in bigger firms and they would, therefore, have more opportunities to face ethical dilemmas.

With regards to intercorrelation (table 4.5), the majority of the seventeen themes are correlated among each other, with the exception of ethics theory. This does not correlate with integrity, independence and conflict of interest. Ethics theory receives the lowest score, while the other three receive the highest scores in the survey.
5.2.5 Accountants’ Perceptions

Seventeen themes are categorised into four factors by using principal component analysis. As all of the questions on these are about “importance”, the mean score of a factor also represents the importance of that factor. The most important factor is “Integrity to Accounting Professions”, the second most important is “Regulatory Compliance”, the third is “Practical Ethical Issues” and the last is “Sense of Responsibility”. There are significant differences in the mean scores of the four factors, with the exception of second and the third most important factors.

Independence, integrity, conflict of interest and threat of safeguard are amongst the most important factors, as they are related to principles by which accountants must abide. Integrity is one of the fundamental principles of professional accountants. To apply fundamental principles, a conceptual framework is provided. Independence is a situation appropriate for the application of this conceptual framework. Conflict of interest refers to conflict in the application of the fundamental of principles. The conceptual framework approach requires accountants to identify threats in compliance with the fundamental principles, and safeguards are actions to eliminate threats or reduce them to an acceptable level (Eilifsen et al., 2010). Insider trading, devotion, corruption issues and regulatory framework are named as “Regulatory Compliance”. While devotion is a type of commitment, the other three themes relate to regulation and unlawful ethically related crimes. Regulations cannot ensure ethical accountancy practice, only integrity at work can
ensure this (Ma, 2006). However, regulation/legislation can promote public trust, and, laws relating to insider trading and corruption have been incorporated into the legal system in Hong Kong. Resolving ethical dilemmas, whistle blowing and codes of ethics are issues that relate to day-to-day accountancy work. They are practical issues, and there are no hard and fast rules for resolving ethical issues. The last factor is named as “Sense of Responsibility” and includes social responsibility, stakeholder theory, perseverance, consistency, corporate governance and ethics theories. Stakeholder theory addresses organizational management while ethics theory focuses on ethics issues in managing an organisation. In one way, social responsibility is the duty of a corporation to create wealth and, in another way not to harm societal assets (Steiner & Steiner, 2009). Corporate governance is about the control and governance of a company. Perseverance is related to one’s own determination and consistency to the work output. These six themes are a mix of theories, business issues and desirable personal characteristics.

In addition, we also had some questions for discussion. These are the five questions (Q30-Q34) adopted from Davis and Welton’s (1991) study. In general, the responses of the respondents in the study are very similar to those of the sixty-nine accountants who replied to Davis and Welton’s (1991) survey. However, there are some points worth noting. Q30 is a question regarding the difference between illegal and unethical activities. Among the five questions, this is the one with the most straightforward and simple word statement. This may be the reason why over 85% of the respondents in this study have
selected similar results. The other reason could be the nature of the question itself, addressing the difference between illegal and unethical activities, an easy topic for professional accountants. Q31 is about whether it is acceptable to receive a bonus by forcing quarterly sales figures to meet the budget even though there might have been no difference in annual sales. Only 35.4% selected “disagree” and “strongly disagree”, which is a similar answer to their study. However, nearly 40% of respondents selected “neither agree nor disagree”, which indicates that respondents in this study have hesitated in choosing an answer. The question states that there would be no difference in annual sales, which might lessen the impact of forcing the figures to meet the budget. Meanwhile, if there is no difference in annual sales, there should be no difference in the overall bonus. The impact is not significant, though there is a time lag in receiving the bonus. Q32 is a question regarding whether a person with higher authority has more responsibility to follow company policy than a junior staff member. In this study, only 19.5% of respondents selected “neither agree nor disagree” which is the answer which is similar to their study. However, 53.7% selected “agree” and “strongly agree”. Respondents do think that an employee with approval authority (senior rank) should have more responsibility for following company policy. The reason behind this may come from the saying that authority should go hand in hand with responsibility. However, every employee should follow company policy regardless of his/her ranks. Q33 and Q34 are questions about whether questionable adjustments should be acceptable in internal reports (Q33) but should not be acceptable in external reports (Q34). In this study, 59.5% and 69.9% of
respondents selected similar answers as their study, with the correct answers being “disagree” and “agree” respectively. These two questions are similar in structure and length so the difference should have arisen from the content. One possible reason explaining why more respondents could receive a correct answer in the external reports is that the respondents have a higher ethical requirement for external reports as only these reports are required for audit, while internal reports are not. Moreover, a report that needs to be audited implies that the information in the report will possibly need to be checked. This is another reason why accountants always pay more attention to the accuracy of information stated in external reports than that of internal reports.

