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Joshua Sauerwein

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Joshua Sauerwein

George Fox University, jsauerwein@georgefox.edu

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The Intersection of Religiosity, Workplace Spirituality and Ethical Sensitivity in Practicing Accountants

Cover Page Footnote

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INTRODUCTION

If we want accountants who are capable of acting with integrity and understanding the broader system in which they work, we must teach them to be mindful – aware of their belief systems, conscious of consequences, and capable of thinking broadly about the impact of their actions and decisions. Accountants have positions that are inherently value-laden and imbued with ethical responsibilities.¹

Whenever the topic of accounting ethics is mentioned, it is standard protocol to mention the big scandals (Enron, WorldCom, and Arthur Andersen). While these scandals are more than a decade old, these major moral lapses continue to spur a profession-wide effort to improve ethics training. A number of these training efforts still focus on re-telling the stories, while underscoring pertinent codes of conduct.² Though it's important to understand these situations and their influences, the danger is that those in the profession only equate ethics with avoiding egregious acts. Further, the heavy focus on rules has created a check-the-box type of mentality in accountant's ethical reasoning, causing some to conclude that accountants do not use their full moral reasoning capabilities when solving an ethical decision.³

The reality is that accounting at its core is an ethical discourse.⁴ Each and every day accountants face a diverse span of ethical decisions ranging from reporting practices, to acceptance and retention of clients and the exercise of professional judgment in many contexts. The schema involved in making such decisions should include reasoning far beyond codes of conduct and legal precedents. They must include broader discussions of cultural, ethical and theological foundations that engage deeper questions of roles, community, and significance.

Work has the ability to impart significance, identity and meaning. Seeing and embracing one's work as having intimate connections with one's religion has been shown to have positive effects on ethical decision-making. Specifically in accounting, recent research suggests some measures of religiosity appear to mitigate agency costs and reduce negative corporate reporting behavior.⁵ While those in other disciplines are exploring these critical connections, formalized

¹ Sandra Waddock. "Hollow Men and Women at the Helm...Hollow Accounting Ethics?" *Issues in Accounting Education* 20 (2005): 145-150.

² Cindy Blanthorne, Stacey E. Kovar, and Dann G. Fisher. "Accounting Educators' Opinions about Ethics in the Curriculum: An Extensive View." *Issues in Accounting Education* 22 (2007): 355-390.

³ Dawn W. Massey and Linda Thorne. "The impact of task information feedback on ethical reasoning." *Behavioral Research in Accounting* 18 (2006): 103-116.

⁴ Sandra Waddock (2005).

⁵ Sean T. McGuire, Thomas C. Omer and Nathan Y. Sharp. "The Impact of Religion on Financial Reporting Irregularities." *The Accounting Review* 87 (2012): 645-673.

accounting ethics research and training produces a paucity of discussion around these foundations. This research explores the first stages of ethical decision-making (ethical sensitivity) and its association with religiosity, spirituality and the significance of work.

Ethics and religion seem to have obvious connections.⁶ Religious texts, such as the Bible, provide beliefs and even codes (Ten Commandments) for adherents to follow. As followers consider and reflect upon these beliefs, they produce norms, values, and perspectives which guide all manner of decision-making, including ethical decision-making. In societies that have a few dominant religions the central values of these religions appear throughout society, including ethical behavior and decision-making.⁷ This connection is identified in major ethical decision-making theories such as Rest's Four-Component Model.⁸ While Rest recognizes religion as an important antecedent of ethical sensitivity, it is still given scarce attention in accounting literature and accounting ethics training. This is in spite of a growing movement of business men and women seeking to involve religious, spiritual and ethical teachings into workplace issues.⁹

LITERATURE

A good number of studies in other disciplines have investigated the relationship between religion and ethical decision-making. Spilka, Hood, Hunsberger and Gorsuch¹⁰ show some studies that conclude religiosity has a negative relationship with ethical decision-making, some show positive relationships, and even more will show no relationships. One of the primary models of ethical decision-making is Rest's four-component model. Most of the research conducted in accounting has focused on the determinants of 2nd stage (prescriptive reasoning) and 3rd stage (deliberative reasoning) of this model, but little research has been conducted to understand ethical sensitivity in practicing accountants.

Ethical sensitivity is the first stage in Rest's four-component model of ethical decision-making. It is recognizing an ethical issue exists and the initial

6 Gary R. Weaver and Bradley R. Agle. "Religiosity and Ethical Behavior in Organizations: A symbolic interactionist perspective." *Academy of Management Review* 27 (2002): 77-97.

7 K.P. Parboteeah, Martin Hoegl and John. B. Cullen. "Ethics and Religion: An Empirical test of a Multidimensional Model." *Journal of Business Ethics* 80 (2008): 387-398.

8 James R. Rest and Darcia Narvaez. *Moral Development in the Professions* (Hillsdale, NJ: Lawrence Erlbaum Associates, 1994).

