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MANAGEMENT ACCOUNTANTS' PROFESSIONALISM AND ETHICS

Stuart Thomas

ABSTRACT

Using experimental scenarios, the current study suggest that the management accountants' professional attributes social obligation, professional autonomy, professional affiliation, and professional dedication are associated with three ethical rationales that have been identified as playing important roles in ethical judgment, the perception of the ethicality of an action; moral equity, contractualism, and relativism. Understanding these issues will assist in determining the management accounting professional attributes that should be fostered in encouraging the ethical judgments of management accountants since research indicates that the moral equity and contractualism rationales are consistent with individuals at the post-conventional stage of ethical development and more ethical judgments while the relativism rationale is consistent with the conventional stage of moral development and less ethical judgments.

Keywords: Management accountants; professionalism; ethical judgment

INTRODUCTION

The current study examined the association between attributes of the management accounting profession, their ethical rationales, and ethical judgment, the perception of the ethicality of an action. Professionalism involves the perceived responsibility to avoid self-interest in the performance of duties (Kerr, Von Glinow, & Schriesheim, 1977), demanding a higher standard of behavior than required by law (Goode, 1957). Professionals have many opportunities to act in their own self-interest, forsaking their responsibilities to society. This behavior cannot be solely enforced by ethical codes, external rewards or sanctions, but must instead be internalized (Noreen, 1988). This requires a better understanding of the multidimensional factors involved in influencing ethical judgment. These shared values are inculcated through an adult socialization process (Goode, 1957) and guidance with ethical dilemmas provided through professional standards. Research indicates, for example, that ethical behavior is strongly influenced by individual's professional environment, even when the behavior is inconsistent with the individual's ethical standards (Shaub, Finn & Munter, 1993). Professionalism has also been described as motivating a self-concept of a high performing, competent individual (Kalbers & Fogarty, 1995). This self-concept is expected to extend to shared ethical values. Individuals' levels of professionalism are therefore expected to be related to their ethical decision making. The current study explored this relationship.

Although 80% of accounting students have management accounting careers and most accountants work in corporate accounting (Isaacs, 2016) very few studies have examined management accounting professionalism and only one of those has used a multidimensional concept of professionalism (Shafer, Park, & Liao, 2002). This study investigates a potential benefit of professionalism for constituents of management accounting. Understanding these issues will assist in determining what attributes the management accounting profession should foster in encouraging the ethical judgment of management accountants and as well highlight a benefit of specific management accounting professional attributes.

Five professional attributes, beliefs in social obligation, professional autonomy, professional affiliation, professional dedication and self-regulation are promoted by the professions through continuing professional education and the socialization process (Hall, 1968). Understanding the link between these attributes and the ethical decision-making process, will enhance ethical judgments. Using experimental scenarios, the results indicate management accountants' beliefs in social obligation, professional autonomy, professional affiliation, and professional dedication (Hall, 1968) are positively related to

the use of three ethical rationales identified as playing important roles in making ethical judgments, the perception of the ethicality of an action; moral equity, contractualism, and relativism (Reidenbach & Robin, 1990). This is an important finding since research indicates that using the relativism rationale is consistent with the conventional stage of moral development and less ethical judgments while using the moral equity and contractualism rationales are consistent with individuals at the post-conventional stage of ethical development and more ethical judgments (Ge & Thomas, 2008; Kohlberg, 1969, 1976; Thomas, 2012).

Use of the moral equity and contractualism rationales was positively associated with belief in social obligation. Research suggests that the moral equity rationale has the most influence on ethical judgment and behavioral intention generally (Reidenbach & Robin, 1990) and for management accountants in particular (Flory, Phillips, Reidenbach, & Robin, 1992). Management accountants' belief in social obligation was also stronger than for any of the other professional attributes examined in this study. Furthermore, belief in social obligation was also associated with ethical judgment. These results taken together, therefore, suggest that this professional attribute is the most important one for enhancing management accountants' ethical judgment.

Beliefs in professional autonomy, professional affiliation, and professional dedication were positively associated with use of the relativism rationale. This rationale is consistent with the belief that social systems such as the management accounting profession are important in developing greater understanding of norms and defining ethical beliefs. Normative beliefs are a function of community. Use of this rationale was therefore expected to be strong among members of the management accounting profession, which may be viewed as a social system, a community.

Although the relativism mode of reasoning was associated with professional autonomy, professional affiliation, and professional dedication in certain contexts, these attributes were not associated with ethical judgment. This contrasts with the finding that social obligation was associated with ethical judgment when social obligation was associated with the moral equity rationale. Consistent with previous research, the results also suggest that contractualism provides a supporting role for moral equity in some ethical judgment contexts (Flory et al., 1992) and reinforces the significance of promoting belief in social obligation within the management accounting profession.