Since all responses score at over 10% with regards to “neither agree nor disagree”, (Q30-Q34, from 11.7% to 35.4%), the raw data was checked to explore whether a few respondents selected all five questions with “neither agree nor disagree”. It was found that 3 out of 164 (1.8%) respondents have chosen “neither agree nor disagree” for all these five questions. The percentage is not high when compared to the range stated above. We can say that the majority of respondents who selected “neither agree nor disagree” demonstrate the literal meaning of the phrase.
5.2.6 Comments on Ethics Education

A question requested respondents to add any element(s) that should be included in ethics education. Respondents’ comments fall into four areas, namely: contents, teaching methods, business practices and values.

The few respondents who commented on the question had opinions of a practical nature. They asserted that practical experience is important in ethics education such that internships may help students to experience ethical dilemmas. Real life experience is important to accounting students. Comparing ethics education in accounting to that of medicine and law, the former is deficient in informal hands-on-training (C. Liu et al., 2012). The most effective way to improve the level of individual accountants’ ethics is to improve business ethics, and through education, ethics in the accounting profession will improve (Miller & Becker, 2011).

Current ethics related issues were mentioned, for example, environmental accounting and the UK Bribery Act. They are current practical issues related to the presentation of the accounting figures and change of legislation with regard to ethics issues. For environmental accounting, there were also increasing concerns in academic research: one report sponsored by CIMA is named, “Accounting for ethical, social, environmental and economics”. Ethics issues such as corruption are incorporated into law.
Besides the content of accounting education, surveyed accountants also commented on the pedagogy of ethics education. One suggested using ethical stories to guide students to solve ethical dilemmas, and the other one suggested using life examples such as the Global Financial Crisis as illustrations.

In addition to ethics education, a few respondents opined on ethics requirements in business practice. Some suggested that students should learn both the ethical standards and culture in their organisation and the difference between unethical and business practice. These issues should be introduced to accounting students before they start work in the business world. However, these issues are quite subtle and might be difficult to include in the curriculum. A respondent mentioned that the consequences for breaching ethical requirements should be explained to students. Accounting graduates have not much experience and they might not know the consequences. A respondent mentioned that, alongside the students’ own ethics education, there should be scepticism towards the ethics of other stakeholders. This is a very practical advice, and graduates should bear in mind that they will soon be in the business world. There are various types of people they will encounter in their various stages of working life. People might have a hidden agenda when they provide information to accountants.
Besides the typical professional ethics issues, some respondents suggested items relating to the general well-being of people, not specific to their employment. Respondents suggested the following values should be taught, for example, honesty, fairness and common sense. These values/virtues might not be included in the senior level of education, but in their general education. These values should not be taken less seriously when the students are working in business field.

5.3 Implications

5.3.1 Implications for the Educator

The respondents considered practical ethical issues to be the most important area among the ethics themes. Therefore, educators might consider including more practical ethical issues in the design of new accounting curricula. Though there are practical ethical cases in textbooks, there are not many specifically written for use in the Hong Kong environment. Ethical issues are culture-related. In order to include practical cases in teaching, educators may need contributions from professional accountants in Hong Kong as these accountants know the case and legal system, and the culture in Hong Kong.

Although the respondents did not place a heavy emphasis on the three added ethics themes (consistency, devotion, perseverance) in the individual seventeen-theme comparison, they were ranked 11th, 12th and 14th respectively. Their rankings are even higher than the two
theories and the one relating to social responsibility. It indicates that these “values” related themes do have some degrees of importance in the view of the surveyed accountants. Educators may consider including these values related ethics elements into accounting programme curricula. They may not be taught in professional ethics courses, but may, however, be taught in junior years or included in general education. Ethics education should go beyond a professional ethics/business ethics course.

Since the results of the study reveal there are gaps between ethics education and accountants’ expectations, if the syllabi can concur to a greater extent to their expectations, the accountants would like to see this change. The ethics coverage will then become a more important criterion for entry-level accountant recruitment.