9 David W. Miller, *God at Work* (London: Oxford University Press, 2007).

10 Bernard Spilka, Ralph W. Hood, Bruce Hunsberger and Richard Gorsuch. *The Psychology of Religion*. (New York: The Guilford Press, 2003)

awareness that one's actions can affect other people.¹¹ Hunt and Vitell¹² theorized five primary antecedents to ethical sensitivity; cultural environment, professional environment, industry environment, organizational environment, and personal factors. Research in accounting that has been conducted in this area has focused on three primary factors affecting ethical sensitivity; professional factors (such as codes of conduct, and licensing requirements), organizational factors (such as firm governance, job satisfaction, and role conflict), and personal factors (such as personal beliefs, values, personality, age, experience, rank, and ethical orientations).¹³ Additionally, researchers have found that while professional and organizational commitments are marginally associated with an accountant's ethical sensitivity,¹⁴ more significant determinants appear to be cultural factors,¹⁵ and personal factors,¹⁶ leading some to say that more research should be conducted to investigate the effects of personal factors on ethical sensitivity.¹⁷

One of the primary personal factors identified by both Rest and Hunt and Vitell is religion. As stated in their revised theory, "Unquestionably, an individual's personal religion influences ethical decision-making".¹⁸ While past research shows some support for the relationship between strong religious beliefs and later stages of ethical decision-making,¹⁹ there is not as much evidence for the association between religion and ethical sensitivity. The evidence that does exist is mixed at best. This is due in part to measuring religion using church attendance or religious affiliations.²⁰ To overcome these limitations, this study will be using multiple measures of religion; extrinsic religiosity, intrinsic religiosity, and workplace spirituality. As further refinement, this study will only focus on the individual expression of religion, as well as the motivation for the commitment to

¹¹ Rest and Narvaez (1994).

¹² Shelby D. Hunt and Scott J. Vitell, "The General Theory of Marketing Ethics: A Revision and Three Questions." *Journal of Macromarketing* 26 (2006): 143-153.

¹³ Denise M. Patterson, "Causal Effects of Regulatory, Organizational and Personal Factors on Ethical Sensitivity." *Journal of Business Ethics* 30 (2001): 123-159.

¹⁴ See Micahel K. Shaub, Don W. Finn, and Paul Munter, "The Effects of Auditors' Ethical Orientation on Commitment and Ethical Sensitivity." *Behavioral Research in Accounting* 5(1993): 145-169. Conor O'Leary and Jenny Stewart, "Governance Factors affecting internal auditors' ethical decision-making." *Managerial Auditing Journal* 22 (2007): 787-808.

¹⁵ Jeff R. Cohen, Laurie W. Pant, and David J. Sharp, "Measuring the Ethical Awareness and Ethical Orientation of Canadian Auditors." *Behavioral Research in Accounting* 8(1996): 98-119.

¹⁶ See O'Leary and Stewart (2007) and Patterson (2001).

¹⁷ See Samuel Y. Chan and Philomena Leung, "The effects of accounting students' ethical reasoning and personal factors on their ethical sensitivity." *Managerial Auditing Journal* 21 (2006): 436-457. Jana L. Craft, "A Review of the Empirical Ethical Decision-Making Literature: 2004-2011." *Journal of Business Ethics* 117 (2013): 221-259.

¹⁸ Hunt and Vitell (2006).

¹⁹ Scott J. Vitell, "The Role of Religiosity in Business and Consumer Ethics: A Review of the Literature." *Journal of Business Ethics* 90 (2009): 155-167.

²⁰ Parboteeah et al. (2008).

religion and the motivation to follow its principles in all aspects of life, including work.

Extrinsic religiosity is defined as a religious orientation that is motivated by extrinsic benefits (like social benefits). These are often measured by outward expressions of religion, such as attendance at institutional gatherings, number of times one prays during a week, or how much one gives (either in time or money) to a religious institution.²¹ Intrinsic religiosity is defined as a religious orientation that is motivated by internal benefits, such as the desire for communion and the development of faith and beliefs. People high on this scale attempt to live out their beliefs in accordance with faith doctrines. Most measures of intrinsic religiosity attempt to measure the strength of one's belief system, their strength of devotion, and their view of God (i.e., caring vs. harsh). In essence those who are extrinsically motivated use their religion for more selfish ends, as opposed to those who are intrinsically motivated who tend to live their religion.²² The impact of these two constructs on the ethical sensitivity of business professionals is mixed, with only one addressing accounting.

Initially, researchers found that extrinsic religiosity, as measured by religious preference and frequency of church attendance, did not significantly impact ethical perceptions.²³ Walker, Smither and DeBode²⁴ found that extrinsic measures of religiosity were positively related to endorsing ethically questionable situations, whereas, intrinsic measures were negatively related to endorsement. Similarly, others have found that intrinsic religiosity has a positive influence on ethical intentions and extrinsic religiosity has a negative influence.²⁵ While some have suggested that extrinsic religiosity is not a robust factor in ethical perception,²⁶ other studies have found it is significant. Conroy and Emerson²⁷ found evidence that church attendance was associated with lower acceptability of ethically-charged

²¹ Spilka et al. (2003).

²² Gordon W. Allport and J. Michael Ross, "Personal Religious Orientation and Prejudice." *Journal of Personality and Social Psychology* 5 (1967): 447-457.

²³ Jeaneen M. Kidwell, Robert E. Stevens and Art L. Bethke, "Differences in Ethical Perceptions Between Male and Female Managers: Myth or Reality?" *Journal of Business Ethics* 6 (1987): 489-493.

²⁴ Alan G. Walker, James W. Smither, and Jason DeBode, "The Effects of Religiosity on Ethical Judgments." *Journal of Business Ethics* 106 (2012): 437-452.

²⁵ Anusorn Singhapakdi, Scott. J. Vitell, Dong-Jin Lee, Aimee M. Nisius, and Grace B. Yu, "The Influence of Love of Money and Religiosity on Ethical Decision-Making in Marketing." *Journal of Business Ethics* 114 (2013): 183-191.