Although the relativism rationale was not associated with ethical judgment, its association with professional autonomy, professional affiliation, and professional dedication suggests their importance in promoting the management accounting community as a vehicle for inculcating ethical values to

members of the profession. The contractualism mode was also not associated with ethical judgments. However, the association between social obligation and contractualism in one of the scenarios together with the role of contractualism in supporting ethical judgment reinforces the importance of social obligation in the ethical judgments of management accountants.

The following section will review the literature and develop the hypotheses. This will be followed by the research methodology and results. The chapter concludes with a discussion of the results and suggestions for future research.

Literature Review and Hypothesis Development

Professionalism is the degree to which a person subscribes to the characteristics of a profession (Morrow, 1991). Hall (1968) identified five “attitudinal attributes” of professionalism as (1) the use of the professional organization as a major reference (professional affiliation), (2) a belief in service to the public (social obligation), (3) a belief in regulation of the profession by its members (self-regulation), (4) a sense of calling to the profession (professional dedication), and (5) a belief that individuals should have the right to make decisions in their work without the approval of others (professional autonomy). Less influential conceptualizations have also identified similar dimensions such as collegial maintenance of standards, professional commitment, and client commitment (Bartol, 1979; Carrington, Johansson, Johed & Ohman, 2013; Hall, Smith, & Langfield-Smith, 2005, Kerr et al., 1977; Suddaby, Gendron, & Lam, 2009). The Hall Professionalism Scale has been used to assess professionalism among public accountants (Goetz, Morrow, & McElroy, 1991), internal auditors (Kalbers & Fogarty, 1995), and management accountants (Shafer et al., 2002). Accounting research has identified positive consequences of professionalism on job performance, job satisfaction, organizational commitment, and turnover intentions for internal auditors (Kalbers & Fogarty, 1995) and job satisfaction for public accountants (Norris & Neibuhr, 1984) and negative consequences on the organizational-professional conflict for management accountants (Shafer et al., 2002) and the professionalism-commercialism conflict for public accountants (Suddaby et al., 2009). The current study extends this line of research responding to the call to examine the effects of professionalism on ethical judgments and to separately consider the effects of the various attributes of management accounting professionalism (Shafer et al., 2002).

The Institute of Management Accountants (IMA) has been tasked with promoting the professional values of management accountants in the

United States. Previous research has provided empirical support for the applicability of the Hall Professionalism Scale to the management accounting profession (Shafer et al., 2002). The IMA promotes the importance of a social obligation to serve the public interest. Management accountants, for example, should refrain from using deceptive accounting practices that may harm potential investors and creditors. Recognizing the importance of professional autonomy, resisting pressures that conflict with professional judgment, management accountants should resist organizational pressure to not communicate all information expected to influence financial statement users. The IMA encourages close affiliation among management accountants to the profession through sponsorship of local IMA chapters and national conferences, and the publication of professional journals, thereby strongly influencing the standards of the profession (Snizek, 1972). The IMA emphasizes the importance of self-regulation, management accountants having the power to enforce proper conduct and exercising discretion about their work. The IMA has adopted self-regulatory mechanisms such as a formal code of ethics and takes disciplinary action against members who violate its provisions. The IMA's Statement of Ethical Professional Practice, for example, states that members "shall behave ethically," in ways that are honest, fair, objective, and responsible.

Three ethical philosophies, contractualism, relativism, and moral equity have been identified as playing important roles in ethical judgment (Reidenbach & Robin, 1990) across a variety of contexts (Mudrack & Mason, 2013; Pan & Sparks, 2012) and in management accounting contexts in particular (Flory et al., 1992). Ethical judgment, in turn, has been found to be a good predictor of behavioral intention (Mudrack & Mason, 2013; Pan & Sparks, 2012; Reidenbach & Robin, 1990). With contractualism, decisions are based on the implied responsibilities individuals have toward society, including notions of "fair play, truth telling, duty, and rights" (Reidenbach & Robin, 1990). Relativism posits that social and cultural systems are important in helping define ethical beliefs. Beliefs are subject to the dictates of society and social interactions develop greater understanding of cultural and traditional norms. Moral equity posits that inherent fairness, justice, goodness, and rightness should inform ethical decisions. A large body of research supports these contentions (Mudrack & Mason, 2013; Pan & Sparks, 2012).