5.3.2 Implications for Accounting Professionals

Since practical ethical dilemmas are important issues and accountancy students may not be mature enough to understand them, professional accounting bodies might consider issuing some practical ethical problems to newly qualified accountants to assist them in their continuing professional development. The professional accounting bodies in Hong Kong (e.g. Hong Kong Institute of Certified Public Accountants) might also consider increasing the weighting of practical ethical issues in their professional examinations (qualifying programmes).
Accountants should be aware that accountancy students have learned ethics related issues and might only be familiar with the fundamental principles of accountants and the book-styled business scenarios of ethical dilemmas. Experienced accountants could assist young accountants by alerting them to possible ethical issues in the real business environment. Meanwhile, accountants could act as positive examples themselves and provide an ethical environment for graduates to work in. This will, in turn, maintain or strengthen the confidence of the public in the accounting profession.

Accountants may also attentive to ethical accounting and reporting as they are related to the sustainability of an organisation, meanwhile, it is also indirectly related to the sustainability of the accounting profession. Accountants themselves might not be sustained if the organisation collapses.

5.4 Limitations

The study has several limitations that must be noted. First, the study is based in Hong Kong. Business ethics are culture-specific (Nicholson & DeMoss, 2009) and culture and ethical attitudes may vary across cities/countries (K. C. Lam & Shi, 2008). The extent to which these findings can be generalized to accountants in other areas is unknown. Second, a convenience sample of professional accountants was selected. Although criteria were specified, by asking questions such as whether or not they have ever had a colleague
working under them who was an accounting graduate, it was up to the accountants to participate, so there may be a response bias. Third, a non-random approach to sampling was selected, so the results cannot be generalized to the population. Fourth, the study is based on self-reporting which can be associated with the social desirability issue. Moreover, there was no incentive provided to respondents to submit honest responses. Fifth, there is a limitation on the modelling due to the use of an estimation of the factor scores in factor analysis.

5.5 **Directions for Future Research**

The study has only examined professional accountants’ perceptions of ethics education. For further research, similar studies on ethics educators and accounting students could be replicated. The results could then be compared to this study so as to investigate whether there are any expectation gaps among these three parties regarding the three research questions.

Any future investigations should broaden the size of the samples, especially the number of accountants working in CPA firms.
In-depth interviews could be employed to explore the issues raised in the open-ended questions, such as the pedagogy and ethical issues raised in relation to business practices. A few respondents replied regarding the issues of value and virtues, saying that they should be learnt. These elements are not quite related to undergraduate level ethics education. Further interviews to collect ideas would be useful for the development of a wide range of curricula content on such possibilities as primary, secondary and undergraduate levels of ethics related studies.

The criteria for entry-level recruitment are adopted from the Breaux et al. (2010) study. For the criterion “ethics coverage in curriculum”, there is no fine classification between whether it should be in the form of a stand-alone course or integrated courses over various accounting strands. However, if there is further research conducted on educators, this criterion can be separated into stand-alone courses and integrated courses, as educators have more knowledge about the ethics curriculum.

In this study, the seventeen themes were able to be divided into four groups. This model includes four factors. Further study might examine whether the model can be applied to educators, and whether the model can be simplified to use fewer themes to represent significant factors. A simplified revised model can be used on student subjects. A simplified model is preferred for larger samples.
Moreover, from the results of the study, age is a variable that has an impact on the perception of the importance of ethics coverage. In terms of the importance of ethics coverage, the age group between 45 and 54 ranked the lowest. Further research on a larger sample size could examine whether the four factors could stand.

During the distribution of surveys at one seminar, the student researcher met an accountant who expressed that he could still remember a made-up story of an ethical dilemma that was explained in his undergraduate business ethics class. This conversation gave an insight to the researcher that further investigation can be done on accounting graduates who have received ethics education under various pedagogies. Particular attention can be given to topics such as resolving ethical dilemmas and whistle blowing, because they are practical issues. Future investigations can be developed to test a subject’s ability to resolve ethical dilemmas and their knowledge on whistle blowing. The subjects should be accounting graduates who have learnt these two topics under different pedagogies in their ethics education. The teaching methods may take the forms of traditional lectures, lectures with case studies and lectures with additional presentations by professionals. Series of longitudinal studies should range from the point of graduation to five years of work experience. Studies could examine which pedagogies are more effective for the subjects. Although the results of longitude studies will be affected by many external factors, they will be an indication of the effectiveness of various pedagogies.
This present study is one of the pioneers in these studies and will be useful for future studies of a similar nature.