²⁶ Spilka et al. (2003)

²⁷ Stephen J. Conroy and Tisha L. N. Emerson, "Business Ethics and Religion: Religiosity as a Predictor of Ethical Awareness among Students." *Journal of Business Ethics* 50 (2004): 383-396.

situations. Most recently, Saat, Porter and Woodbine²⁸ found that measures of extrinsic religiosity, such as affiliation and type of institution, are related to an accounting student's ethical sensitivity. As evidenced, these results are mixed at best. However, because persons possessing extrinsic orientations treat religion as a means to an end, I expect the following:

Hypothesis 1: *There is a negative association between an accountant's extrinsic religiosity and ethical sensitivity.*

As stated above, the second construct of religion is intrinsic religiosity. In contrast to extrinsically motivated individuals who merely use their religion as a means to an end, intrinsically motivated individuals treat religious beliefs as an end unto themselves and, therefore, live them out in all areas of their lives.²⁹ Much of the existing research studying intrinsic religiosity and ethical decision-making is focused on component two and three of Rest's model.³⁰ The research that does exist appears to have mixed results.

In studying the association between ethical problem recognition and intrinsic religiosity in business students, Kurpis, Beqiri and Helgeson³¹ found respondents with greater intrinsic religiosity had higher abilities to detect an ethical problem, however the associations were only significant in two of the eight scenarios, leading the authors to conclude that religiosity has a limited impact on ethical recognition. In a similar study, Ho³² found religiosity, as measured by the strength of an individual's religious beliefs, also had a limited impact on ethical perception. In a large study of adults across 44 countries, Parboteeah et al.³³ found conflicting evidence that while most measures of intrinsic religiosity were not

²⁸ Maisarah M. Saat, Stacey Porter, and Gordon Woodbine, "Does Religiosity Influence Ethical Sensitivity? An Investigation on Malaysian Future Accountants." *Malaysian Accounting Review* 8 (2009): 17-41.

²⁹ Weaver and Agle (2002).

³⁰ See Scott J. Vitell, Joseph G. P. Paolillo and Jatinder Singh, "The Role of Money and Religiosity in Determining Consumers' Ethical Beliefs." *Journal of Business Ethics* 64 (2006): 117-124. Mohamed Ahmed, Kung Y. Chung, and John W. Eichenseher, "Business Students Perception of Ethics and Moral Judgment: A Cross-Cultural Study." *Journal of Business Ethics* (2003): 89-102. Ellen J. Kennedy, and Leigh Lawton, "The Effects of Social and Moral Integration on Ethical Standards: A Comparison of American and Ukrainian Business Students." *Journal of Business Ethics* 15 (1998): 163-175. Justin G. Longenecker, Joseph A. McKinney, and Carlos W. Moore, "Religious Intensity, Evangelical Christianity, and business ethics: An empirical study." *Journal of Business Ethics* 55 (2004): 373-386.

³¹ Lada V. Kurpis, Mirjeta S. Beqiri and James G. Helgeson, "The Effects of Commitment to Moral Self-Improvement and Religiosity on Ethics of Business Students." *Journal of Business Ethics* 80 (2008): 447-463.

³² Jo Ann Ho, "Ethical perception: are differences between ethnic groups situation dependent?" *Business Ethics: A European Review* 19 (2010): 154-182.

³³ Parboteeah et al. (2008).

significantly associated with justification of unethical behaviors, beliefs in church authority were significantly and negatively associated.

Adding further support to Parboteeah's finding, Singhapakdi, Rallapalli and Rao³⁴ found religiousness, in particular, the importance of religious values, was significantly associated with the perception of an ethical problem. Further, Walker et al.³⁵ studied business students and found that those who scored higher on intrinsic religiosity were less accepting of ethically questionable behavior, while those who scored higher on extrinsic religiosity measures were more accepting of ethically questionable behavior. These results are consistent with Hunt and Vitell's updated theory that suggests religion, value systems and belief systems are factors leading to ethical sensitivity.³⁶ Given these results and the intuitive appeal of intrinsic religiosity's impact on ethical sensitivity, I expect the following:

Hypothesis 2: *There is a positive association between an accountant's intrinsic religiosity and ethical sensitivity.*

The third construct of religion is spirituality. As some have suggested, looking at religiosity is not enough, but we must also broaden the scope to explore the role of spirituality.³⁷ While it is still concerned with beliefs and values, its most accepted definition is the "individual's drive to experience transcendence, or a deeper meaning to life, through the way in which they live and work".³⁸ Spirituality involves a quest or search for meaning that is dynamic and encompasses all activities in life.³⁹ This study will seek to understand more about workplace spirituality, which is the drive to experience transcendence and deeper meaning of work.

The link between spirituality and accounting would appear to be an important one. Accounting in the United States has become heavy on rules and has created a generation of check-the-box type thinking among accountants. However, leaders within the profession have increasingly advocated for greater measures of professional judgment to be used in all areas of the profession. These professional judgments are rarely a value-neutral decision because their impact on stakeholders

³⁴ Anusorn Singhapakdi, Janet K. Marta, Kumar C. Rallapalli and C. P. Rao, "Toward an Understanding of Religiousness and Marketing Ethics: An Empirical Study." *Journal of Business Ethics* 27 (2000): 305-319.

³⁵ Walker et al. (2012).

³⁶ Hunt and Vitell (2006).

³⁷ Kevin Lehnert, Yung-hwal Park and Nitish Singh, "Research Note and Review of the Empirical Ethical Decision-Making Literature: Boundary Conditions and Extensions." *Journal of Business Ethics* 129 (2015): 195-219.

³⁸ Robert A. Giacalone and Carole L. Jurkiewicz, *Handbook of workplace spirituality and organizational performance* (New York: M.E. Shar, 2003).