Reidenbach and Robin's (1990) multidimensional approach has been used to assess ethical judgment in management accounting (e.g. Flory et al., 1992), auditing (e.g. Cohen, Pant, & Sharp, 1996; Ge & Thomas, 2008; Thomas, 2012), and general business (e.g. Cohen, Pant, & Sharp 1992, 1996; Reidenbach & Robin, 1990) contexts. Empirical results indicate that generally,

and for management accountants in particular, the moral equity rationale exerts the most influence, while relativism and contractualism have approximately equal supporting roles (Flory et al., 1992; Reidenbach & Robin, 1990).

Relativism is expected to be pervasive among the management accounting profession. Relativism is a mode of ethical reasoning that is guided by considering the extent to which an action is considered acceptable in society. Relativism is a pragmatic reasoning approach, more concerned with social guidelines and requirements than with individual considerations. Consequently, social systems such as the management accounting profession will be important in defining the ethical beliefs of its members. This social system promotes a learned understanding of “how the game is played” (Reidenbach & Robin, 1990, p. 646). Thus, relativism is the belief that what is right or wrong is based on values derived from social systems such as the management accounting profession.

Beliefs in professional autonomy, self-regulation, professional affiliation, and professional dedication, are consistent with the idea that the management accounting community is important for helping to frame actions as ethical or unethical. Belief in professional autonomy indicates the professional’s wish to have the freedom to make decisions about their work since their professional community has positively influenced these decisions. External pressures that conflict with professional judgment are the antithesis of professional autonomy (Snizek, 1972). The IMA’s Standards of Ethical Conduct require, for example, the communication of all information objectively, that could reasonably be expected to influence decisions.

Belief in self-regulation is the belief that professionals’ work quality should be judged by their colleagues, nonprofessionals are not qualified (Hall, 1968). Thus, the IMA promotes the importance of the community’s self-regulatory mechanisms such as the code of conduct and punitive action against violations. Belief in professional affiliation is the belief in the value of being a part of the professional community (Hall, 1968). Individuals are influenced by the standards of the profession through the reading journals and attending conferences (Snizek, 1972). Professional dedication is the belief that the work to which the professional is engaged has intrinsic value for society. The work is an end in itself, so that the professional would work even if there were less extrinsic rewards (Kornhauser, 1962). Studies have suggested similarities between dedication to the profession and professional commitment; the attachments individuals have to their profession (Hall et al., 2005; Morrow & Goetz, 1988; Norris & Niebuhr, 1984). Furthermore, research indicates that professional commitment influences accountants’ propensity to follow professional ethical standards and rules (Jeffrey & Weatherholt, 1996; Jeffrey,

Weatherholt, & Lo, 1996; Kaplan & Whitecotton, 2001; Lord & DeZoort, 2001) thus emphasizing the importance of reliance on the ethical judgment of the professional community. The first hypothesis is therefore as follows:

H1: When making ethical judgments, management accountants' beliefs in professional autonomy, professional affiliation, self-regulation, and professional dedication are positively associated with their use of the relativism rationale.

Social obligation involves the perception that the professional's work benefits the public and therefore encourages a commitment to service. Personal gain should therefore be considered subsidiary to public service (Parsons, 1954; Wilensky, 1964). Management accountants, for example, should abstain from preparing misleading accounting reporting that harm investors and creditors, even in the face of organizational pressure to do so. Their work benefits not only the organization but the public as well (Hall, 1968). This perception is expected to be linked to the contractualism rationale since this rationale is also based on inferred duties individuals have toward society, including notions of "fair play, truth telling and duty and rights" (Reidenbach & Robin, 1990, p. 647). This rationale conforms to the belief in a "social contract" between business and society. Belief in social obligation is also expected to be related to the moral equity rationale. Social obligation encourages professionals to make decisions and act in ways that are beneficial to society, consistent with fairness, justice, goodness, and rightness. The second hypothesis is therefore as follows:

H2: When making ethical judgments, management accountants' belief in social obligation is positively associated with their use of the contractualism and moral equity rationales.

Research Methodology

Three finance/accounting officers pretested the instrument for clarity, face validity and to approximate the time needed to complete the survey (Appendix), which was approximately 10 minutes. Respondents were asked to respond using 5-point and 7-point Likert-type scales. Previously validated scales, the Hall Professionalism Scale and the Multidimensional Ethics Scale (MES), were used to measure professionalism (Kalbers & Fogarty, 1995; Morrow & Goetz, 1988; Shafer et al., 2002; Snizek, 1972) and ethical

judgment (Flory et al., 1992; Reidenbach & Robin, 1990). The MES, perhaps the most influential ethical judgment measure in business ethics (Dunfee, 2006) appears to have high internal consistency and low social desirability bias (e.g. Loo, 2002; Valentine & Barnett, 2007).