5.6 Conclusions

This study aims to investigate whether the coverage of ethics in accounting curricula is an important factor affecting the recruiting of entry-level accountants, to examine whether or not there is a gap between accountants’ expectations and the coverage of ethics in their education, and furthermore, to identify accountants’ expectations of the themes, teaching methods and content relating to ethics education in the accounting curriculum. The findings from the qualitative analysis were used in part of the development of the questionnaires. The results of the quantitative analysis collected from 164 professional accountants identified that the mean of ethics ranking of this study is substantively lower (i.e. ethics is considered more important) than that of Breaux’s (2010). Among the five demographic variables tested (gender, age, firm size, type of firm and ordinary work location) on accountants’ perceptions on the importance on ethics coverage in accounting curricula for recruiting entry-level accountants, the result of the gender variable confirms and support hypothesis H1.1- the ethics rank (Value of ethics in education) is higher for female accountants than for male accountants. The results on type of firm, firm size and work location hypotheses support that these variables will not influence ethics rankings, however, the results on age hypothesis indicate that both the younger and the older accountants rank ethics as more important and the middle age accountants (45-54) rank it
less important, the results only slightly support hypothesis H1.2. Among the seventeen ethics themes, major gaps between the accountants’ expectations and the coverage of ethics in education are found in: integrity, independence, corruption, insider trading, codes of ethics, whistle blowing and ethics theory. The first four are themes that accountants consider more important than the coverage they receive in the document, and vice versa for the latter three themes. Four factors are classified and named amongst the seventeen ethics themes. From most important to least important, they are as follows: “Integrity to Accounting Profession”, “Regulatory Compliance”, “Practical Ethical Issues” and “Sense of Responsibility”. Surveyed accountants comment on four areas including contents, teaching methods, business practices and values.

The study provides an insight for the educators to revise the syllabi to better concur with accountants’ expectations since the results of the study reveal that there are gaps between ethics education and accountants’ expectations. Meanwhile, practitioners and professional accounting associations may take steps to assist accountant graduates in ethics learning. Finally, as the findings cannot be generalized to accountants and further research, similar studies on accountants, ethics-teaching educators and accounting students can be replicated.
References:


Callahan, D. (1980). Goals in the teaching of ethics. In D. Callahan & S. Bok (Eds.), *Ethics teaching in higher education* (pp. 61-80): Springer US.


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Appendices
Appendix A

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Institute of Management Technology
Raj Nagar
Post Box No. 137
Ghaziabad 201001, India
Tel: +91-120-3002265
Fax: +91-120-282789
Email: rkagrawal@imt.edu

Information Statement for the Research Project:
A study of “Entry-Level recruitment of accounting graduates: employers' expectations of ethics education”
Document Version (1); dated (06/10/12)

You are invited to participate in the research project identified above which is being conducted by Ms. Rachel Wai-Yi Cheung, a research student from the Faculty of Business and Law at the University of Newcastle.

The research is part of Rachel Wai-Yi Cheung’s studies at the University of Newcastle, supervised by Dr Rakesh Kumar Agrawal from the Institute of Management Technology.

Why is the research being done?
The purpose of this research is to explore the importance of ethics education received by the accounting graduates from the accountants’ perspectives, and to better understand how it should develop to meet the gap between expectation and the ethics education received.

Who can participate in the research?
We are seeking accountants being member of any one of the following professional accounting bodies, namely: HKICPA, ACCA, AICPA, CA, CGA, CIMA, CMA(Canada), CPA(Aust.), to participate in the research. You are invited because your contact details are within the public domain; or you are within the research student’s social network; or participants who have participated in the research have referred you.

What choice do you have?
Participation in this research is entirely your choice. Only those people who give their informed consent will be included in the project. Whether or not you decide to participate, your decision will not disadvantage you.
What would you be asked to do? If you agree to participate, you will be asked to answer an anonymous questionnaire with less than 40 rating questions. The questionnaire relates to your perception on selection criteria for entry-level accountants and on expectations of ethics education. Simple profiling questions about your gender, age range and business category would be asked.

How much time will it take? The questionnaires should take about 10-15 minutes to complete.

What are the risks and benefits of participating? There will be no identifiable risk or benefits to you in participating in this research.