³⁹ Robert A. Emmons and Raymond F. Paloutzian, "The Psychology of Religion." *Annual Review of Psychology* 54 (2003): 377-402.

and the public is widespread. In these areas of professional judgment where legal precedents may be absent, one's spirituality can provide moral scaffolding for the decision.⁴⁰ Over the past decade, more studies have explored intrinsic religiosity and personal spirituality as moderators of the ethical decision-making process, but the inconsistent results suggest a complicated relationship.⁴¹

One study found conflicting evidence that suggested Norwegian students who possessed higher levels of spirituality had higher levels of ethical decision-making, but United States students who possessed higher levels of spirituality generally had lower levels of ethical judgments, thus indicating nationality or type of religion may have a moderating impact on spirituality.⁴² Walker et al. (2012)⁴³ found that business professionals who had high levels of spirituality and a loving view of God were less likely to endorse ethically questionable scenarios. Further, Fernando and Chowdhury⁴⁴ in a study of Australian executives found spiritual well-being to be a significant predictor of ethical orientation. In sum, studies of spirituality have found it be a significant factor in moral reasoning and decision-making.

A key spiritual attitude is workplace spirituality. In a four-fold model of workplace spirituality, the first dimension involves "the conscious awareness of one's connection to the divine while at work".⁴⁵ Others have defined it as the perception of work as a sacred or spiritual experience (vocation), rather than merely a means to an end.⁴⁶

This attitude has received much attention in the business community over the past decade.⁴⁷ While most of the research in this area has sought to understand its effect on job satisfaction and job commitment,⁴⁸ recent work has suggested it may have positive effects on organization goals, greater organizational kindness, increased creativity, increased profits, greater productivity, greater individual work

⁴⁰ Giacalone and Jurkiewicz (2003).

⁴¹ Lehnert et al. (2015)

⁴² Rafik I. Beekun and James W. Westerman, "Spirituality and National Culture as Antecedents to Ethical Decision-Making: A Comparison Between the United States and Norway." *Journal of Business Ethics* 110 (2012): 33-44.

⁴³ Walker et al. (2012).

⁴⁴ Mario Fernando and Rafi M. Chowdhury, "The Relationship Between Spiritual Well-Being and Ethical Orientations in Decision Making: An Empirical Study with Business Executives in Australia." *Journal of Business Ethics* 95 (2010): 211-225.

⁴⁵ George Gotsis and Zoi Kortezi, "Philosophical Foundations of Workplace Spirituality: A Critical Approach." *Journal of Business Ethics* 78 (2008): 575-600.

⁴⁶ Weaver and Agle (2002).

⁴⁷ Kelly A. Phipps, "Spirituality and Strategic Leadership: The Influence of Spiritual Beliefs on Strategic Decision Making." *Journal of Business Ethics* 106 (2012): 177-189.

⁴⁸ See Alan G. Walker, Megan N. Jones, Karl L. Wuensch, Shahnaz Aziz and John G. Cope, "Sanctifying Work: Effects on Satisfaction, Commitment and Intent to Leave." *The International Journal for the Psychology of Religion* 18 (2008): 132-145. Walker, Smither and DeBode (2012).

success, and even greater ethical decision-making.⁴⁹ Central to the idea of workplace spirituality are spiritual employees who perceive work as sacred and have heightened ethical sensitivities.⁵⁰

In spite of these claims, many businesses continue to focus on codes of conduct at the expense of recognizing the impact of personal moral viewpoints on workplace behavior.⁵¹ These policies create a dangerous divide between the sacred and secular worlds, thus encouraging accountants to check their religious beliefs and attitudes at the door. However, these beliefs and attitudes may place a crucial role in ethical decision-making. In fact, followers of Christianity and Islam alike both view the exercise of work and economic activity as fulfillment of spiritual life and spiritual enhancement.⁵² Thus, when accountants view their work as sacred (vocation) they are bridging this dangerous gap, which may be significantly associated with their ethical sensitivity. Therefore, the third hypothesis is as follows:

Hypothesis 3 – There is a positive association between an accountant's workplace spirituality and ethical sensitivity.

METHODOLOGY

This study tested the aforementioned hypotheses using a web based survey of accounting practitioners. Much of the research concerning the ethical decision-making of accountants uses convenience samples of students. While this has been helpful in developing initial theory, Vitell cautions researchers against using convenience sample of students because it is the practitioners who are shaping the current perception and future of the profession.⁵³ Parboteeah et al.⁵⁴ noted the same deficiency in such studies that only used undergraduate and MBA students, and warned that such studies were not only difficult to generalize, but dangerous given the role of religion throughout various stages of life. Given these warnings and lack of generalizability, this study surveyed practicing accountants.

Purposive sampling was used to determine the study participants. The criterion for participants were practicing accountants currently employed at a regional CPA firm and alumni of two faith-based institutions who graduated with an accounting degree. Informed consent was obtained from all individual participants included in the study. The survey was sent to 393 individuals. A total

⁴⁹ Gotsis and Kortezi (2008).

⁵⁰ See Gotsis and Kortezi (2008). Walker, Smither and DeBode (2012).

⁵¹ David Kim, David McCalman and Dann Fisher, "The Sacred/Secular Divide and the Christian Worldview." *Journal of Business Ethics* 109 (2012): 203-208.

⁵² Ibid.

⁵³ Vitell (2009).

⁵⁴ Parboteeah et al. (2008)

of 175 individuals finished the survey for an overall response rate of 44.53%. Of the 175 surveys submitted, 19 surveys contained missing responses to at least one question, causing them to be deleted. This resulted in a final sample size of 156. Table 1 shows the results from the descriptive statistics.