The Institute of Management Accountants (IMA) facilitated data collection. Data was collected using a web-based survey of members of the IMA following their prescribed procedure. Two email blasts were conducted by the IMA, two weeks apart, to 5000 randomly selected members of the Institute resulting in 156 responses (response rate = 3%). While this is a low response rate, the researcher was advised by the IMA that this is currently the expected response rate among its members (e.g., Libby & Lindsay, 2010). To enhance confidence in the comparability of the results of the current study, the sample was compared with two previous studies. Table 1 presents a profile of

Table 1. Demographics.

	Number	Percent
Total Subjects	156	
Gender		
Male	90	58
Female	66	42
Professional Certifications	66	42
CMA	26	17
CMA and CPA	16	10
CPA	48	31
Other		
Job Level	1	0.6
Assistant Accountant	7	4.5
Accountant	5	3.2
Semi-senior Accountant	27	17.3
Senior Accountant	8	5.1
Supervisor	50	32.1
Middle Manager	57	36.5
Upper Manager	1	0.6
Missing		
Age	10	6.4
21–29	21	13.5
30–39	40	25.6
40–49	61	39.1
50–59	23	14.7
60 or older	1	0.6
Missing		

the subjects. Subjects' mean responses to their beliefs in the professionalism attributes were very similar to the only other study examining management accountants' professionalism (Shafer et al., 2002). The attribute ratings for both studies were in the order: social obligation, professional dedication, self-regulation, professional affiliation, and professional autonomy (Table 2). Scenarios 2 and 3 were taken from Flory et al. (1992), a study examining the ethical rationales of management accountants. Table 3 presents the results of regressing ethical judgment on the ethical rationales. For both the Flory et al. (1992) and the current study, the moral equity rationale exerted the most influence for both scenarios. Furthermore, consistent with the Flory et al. (1992) study, the contractualism rationale's influence exceeded the relativism rationale's influence for Scenario 2, while for Scenario 3 the roles were reversed.

Three scenarios were used in the current study (see Appendix) in an attempt to capture ethical decisions that management accounting professionals may be expected to encounter in fulfilling their duties. Using context-specific instruments has been suggested by numerous ethics researchers (e.g., Arnold, 1997; Shaub, 1994). Scenario 1 describes a financial controller's decision to manage earnings to fulfill budget expectations. The scenario was developed from the experience of an accountant working in business (Ng, White, Lee, & Moneta, 2009).

Table 2. Professionalism Attributes.

	Minimum	Maximum	Mean	Std. Deviation
Social obligation	1.00	5.00	4.25	.59
Professional autonomy	1.75	4.50	3.04	.51
Professional affiliation	1.00	5.00	3.64	.69
Professional dedication	2.75	5.00	3.97	.47
Self-regulation	2.00	5.00	3.87	.57

Table 3. Coefficient Estimates (Standard Error) for OLS Regressions of Ethical Judgment on the Ethical Rationales (n = 156).

	Moral	Equity	Relativism	F	Adj. R ²
Scenario 1:	.071 (.042)*	.320 (.076)***	.127 (.044)**	23.10 (.000)***	.301
Scenario 2:	.117 (.054)**	.694 (.088)***	.037 (.045)	91.92 (.000)***	.641
Scenario 3:	-.082 (.071)	.812 (.104)***	.137 (.060)**	67.09 (.000)***	.579

Scenario 1: Manipulating earnings

Scenario 2: Falsifying financial statements

Scenario 3: Violating company policy

***, **, *: Significant at < 0.01, 0.05, 0.10, respectively, all two-tailed tests.

A financial controller is asked to falsify external financial statements in order to obtain additional working capital in Scenario 2. Scenario 3 depicts a plant's chief accountant being asked to violate company policy. Scenarios 2 and 3 were abstracted from a videotape provided by the IMA which they contracted with the Ethics Resource Centre to produce of substantial ethical situations faced by accountants (Flory et al., 1992).

For the professionalism scale, subjects were asked to respond to the five professional attributes comprised of four items each, using a five-point Likert-type scale anchored with "strongly disagree" and "strongly agree." For each of the three scenarios, subjects were asked to assess the action according to the three MES factors comprised of eight items; four for moral equity, and two each for contractualism and relativism, using a seven-point Likert-type scale. The instructions were as follows: "Please give your beliefs regarding the actions described in the scenarios for each of the opposites that follow." (See Appendix.) Ethical judgment was measured by subjects indicating the ethics of the action using a seven-point Likert-type scale anchored with "ethical/unethical" for each of the scenarios.