How will your privacy be protected? The questionnaire is anonymous and it will not be possible to identify you from your answers. Data will be stored in the computers of the research student and the project supervisor for analysis. Only one copy of the data will be retained for at least 5 years at the University of Newcastle and all data except the analysis result will be removed from all PCs after completion of the dissertation.

How will the information collected be used? Only aggregate findings of this study, and not individual results, may be published in a scholarly journal and no participant can be identified from the published report. A summary of the research can be made available to participants by emailing the research student after August 2013.

What do you need to do to participate? Please read this Information Statement and be sure you understand its contents before you consent to participate. If there is anything you do not understand, or you have questions, contact the researcher.

If you would like to participate, please complete and return the attached anonymous questionnaire in the reply paid envelope provided. This will be taken as your informed consent to participate.

Further information
If you would like further information please contact:

Ms. Rachel Wai-Yi Cheung
Email: waiyi.Cheung@uon.edu.au

Dr. Rakesh Kumar Agrawal
Email: rkagrawal@imt.edu

Thank you for considering this invitation.

Dr. Rakesh Kumar Agrawal
Project Supervisor

Ms. Rachel Wai-Yi Cheung
Research Student

Complaints about this research
This project has been approved by the University’s Human Research Ethics Committee, Approval No. H-2012-0323. Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Human Research Ethics Officer, Research Office, The Chancellery, The University of Newcastle, University Drive, Callaghan NSW 2308, Australia, telephone (02) 49216333, email Human-Ethics@newcastle.edu.au.
Project title: A study of “Entry-Level Recruitment of Accounting Graduates: Employers’ Expectations of Ethics Education”

Please read the Information Statement and be sure you understand its contents before you consent to participate. If you would like to participate, please complete and return the attached anonymous questionnaire in the reply paid envelope provided. This will be taken as your informed consent to participate.

Section 1: Please circle your option.

1) Are you a member of professional accounting bodies such as: HKICPA, ACCA, AICPA, CGA, CICA, CIMA, CMA(Canada), CPAA, ICAA, ICAEW

   Yes   No

2) Have you ever had an acquaintance working under your supervision whom is an entry-level accounting graduate? via direct or indirect reporting line

   Yes   No

If your answers of the above two questions are “Yes”, please proceed with the following questions.

Section 2: (Q3-11)

The following are the employment selection criteria for entry-level accounting graduates adopted from a recent survey*. Please show your ranking for the following nine criteria by importance. “1” is the most important, “9” is the least important.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Ranking (from “1” to “9”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>Professional appearance</td>
<td></td>
</tr>
<tr>
<td>Professional Accounting examination eligibility</td>
<td></td>
</tr>
<tr>
<td>Communication skills</td>
<td></td>
</tr>
<tr>
<td>Ethics coverage in curriculum</td>
<td></td>
</tr>
<tr>
<td>Extracurricular activities</td>
<td></td>
</tr>
<tr>
<td>GPA (Overall)</td>
<td></td>
</tr>
<tr>
<td>GPA (Accounting)</td>
<td></td>
</tr>
<tr>
<td>Energy, motivation, enthusiasm</td>
<td></td>
</tr>
</tbody>
</table>
Section 3:
What, according to you, is the importance of the following items for ethics education – that you expect the entry level accounting graduates to have learnt in their academic curriculum? “1”-Totally unimportant, “2”-Unimportant, “3”-Neither important nor unimportant, “4”-Important, “5”-Very important

<table>
<thead>
<tr>
<th>Students to have learnt:</th>
<th>Totally</th>
<th>Unimportant</th>
<th>Neither</th>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>12) Ethics theories, e.g., Kohlberg’s framework</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>13) Codes of ethics</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>14) Corporate governance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>15) Resolving Ethical dilemma</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>16) Whistle blowing</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>17) Integrity</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>18) Independence</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>19) Threat and safeguard</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>20) Conflict of interest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>21) Devotion</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>22) Insider trading</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>23) Regulatory framework</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>24) Social responsibility</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>25) Stakeholder theory</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>26) Perseverance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
27) Consistency

28) Corruption issues

29) Besides the above items, can you think of any element(s) that should be included in the ethics education. Please suggest. You can add these against the blank spaces below

Section 4
Additionally, please rate the following statements:
“1”-strongly disagree, “2”-disagree, “3”-neither agree nor disagree, “4”-agree, “5”-strongly agree