Table 1. Descriptive Statistics (N=156)			
Variables		Frequency	%
Male		85	54.5%
Female		71	45.5%
Age			
21-30		94	60.3%
31-40		47	30.1%
41-50		5	3.2%
51-60		7	4.5%
61-70		3	1.9%
70+		-	0.0%
Length of employment			
0-5		122	78.2%
6-10		21	13.5%
11-15		8	5.1%
16-20		-	0.0%
21-25		-	0.0%
26-30		-	0.0%
30+		5	3.2%
Employment in public acctg			
Currently employed		74	47.4%
Employed in last 5 yrs		20	12.8%
More than 5 yrs		21	13.5%
Never employed in PA		34	21.8%
Currently unemployed		7	4.5%
Possession of CPA license			
Yes, active		76	48.7%
Yes, inactive		6	3.8%
No, passed exam, awaiting cert		6	3.8%
No, exam not passed		34	21.8%
No, do not intend to take exam		34	21.8%

In sum, most of the participants were male, between the ages of 21 and 30, have served in their current role less than 5 years, have some experience in public accounting and either had or intended to obtain their CPA license. Additionally, 48% of participants were working in public accounting, with 56% of them serving in a staff accountant position. Of the 52% currently employed in industry, 34% of them were serving in unclassified positions with another 30% serving in staff accountant or controller level positions.

MEASURES

Participants' Extrinsic/Intrinsic religiosity was measured using The Intrinsic Religiosity Motivation Scale (IRMS) developed by Hoge.⁵⁵ As stated above, the mixed results in the study of religion and ethics might be due, in part, to the following methodological concerns; 1) many studies tend to consider only unidimensional conceptions of religion, 2) studies investigating religion's impact on ethical decision-making in business professionals only consider one religion, 3) when dealing with variables of ethics and religiosity, the scales may contain a social desirability bias.⁵⁶ The IRMS appears to mitigate these limitations for the following reasons. First, Hoge's scale uses psychologically appropriate definitions of intrinsic motivation as the grounds for its questions. Second, Hoge's instrument has items relevant to a broad range of religious groups, not just Protestant Christians.⁵⁷ Third, given the wording of its questions the scale mitigates social desirability bias, giving it greater reliability and predictive validity than those by Allport and Ross.⁵⁸ Because of these strengths, this instrument has been used in the Duke University Religion Index (DUREL) and by Rest et al. in studies of moral judgment and moral thinking.⁵⁹

It has 10 questions with responses ranging from "Always" (5) to "Never" (1). The IRMS scale is divided into 7 questions regarding intrinsic religiosity and 3 questions regarding extrinsic religiosity. Initial validation revealed a Cronbach's alpha = 0.84 and a Kuder-Richardson reliability of 0.90.⁶⁰ Validation in the

⁵⁵ Dean R. Hoge, "A validated intrinsic religious motivation scale." *Journal for the Scientific Study of Religion* 11 (1972): 369-376.

⁵⁶ Parboteeah et al. (2008).

⁵⁷ Peter C. Hill and Ralph W. Hood, Jr., *Measures of Religiosity* (Birmingham, AL: Religious Education Press, 1999).

⁵⁸ Richard Clements, "Intrinsic Religious Motivation and Attitudes Toward Death Among the Elderly." *Current Psychology* 17 (1998): 237-248.

⁵⁹ James R. Rest, Darcia Narvaez, Irene Getz and Stephen J. Thoma, "Individual Moral Judgment and Cultural Ideologies." *Developmental Psychology* 35 (1999): 478-488.

⁶⁰ Hoge (1972).

DUREL instrument indicated a Cronbach's alpha of 0.75.⁶¹ In Rest et al.,⁶² there was a Cronbach's alpha of 0.90.

Participant's workplace spirituality was measured using The Faith at Work Scale (FWS) created by Lynn, Naughton and VanderVeen.⁶³ This 15-item scale is measured on a five-point scale (ranging from Always to Never), with an original Cronbach's alpha of 0.77.⁶⁴ Scores can range from a low of 15 to a high of 75, with high scores indicating greater integration of faith with work.

In a review of faith at work scales, Neubert, Dougherty, Park and Griebel⁶⁵ state that the Faith at Work Scale (FWS) has sufficient breadth to measure work-related behaviors. While other scales exist in this area, they either focus on measures of hard work, do not measure well the intimate connection between individual attitudes and work-related behaviors, or do not address theological motivations.⁶⁶

Participant's ethical sensitivity was measured using accounting ethics scenarios developed by Hageman.⁶⁷ Though other instruments exist to measure a participant's ability to recognize ethical issues in accounting,⁶⁸ it is not able to measure the importance, or salience, of each of the issues. According to Hunt and Vitell,⁶⁹ viewing ethical sensitivity as merely a recognition phenomenon overlooks the fact that ethical problem solving requires motivation, which is driven by the salience ascribed to a particular ethical dilemma. Hageman's instrument addresses both constructs.

To measure ethical sensitivity, this instrument has two alternative measures; Importance and Contains Dilemma. "Importance" is participants' responses to the statement "Indicate the importance of whether Sam's dilemma is an ethical issue in considering what Sam should do" with 1= not important and 5 =extremely

⁶¹ Harold G. Koenig and Arndt Bussing, "The Duke University Religion Index (DUREL): A Five-Item Measure for Use in Epidemiological Studies." *Religions* 1 (2010): 78-85.

⁶² Rest et al. (1999)

⁶³ Monty L. Lynn, Michael J. Naughton and Steve VanderVeen, "Faith at Work Scale (FWS): Justification, Development, and Validation of a Measure of Judaeo-Christian Religion in the Workplace." *Journal of Business Ethics* 85 (2009): 227-243.

⁶⁴ Ibid.

⁶⁵ Mitchell J. Neubert, Kevin D. Dougherty, Jerry Z. Park and Jenna Griebel, "Beliefs about Faith and Work: Development and Validation of Honoring God and Prosperity Gospel Scales." *Review of Religious Resources* 56 (2014): 129-146.