Item scores were averaged for the professionalism attributes and ethical rationales. One item deemed to best represent self-regulation and professional dedication was chosen since their Cronbach's alphas were deemed too low regardless of the item combinations. All five professionalism attributes were included in the model in an attempt to maintain the content validity of the measure (e.g., Chenhall, Kallunki, & Hanna, 2011). Removing these two items did not affect the results of the study reported for the other professionalism attributes. Prior research using the Hall Professionalism Scale either did not report Cronbach's alphas for internal auditors (Kalbers & Fogarty, 1995) and management accountants (Shafer et al., 2002) or reported a low professional dedication score of 0.49 and a self-regulation score of 0.75 for public accountants (Goetz et al., 1991). The difference in the reported score for self-regulation between the Goetz et al. (1991) study and the current one may be the result of the increased litigious nature of society over the past 25 years. This attribute may no longer be a relevant measure for accounting professionalism. Future research is needed to clarify this issue.

For self-regulation, the item "Management accountants are able to judge each other's competence" was selected. For professional dedication, the item used was "I am enthusiastic about the work I do." For professional autonomy, the highest Cronbach's alpha score was realized using the items "Few of my decisions at work are reviewed by other people." and "My own judgment at work on a matter is usually the final judgment." For professional affiliation, the items "I regularly attend and participate in meetings of the

local chapter of the Institute of Management Accountants,” “I believe that the Institute of Management Accountants should be supported,” and “The Institute of Management Accountants is beneficial for the average member” yielded the highest Cronbach’s alpha score. All four items for social obligation realized the highest Cronbach’s alpha score. Table 4 reports reliability measures (Cronbach’s alphas) for each of the scales.

RESULTS

Table 5 presents the results of regressing the ethical rationales on the professionalism attributes with job level as a covariate. Since professionalism is viewed as a system in which shared values are instilled through an adult socialization process (Goode, 1957), job level was introduced as a control for this process. Consistent with Shafer et al. (2002), age and certification were not correlated with any of the variables in the study. Gender was correlated with professional dedication and contractualism. Including gender in the analyses did not affect the results of the study. Table 6 summarizes the results. The results suggest that respondents’ beliefs in four attributes of professionalism (social obligation, professional autonomy, professional affiliation, and professional dedication) encourage their use of three ethical rationales

Table 4. Reliability Measures (Cronbach’s Alphas) for Each of the Professionalism and Ethical Rationale (MES) Items.

Professionalism items			
Social obligation		0.755	
Professional affiliation		0.694	
Professional autonomy		0.587	
Single items were used for self-regulation and professional dedication.			
<i>Ethical rationale (MES) Items</i>			
Scenarios	1	2	3
Moral equity	0.739	0.802	0.886
Contractualism	0.780	0.896	0.886
Relativism	0.615	0.848	0.814

Scenario 1: Manipulating earnings
 Scenario 2: Falsifying financial statements
 Scenario 3: Violating company policy

(contractualism, moral equity, and relativism) that have been found to be significant in making ethical judgments. The findings support the contention that “individuals use more than one rationale in making ethical judgments and that the importance of those rationales is a function of the problem situation faced by the individual” (Reidenbach & Robin, 1990, p. 639).

Relativism is a mode of ethical reasoning guided by values derived from social systems such as the management accounting profession rather than by individual considerations. It was therefore hypothesized (H1) that management accountants’ use of the relativism rationale when making ethical judgments would be associated with their beliefs in four professionalism attributes that promote the importance of community in influencing ethical judgments. The results provide support for H1. For two of the three scenarios, use of the relativism rationale was associated with professional autonomy and professional affiliation and with professional dedication for one of the scenarios. The rationale was not associated with self-regulation for any of the scenarios (Tables 4 and 5).

Belief in social obligation involves the perception that the professional’s work benefits the public and therefore encourages a commitment to service. This was expected to be consistent with the contractualism rationale which is also based on inferred duties individuals have toward society, a “social contract” between business and society. Belief in social obligation was also expected to be related to the moral equity rationale. Social obligation encourages professionals to make decisions beneficial to society, consistent with fairness, justice, goodness, and rightness. When making ethical judgments, use of the contractualism rationale was associated with belief in social obligation in one of the three scenarios. Use of the moral equity rationale was associated with belief in social obligation in two of the three scenarios. These results provide support for H2 (Tables 4 and 5).

Since all five professionalism attributes were expected to be associated with at least one of the ethical rationales, it was expected that they would be associated with ethical judgments. For the scenarios dealing with manipulating earnings and violating company policy, belief in social obligation was associated with ethical judgment. However, none of the other attributes were associated with ethical judgment (Table 7).