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>Company policies/ procedures should always be followed unless they are illegal.</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Forcing quarterly sales figures to meet a budget (thus insuring a quarterly bonus) is acceptable if no difference is expected in annual sales.</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>A person reviewing / approving expense reports has more responsibility for following company policy than someone merely recording the transactions in the accounting records.</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Questionable adjustments to financial records that are used internally are acceptable.</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Questionable adjustments to financial records that are used externally are unacceptable.</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>35</td>
<td>Traditionally, business ethics / accounting ethics are taught via textbook approach. If an accounting professional is invited to present to a class of accounting students a practical case with ethical issues, do you agree the involvement of the accounting professional will benefit the students?</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
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</tbody>
</table>
Section 5
Please circle your option:

36) What kind of firm you are in

<table>
<thead>
<tr>
<th>CPA firms</th>
<th>Non-CPA firms</th>
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<tbody>
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</table>

37) Gender

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
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38) Total number of employees of the firm (in Hong Kong)

<table>
<thead>
<tr>
<th>&lt;50</th>
<th>50-100</th>
<th>101-200</th>
<th>&gt;200</th>
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<tbody>
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<td></td>
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</table>

39) Age

<table>
<thead>
<tr>
<th>&lt;35</th>
<th>35-44</th>
<th>45-54</th>
<th>&gt;=55</th>
</tr>
</thead>
<tbody>
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<td></td>
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</table>

40) Do you ordinarily work in Hong Kong?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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<td></td>
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</table>

References:


-End of the questionnaire-
Thank you for your participation in this study.
Appendix B

Project Summary to Accounting Association “B”

To: The Association “B”
Date: 17 May 2012
Subject: To seek sponsorship (non-funding request) of a dissertation project

Project background:
During the recent two decades, accounting profession suffered corporate scandals and in turns the ethical standard of accountants was being criticized. The corporate scandals of Enron, Anderson, Tyro and WorldCom, have raised the awareness of the lack of ethics coverage in business and accounting curricula (Breaux et al., 2010). Ethics is a profoundly complex domain and this complexity has an impact on students, teachers, and practitioners (Hill, 2004). Due to the continuing interest in ethics by accounting firms, and the ethics CPE requirement, it would seem that ethics education in accounting curricula would be an important factor in recruiters’ hiring decisions of entry-level accountants (Breaux et al., 2010). The research is to find out if there is any relevancy between the ethics education requirements on new accounting graduates from the point of view of employers and the ethics education the new accounting graduates received.

Project summary:
The study aims to find out the importance of ethics education in the recruitment of accounting professionals. Surveys will be conducted on professional accountants in Hong Kong in August/September 2012. Further study by the researchers will be conducted based on the findings from the surveys to explore if there is any difference between the expectation of employers and the coverage of ethics education of professional accountants.

Reference:
An extract of the email to accounting association “C”

Sent: 30 July 2012 18:05
To: “C”
Re: An enquiry on distribution of questionnaire

Dear ..
Hope this email find you well. I am Rachel and currently studying DBA at University of Newcastle (Australia).

I write to explore any possibility of getting support (non-financial) from C for the collection of questionnaires from your members for my DBA study. The research will be conducted in Hong Kong and it aims to see if our current ethics education meets the accountants’ expectations, especially when they hire entry-level accountants.

Meanwhile, I wonder if there is any current published data on the total number of “C” members in Hong Kong. …. 

A background and project summary of my DBA dissertation will be submitted upon request…..If you need more information for consideration, please kindly let me know. Look forward to your favourable reply.

Best Regards
Rachel Cheung
(Office Tel: ….)
An extract of the email to the accounting association “D”

Sent: 05 September 2012  23:23
To: “D”
Attachment: project_summary_sept2012.docx…

Dear ..
Our telephone conversation in this morning is referred. Thanks for your kindness on information given.

I am pleased to attach file of : 1) the background of my dissertation, 2) a sample of questions, and 3) a cover letter briefly introducing myself. They are for you and your committee members’ consideration. The target participants of my research are qualified accountants, i.e. members of your organisation.

Please note that these documents served as an enquiry purpose....

Please feel free to call me if you have any questions. Look forward to your favourable reply.

With best regards
Rachel Cheung (Tel:.....)

(Note: original print-outs of the documents in Appendix B are not provided as it could not be disclosed for confidentiality reason)