⁶⁶ Ibid.

⁶⁷ Amy Hageman, "Ethical Sensitivity and Ethical Decision-Making of Accounting Professionals: The Role of." *Behavioral Research in Accounting* (2012).

⁶⁸ Michael K. Shaub, "An Empirical Examination of the Determinants of Auditor's Ethical Sensitivity." *Unpublished Doctoral Dissertation*: (Texas Tech University, 1989).

⁶⁹ Shelby D. Hunt and Scott J. Vitell, "A General Theory of Marketing Ethics." *Journal of Macromarketing* 6 (1986): 5-15.

important. “Contains Dilemma” is participants’ responses to the statement “Sam’s situation contains an ethical dilemma” with 1=strongly disagree and 7 = strongly agree.⁷⁰ In addition to these questions developed by Hageman, this study also asked participants to answer the likelihood of their peers engaging in a similar action. The purpose of this last question is to mitigate the social desirability bias. This instrument was derived from Thorne’s⁷¹ instrument and has been used on accounting practitioners.⁷²

RESULTS

The model was tested using Pearson/Spearman correlation analysis.

	Int. Rel.	Ext. Rel.	Faith at Work	E.S. - Cont.	E.S. - Imp.
Intrinsic Religiosity	1.000				
Extrinsic Religiosity	-0.491**	1.000			
Faith at Work	0.913**	-0.483**	1.000		
Ethical Sens. - Contains	0.077	-0.092	0.090	1.000	
Ethical Sens. - Importance	0.121	-0.097	0.136	0.634**	1.000

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

Hypothesis 1 states that there is a negative association between an accountant’s extrinsic religiosity and ethical sensitivity. To test the first research question there were two separate correlations, one correlating extrinsic religiosity with the Contains Dilemma statement, and one correlating extrinsic religiosity with the Importance statement. See Table 3 for results, which show mixed support for Hypothesis 1, and are consistent with prior research by Walker et al.⁷³ However, these findings are in contradiction to Conroy and Emerson.⁷⁴

⁷⁰ Hageman (2012).

⁷¹ Linda Thorne, "The Development of Two Measures to Assess Accountants' Prescriptive and Deliberative Moral Reasoning." *Behavioral Research in Accounting* 12 (2000): 139-170.

⁷² Hageman (2012).

⁷³ Walker et al. (2012).

⁷⁴ Conroy and Emerson (2002).

	Contains		
	Dilemma		Importance
Pearson's			
R2	-0.092		-0.097
Spearman's			
R2	-0.142*		-0.143*
* Correlation is significant at the 0.05 level (1-tailed)			

Hypothesis 2 states that there is a positive association between an accountant's intrinsic religiosity and the ethical sensitivity. See Table 4 for results which show no support for Hypothesis 2. These findings are in contrast to Singhapakdi et al.⁷⁵ and Walker et al.⁷⁶ who both found intrinsic religiosity to be significantly associated with perceptions of ethical problems. However these findings are consistent with Kurpis et al and Ho⁷⁷ who both found that intrinsic religiosity had a limited, if any, impact on ethical problem recognition and ethical perception.

	Contains		
	Dilemma		Importance
Pearson's			
R2	0.077		0.121
Spearman's			
R2	0.073		0.117
* Correlation is significant at the 0.05 level (1-tailed)			

Hypothesis 3 states that there is a positive association between an accountant's workplace spirituality and ethical sensitivity. See Table 5 for results which provide mixed support for Hypothesis 3, and are consistent with Beekun and

⁷⁵ Singhapakdi et al. (2000).

⁷⁶ Walker et al. (2012).

⁷⁷ See Kurpis et al. (2008) and Ho (2010).

Westerman⁷⁸ who found that Norwegian students who possessed higher levels of spirituality had higher levels of ethical decision-making, and Walker et al.⁷⁹ who found similar results among business professionals.

Table 5. Association of Workplace Spirituality and Ethical Sensitivity			
	Contains		
	Dilemma	Importance	
Pearson's			
R2	0.09	0.136*	
Spearman's			
R2	0.11	0.146*	
* Correlation is significant at the 0.05 level (1-tailed)			

ADDITIONAL RESULTS

Given the support for Hypothesis 3, correlations were run across five factors identified in the FWS. As identified by Lynn et al.,⁸⁰ the FWS contains five dimensions; relationship, meaning, community, holiness, and giving. See Table 6 for results which show support for the association between Meaning and ethical sensitivity and limited support for the association between Relationship and ethical sensitivity.

⁷⁸ Beekun and Westerman (2012).

⁷⁹ Walker et al. (2012).

⁸⁰ Lynn et al. (2009).

Table 6. Association of Workplace Spirituality (5 factors) and Ethical Sensitivity

	Contains		
	Dilemma		Importance
Pearson's (R2)			
Relationship	0.089		0.124
Meaning	0.124		0.179*
Community	0.090		0.105
Holiness	0.087		0.081
Giving	0.087		0.093
Spearman's			
Relationship	0.115		0.138*
Meaning	0.153*		0.196**
Community	-0.001		0.061
Holiness	-0.083		-0.130
Giving	0.098		0.121
* Correlation is significant at the 0.05 level (1-tailed)			
** Correlation is significant at the 0.01 level (1-tailed)			

Additional analyses of ethical sensitivity were conducted using ANOVAs across Age, Gender, Exposure to Public Accounting, Role, Existence of CPA license, and Institution Granting Highest Degree. See Table 7 for results which show significant differences across Role. Those ascribing the highest level of importance to the dilemma were staff accountants (mean = 4.36), while those ascribing the lowest level of importance were managers (mean = 3.42). This is consistent with others who have found that moral reasoning of staff accountants is significantly higher than that of managers,⁸¹ but conflicts with others who found conflicting evidence to these claims.⁸²

⁸¹ See Lawrence A. Ponemon, "Ethical Reasoning and Selection-Socialization in Accounting." *Accounting, Organizations and Society* 17 (1992): 239-258. Michael K. Shaub, "An analysis of the association of traditional demographic variables with the moral reasoning of auditing students and auditors." *Journal of Accounting Education* 12 (1994): 1-26.