CONCLUSION

Ethical behavior is a cornerstone of the management accounting profession and this is directly related to making ethical judgments (Flory et al.,

Table 5. Coefficient Estimates (Standard Error) for OLS Regressions of Ethical Rationales on Professionalism Attributes with Job Level as a Covariate (n = 156).

<i>H1:</i>					
Relativism					
Prof. Auto.	Prof. Aff.	Self-Reg.	Prof. Ded.	F	Adj. R²
Scenario 1					
.158 (.135)	.151 (.155)	.089 (.068)	.054 (.183)	1.00	.000
Scenario 2					
.376** (.162)	.435** (.177)	.099 (.081)	-.272 (.220)	2.78**	.057
Scenario 3					
.230* (.145)	.271** (.156)	.058 (.073)	.286* (.196)	2.85**	.059
<i>H2:</i>					
Moral equity					
Social Obligation					
Scenario 1	.270 (.107)***			3.16**	.027
Scenario 2	.223 (.134)			1.76	.010
Scenario 3	.487 (.165)***			5.44***	.055
Contractualism					
Social Obligation					
Scenario 1	.343 (.168)**			2.13	.015
Scenario 2	.298 (.170)**			1.88	.011
Scenario 3	.324 (.179)**			2.46*	.020

Scenario 1: Manipulating earnings.

Scenario 2: Falsifying financial statements

Scenario 3: Violating company policy

***, **, *: Significant at < 0.01, 0.05, 0.10, respectively, one-tailed tests except for F tests which are two-tailed.

1992; Reidenbach & Robin, 1990). This report suggests that promoting four attributes of professionalism: social obligation, professional autonomy, professional community affiliation, and professional dedication will encourage the use of three ethical rationales identified as playing important roles in making ethical judgments: moral equity, relativism, and contractualism. As the IMA and as individual members promote professionalism, they are motivating ways of thinking that lead to more ethical decisions. Understanding

Table 6. Summary of OLS Regressions of Ethical Rationales on Professionalism Attributes with Job Level as a Covariate (n = 156) for the Three Scenarios.

Scenario	Moral Equity	Contractualism	Relativism
Manipulating earnings	Social obligation		
Falsifying financial statements			Professional autonomy Professional Affiliation
Violating company policy	Social obligation	Social obligation	Professional autonomy Professional affiliation Professional dedication

Table 7. Coefficient Estimates (Standard Error) for OLS Regressions of Ethical Judgment on Professionalism Attributes with Job Level as a Covariate (n = 156).

Soc. Obl.	Prof. Auto.	Prof. Aff.	Self-Reg.	Prof. Ded.	F	Adj. R ²
Scenario 1:						
.370*** (.104)	.051 (.073)	-.011 (.079)	-.006 (.038)	-.008 (.100)	2.28**	.049
Scenario 2:						
.243* (.148)	.092 (.104)	.063 (.112)	-.055 (.054)	-.128 (.141)	1.09	.004
Scenario 3:						
.557*** (.166)	.114 (.116)	.054 (.126)	.019 (.061)	.074 (.159)	3.36***	.086

Scenario 1: Manipulating earnings

Scenario 2: Falsifying financial statements

Scenario 3: Violating company policy

***, **, *: Significant at < 0.01, 0.05, 0.10, respectively, one-tailed tests except for F tests which are two-tailed.

these links will help guide the profession in preparing its members to be more ethical decision makers within their organizations. Knowing the relationships between the activities and benefits of the management accounting profession and the ethical decision-making process will be invaluable in this regard.

The results indicate that belief in social obligation is the most important professionalism attribute for promoting ethical judgments. For a scenario dealing with the manipulation of earnings and another dealing with violation of a company policy, social obligation was associated with ethical judgment and as well, use of the moral equity rationale. Social obligation was also

associated with use of the contractualism rationale for the violation of a company policy scenario. Research suggests that when making ethical judgments, the moral equity rationale is the most influential and that the contractualism rationale provides occasional support depending on the context (Flory et al., 1992; Reidenbach & Robin, 1990). Research also indicates that the moral equity and contractualism rationales are consistent with individuals at the post-conventional stage of ethical development and more ethical judgments while the relativism rationale is consistent with the conventional stage of moral development and less ethical judgments (Ge & Thomas, 2008; Kohlberg, 1969, 1976; Thomas, 2012). Furthermore, management accountants' belief in social obligation was also stronger than for any of the other professional attributes examined in this study. The profession's past and continued promotion of this attribute thus appears to be successful and warranted.