⁸² See Stephen B. Scofield, Thomas J. Phillips and Charles D. Bailey, "An empirical reanalysis of the selection-socialization hypothesis: A research note." *Accounting, Organizations, and Society* 29 (2004): 543-563. Conroy, Emerson & Pons (2010).

Table 7. ANOVAs across Demographic Data and Ethical Sensitivity			
	Contains		
	Dilemma	Importance	
Age	1.504	1.861	
Gender	3.396	3.029	
Exposure to PA	0.971	0.743	
Role	1.86	3.029*	
Existence of CPA license	0.275	1.219	
Institution	3.004	0.963	
* Correlation is significant at the 0.05 level			
** Correlation is significant at the 0.01 level			

DISCUSSION AND CONCLUSION

With such a broad range of ethical decisions crossing the desk of practicing accountants they must possess high levels of ethical sensitivity to ensure they are seeing each and every dilemma and responding accordingly. Ethics and religion seem to have obvious connections.⁸³ Included in Rest's Four-Component Model and Hunt and Vitell's General Theory of Marketing Ethics, religiosity is identified as an antecedent of ethical sensitivity. The purpose of this research was to explore selected antecedents of religiosity associated with ethical sensitivity. More specifically, this study examined how ethical sensitivity is influenced by extrinsic religiosity, intrinsic religiosity, and workplace spirituality. This research investigated these relationships in practicing accountants.

One of the key findings of this study was the positive relationship between ethical sensitivity and workplace spirituality. Dating back to Old Testament teachings, the concept of work as a spiritual calling, and not merely monetary provision, has deep roots.⁸⁴ People desire to find a deeper meaning in their work,

⁸³ Weaver and Agle (2002).

⁸⁴ Miller (2007).

to know they are making a long-term difference, to bring their entire selves to work. As one respondent of this research articulately expressed, *“My faith is inseparable from every other area of my life, and I wholeheartedly believe my role as a CPA in the Assurance practice at EY (Ernst & Young) is part of God’s mission to reach others with the gospel through pointing others to Him. It is there I will stay and do my best to be faithful until He calls me to another place or position.”*

These attitudes can have a positive impact on an accountant’s ethical sensitivity. Therefore, managers and partners alike should seek to nurture these attitudes and guide those in their charge to see the intimate connections between their faith and their work. This could be accomplished through a number of avenues, including the tone at the top, firm gatherings, mentoring, and even formal ethics training. While Singhapakdi et al.⁸⁵ caution practitioners against using ethics training to shape employee’s religiosity, I do believe that ethics training can be used to understand the important connections between faith and work without engaging in proselytizing messages.

As the results indicated, of the five dimensions of the Faith at Work Scale, the construct of Meaning was the most significantly associated with ethical sensitivity. Thus, participants who saw their work as being a mission from God and an opportunity to develop the talents and abilities given to them by God were also more sensitive to the ethical dimensions of their job. This has a couple of implications for the accounting profession. First, it means that leadership should seek to create a culture that encourages expressions of spirituality and seeks to find the deeper meaning of work. As one respondent stated, *“I enjoy my job, but I have trouble believing that I’m saving the world through my work.”* As this answer might suggest, in the accounting profession it is difficult at times to see the eternal significance of one’s work. However, the quest to find this deeper meaning may have a lasting impact on restoring the ethical foundations of the profession. Second, leadership must be active in encouraging all employees to cultivate their inner spiritual lives. Third, the quest to find deeper meaning and the integration of one’s spiritual life and their work life must be modeled by leadership through their actions, attitudes, and beliefs at work. By fostering this interconnectedness it may help to increase the ethical sensitivity of the accountant.

According to the findings of this study, extrinsic religiosity and ethical sensitivity are negatively associated. This suggests that as the motivation for expressing religion was driven by social benefits, rather than internal benefits, one’s ethical sensitivity decreased. This is consistent with the idea that those who are intrinsically motivated have a greater likelihood to incorporate their religious beliefs into their everyday decisions, including work.⁸⁶ Conversely then, those who are extrinsically motivated are not as likely to incorporate their beliefs into their

⁸⁵ Singhapakdi et al. (2013).

⁸⁶ Walker et al. (2012).

day-to-day work decisions. In some respects this reinforces the earlier suggestion that leadership should be active in helping employees cultivate their inner spiritual lives. By merely focusing on the external expressions of religion, such as church attendance, this may decrease the accountant's ethical sensitivity. Firms must encourage a more holistic expression of religion.

Surprisingly, this study found no association between intrinsic religiosity and ethical sensitivity. This may be due to the participant's perception of the questions asked and their changing views on religion. As stated in the descriptive statistics, over 60% of the participants were between the ages of 21-30 and over two-thirds of the respondents were alumni of faith-based institutions. These respondents of the millennial generation appear to have a reticence of organized religion, but embrace language and concepts of spirituality and faith. This was suggested by the following comments of two participants; the first one stated, *"I think 'religion' should pretty much never enter the work environment. In my opinion, it is much more effective and important that one's faith does enter the work environment. Religion is seen as judgement (sic) in the work force and faith is seen as love."* The second one stated, *"I answered all questions about 'religion' as my faith. I don't feel I am religious, but I do have a personal relationship with Jesus Christ because he gave His life to pay for my sins, and that affects every aspect of my life."* These observations are supported by Miller⁸⁷ who found that businesspeople were less accepting of religious language and expression in the workplace and more accepting of spiritual language.