As expected, beliefs in professional affiliation, professional autonomy, and professional dedication were all associated with use of the relativism rationale when making ethical judgments. These professionalism attributes are consistent with the idea that the management accounting community is important for helping to frame actions as ethical or unethical. These attributes therefore appear to play important roles in encouraging reliance on the management accounting profession in defining acceptable norms and ethical beliefs. Research suggests that the professional environment affects ethical behavior, even when this is inconsistent with individual's ethical standards (Shaub et al., 1993).

Belief in self-regulation was not associated with use of the relativism rationale. The only other study examining this management accounting professionalism attribute explored its relationship with organizational-professional conflict and work outcomes but also did not find support for the hypothesized relationship (Shafer et al., 2002). Further research is needed to clarify these findings.

The current study makes important contributions. The study increases understanding of the relationships between management accounting professionalism attributes and ethical judgments. The study suggests areas of emphasis for the management accounting profession in inculcating ethical values to its members through continuing professional education and the professional environment that is fostered. Research indicates that accounting education (Armstrong, 1987, 1993; Armstrong & Mintz, 1989; Bernardi, 1995; Cohen & Pant, 1989; Dellaportas, Cooper, & Leung, 2006; Jones, Massey & Thorne, 2003; Keller, Smith, & Smith, 2007; Ponemon, 1993; Ponemon & Glazer, 1990; St. Pierre, Nelson, & Gabbin, 1990; Thomas, 2012; Welton et al., 1994) and the socialization process (Clikeman & Henning, 2000; Shaub

et al., 1993) play important roles in affecting ethical judgments. The current study suggests, for example that the social obligation attribute is the most important one for improving ethical judgments. Belief in professional autonomy, while associated with the relativism mode of ethical reasoning, had the lowest rating of all the attributes. The need for increased promotion of this attribute among the profession therefore appears to be an important finding of this study. Four of the five management accounting professionalism attributes examined in this study were found to play a role in making ethical judgments.

The current study increases understanding of how and why promoting management accounting professionalism through professional education and socialization improves ethical judgment. The results suggest that belief in social obligation, depending on the context, is positively related with use of moral equity, the most influential ethical judgment rationale as well as the contractualism rationale. These rationales are consistent with more ethical judgments while the relativism rationale is consistent with less ethical judgments (Ge & Thomas, 2008; Thomas, 2012). Thus, the results suggest that social obligation is the most important professionalism attribute facilitating ethical judgments. The results also indicate that beliefs in professional autonomy, professional affiliation, and professional dedication, depending on the context, are positively associated with use of the relativism mode. This rationale is important in the context of the management accounting profession since it promotes the belief that social systems such as the profession are important in clarifying norms and defining ethical beliefs. Normative beliefs are a function of community.

The competing commitments faced by the accounting profession between professionalism and commercialism continues to be an important research focus (e.g., Carrington et al., 2013; Cooper & Robinson, 2006; Suddaby et al., 2009). The current study responds to the call to investigate the relationship between management accountants' professionalism relationship and ethical judgments and to individually assess the implications of its various components (Shafer et al., 2002). This is only the second study to apply a multidimensional concept in the study of management accountants' professionalism (Shafer et al., 2002). Understanding these issues is important for promoting ethical judgments and for identifying the benefits of professional attributes and assessing the benefits of investments in particular types of professional activities.

Future research should examine how the various aspects of management accounting professionalism may be enhanced. A possible limitation of this study research may be the instruments used to measure management accounting professionalism and the modes of ethical reasoning. The five

professionalism attributes may not be the optimal set for describing management accounting professionalism. Also, the three modes of ethical reasoning examined, although supported by extensive research (Mudrack & Mason, 2013; Pan & Sparks, 2012), may not be the complete set of rationales used when management accountants make ethical judgments. Furthermore, there were no penalties or rewards accompanying subjects' decisions; this would not be the case in a real-world setting. IMA members who chose to complete the survey may have greater interest in ethical issues than those who chose not to complete the survey.

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APPENDIX: QUESTIONNAIRE

Age: _____ Gender: _____ Years in management accounting: _____

Job Level (Please pick one):

Junior Staff: _____ Staff: _____ Supervisor: _____ Senior Supervisor: _____

Middle Management: _____ Upper Management: _____ Partner/CEO: _____

Certification: CMA: _____ CPA: _____ Both: _____

Other(s), please specify: _____

Professionalism

For the following professionalism scale, subjects were asked to respond to each item on a five-point scale anchored with “strongly disagree” and “strongly agree.”

Professional Affiliation

1. I systematically read management accounting publications.
2. I regularly attend and participate in meetings of the local chapter of the Institute of Management Accountants.
3. I believe that the Institute of Management Accountants should be supported.
4. The Institute of Management Accountants is beneficial for the average member.

Social Obligation

5. Management accounting is essential to the welfare of society.
6. The importance of management accounting is sometimes understated.
7. Not enough people realize how vital management accounting is.
8. Any weakening of the role or independence of management accountants would be harmful to society.

Self-Regulation

9. Management accountants are able to judge each other's competence.
10. Standards for the professional behavior of management accountants are equally applicable to all organizations.
11. The management accounting profession should have the power to enforce standards of conduct for management accountants.
12. One management accountant is a better judge of another management accountant than a nonmanagement accountant supervisor would be.

Dedication to the Profession

13. I am gratified when I see the dedication of my fellow management accountants.
14. It is encouraging to see a management accountant that is idealistic about his or her work.
15. I am enthusiastic about the work I do.
16. I would stay in management accounting even if I had to take a slight pay cut in order to do so.

Professional Autonomy

17. I have considerable opportunity to exercise my own judgment in my work.
18. Few of my decisions at work are reviewed by other people.
19. There is little autonomy in my work.
20. My own judgment at work on a matter is usually the final judgment.

The Multidimensional Ethics Scale (MES)

The form of the scale was as follows:

Does not violate an unspoken ____; ____; ____; ____; ____; ____; ____ Violates an unspoken promise
promise

Contractualism

Does not violate/Violates an unspoken promise
 Does not violate/Violates an unwritten contract

Moral Equity

Fair/Unfair
 Just/Unjust
 Morally right/Not morally right
 Acceptable/Unacceptable to my family

Relativism

Culturally acceptable/Unacceptable
 Traditionally acceptable/Unacceptable

The MES scale above followed each of the following scenarios. The instructions were as follows: "Please give your beliefs regarding the actions described in the scenarios for each of the opposites that follow." Subjects also evaluated the ethics of the action on a seven-point scale anchored with "ethical/unethical."

Scenario 1

During the year-end physical inventory performed at the restaurant, Gwen's Place, the Financial Controller, Arthur and the General Manager, Merlin, were informed by the chef, Malory, that approximately \$15,000 worth of food in the kitchen was identified as unusable and needed to be written off. This problem was a result of a change in head chefs during the year, as information on what was kept in the storage facilities is often not passed on to the new chefs.

Merlin was concerned with fulfilling the budgeted numbers as personal bonuses were at stake. Merlin wanted to reduce the impact on the profit figure and asked Arthur to only write off 10% of the original amount, that is, \$1500.

Arthur was concerned about his standing with Merlin, and felt the need to ensure that Merlin was happy with his work performance to ensure his job security. Job security was an important issue with Arthur as the hotel

had a reputation for changing financial controllers when they were unable to achieve their set goals.

ACTION: Arthur complies with Merlin's request. Please evaluate Arthur's action.

Scenario 2

Anne, company controller, is told by the chief financial officer, Seth, that in an executive committee meeting the CEO told them that the company "has to meet its earnings forecast, is in need of working capital, and that's final." Unfortunately, Anne does not see how additional working capital can be raised, even through increased borrowing, since income is well below the forecast sent to the bank. Seth suggests to Anne, that to help with this issue, she reduce bad debt expense.

At home on the weekend, Anne discusses the situation with her husband, Larry, a senior manager of another company in town. "They're asking me to manipulate the books," she says. "On the one hand," she complains, "I'm supposed to be the conscience of the company and on the other, I'm supposed to be absolutely loyal." Larry tells her that companies do this all the time, and when business picks up again she'll be covered. He reminds her how important her salary is to help maintain their comfortable lifestyle, and that she shouldn't do anything drastic that might cause her to lose her job.

ACTION: Anne decides to go along with the suggestions proposed by her boss. Please evaluate Anne's action.

Scenario 3

Drew, the plant's chief accountant, is having a friendly conversation with Leo, operations manager and old college buddy. Leo tells Drew that the plant needs a new computer system to increase operating efficiency and decrease late deliveries. With the new system, Leo believes their plant will be the top plant next year.

However, Leo wants to bypass the company policy that requires that items greater than \$5000 receive prior Board approval and be capitalized. Leo would prefer to generate purchase orders for each component part of the system, each being under the \$5000 limit, and thereby avoid the approval "hassle." Drew knows this is clearly wrong from a company and accounting standpoint, and he says so. Nevertheless, he eventually says that he will go along.

Six months later, the new computer system has not lived up to expectations. Drew indicates that he is really worried about the problems with the computer, and that the auditors will disclose how the purchase was handled

in the upcoming visit. Leo wants to correct the problem by upgrading the system (and increasing the expenses), and urges Drew to “hang in there.”

ACTION: Feeling certain that the system will fail without the upgrade; Drew agrees to approve the additional expense. Please evaluate this Drew’s action.