Using this as a backdrop, it is interesting to observe the wording of the scales. Of Hoge's seven statements of intrinsic religiosity three either use the word "religion" or make references to it. Conversely, the Faith at Work Scale makes no mention or reference to the concept of religion, but rather it focuses on spiritual perceptions. Therefore, given the participants of the study, it is not surprising to see relationships between ethical sensitivity and workplace spirituality, but little relationship between ethical sensitivity and intrinsic religiosity.

These findings have important implications for firms and the profession. As firms, and the profession as a whole, embrace more of the interconnectedness between work decisions/behaviors and the internal moral landscape, the language they use will be critical in conveying the appropriate message. While those in other generations (Baby Boomers, Gen X) may be more accepting of religious language, those in the millennial generation are not. Therefore, leadership must be intentional with their message.

The only ANOVA to show significant differences was Role. The most junior staff, staff accountants, had the highest means scores for Importance. However, the very next step up the corporate ladder, manager, had the lowest means

⁸⁷ Miller (2007).

scores for Importance. These results would indicate that it is worth exploring what may be taking place in the promotion of staff accountants to managers. Though some have suggested that firm cultures and tenure in public accounting tend to moderate the idealism of junior staff, even to the point of regressing in ethical decision-making, this does not appear to be the case as mean scores rise after the manager-level positions. Therefore, in the firms observed the added workloads, pressures, and competing priorities of the managerial positions, as they are currently crafted, may be reducing the ethical sensitivity of the accountants. These are important observations for firms to note as they craft the content and timing of ethics education as well as the scope and priorities of the manager-level positions.

An overall conclusion based upon this research is that ethics training in the accounting profession needs to include much more than reciting Codes of Conduct and reviewing legal precedents. Rather, it should explore concepts of the accountant's internal moral landscape. If ethics training continues to have a patent focus on avoiding egregious actions, the new generation of accountants may have difficulty seeing the ethical import of everyday decisions. However, as issues of religiosity, significance of work and personal values are explored in such training, the ability for accountants to see the ethical import of everyday decisions may be heightened. Until then these training programs aimed at restoring professionalism and public trust will lack their desired power and veracity.

As far as limitations may be concerned, this study has two primary limitations. While it was one of the few studies who sampled practitioners rather than students, the sample was purposive, which limits its generalizability. Second, studies of this nature can be impacted by social desirability bias. While this has the ability to inflate variable scores, certain measures were taken to mitigate these effects. To mitigate these effects, respondents answered questions about another person's behavior, rather than personal behavior, regarding the ethical dilemma. Third, due to an error on the cover page of the survey, up to 12 participants had a chance to complete dual surveys. However, because a vast majority of participants left their email addresses to be entered into a drawing, I could check for dual entries. No dual entries were found. Further, the chance of one participant filling out two surveys remains remote, given the sensitive nature of the questions and personal time constraints.

Ethical sensitivity and its determinants is still a largely unexplored topic in the accounting profession. Given the results of this and other studies, there appear to be a number of avenues for future research. First, further study should be done in the area of religiosity and spirituality that further investigates the impact of vocational attitudes. Given the significance of the variable in this study, it would appear that an accountant's perception of vocational calling and meaning are impacting their ethical sensitivity. Further research could establish greater veracity of this relationship by investigating subcomponents of this attitude, broadening the

demographic profile, and studying the effects of training programs and education on the level of vocational calling.

Second, given the results of this study, future research could address the impact of religiosity on different age groups of accountants, the impact of multiple religions/worldviews, and the impact of personal value systems on ethical sensitivity. As stated before, younger generations have a reticence towards organized religion and its language and vocabulary, whereas older generations might be more accepting of such terminology. As more is understood about these differences, different measures could be used to observe these important variables and their impact on ethical sensitivity. Finally, further work could address the impact of personal value systems,⁸⁸ emerging out of these belief systems and worldviews, on ethical sensitivity.

Religiosity and workplace spirituality are associated with ethical sensitivity. These are important relationships to understand and further investigate as the accounting profession seeks to restore the confidence of the investing public. While codes of conduct and training programs are important, confidence will truly be restored one individual decision at a time. Therefore, ethics training has to begin addressing the internal moral landscape of the individual accountants. It cannot continue to ignore the important and intuitive links between ethical decision-making and the inner life of the accountant.

As Waddock⁸⁹ eloquently articulated, "Accountants have positions that are inherently value-laden and imbued with ethical responsibilities." Because their everyday work lives are filled with ethical decisions, the restoring of public confidence is not merely avoiding major moral lapses, but rather it is being attuned to each and every ethical decision that crosses the desk of the practicing accountant. It is having a deeply cultivated inner life that is able to detect and respond to each of these ethical decisions. It is finding the deeper meaning in one's work and embracing the life of a true professional. Without this integration of heart, mind, and spirit accountants will "live in danger of (being) the hollow men and women" described by T.S. Eliot as those who have *headpiece filled with straw....dried voices....whisper(s)...quiet and meaningless as wind in dry grass.*⁹⁰

⁸⁸ Shalom Schwartz, "Are There Universal Aspects in the Structure and Contents of Human Values." *Journal of Social Issues* 50 (1994): 19-45.

⁸⁹ Waddock (2005).

⁹⁰ Ibid.