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An Examination of the Ethical Commitment of Professional Accountants to Auditor Independence

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ABSTRACT. This research explores the relationship between work context and professional ethics. Specifically, we analyze through an online survey of professional accountants the degree to which changing work conditions have altered individual accountants' commitment to the core professional value of auditor independence. We argue that certain changes in the condition of work have made some categories of accountants more susceptible to the logic of commercialism rather than the logic of professionalism. We find general support for this argument. We observe that accountants working outside of public accounting have a higher commitment to independence than do accountants working in the context of public accounting firms. We further observe that accountants in large international accounting firms (i.e. the "Big Four") report lower commitment to auditor independence than do others in public accounting. And we observe that older accountants report stronger commitment to auditor independence. One finding, however, contradicts our general thesis. We find that commitment to one's client does not necessarily result in a loss of commitment to the core professional value of independence. We conclude that changes in the context of work have contributed to the demise of ethics among professional accountants and suggest that further research be done to elaborate the relationship between client commitment and independence commitment.

KEY WORDS: auditor independence, commercialism, client commitment, ethical commitment, organizational change, regulation, work

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Introduction

The collapse of Arthur Andersen in 2002 is often viewed as having generated considerable stress on accountancy. Sense-making endeavors pertaining to the debacle of the accounting firm have tended to identify a variety of potential causes – one of them being a gradual deterioration of accountants' ethics. Under the latter perspective, individual accountants are assumed not to have been rigorous, in a number of situations, in applying their profession's ethical standards of auditor independence – which basically emphasize that auditors need to maintain emotional distance from auditees. Most people today agree about the decline in core ethical values in the accounting profession; the present study is no exception.

A key question that remains to be addressed is the cause of such lapses in professional ethics. Many critics have pointed to the growing influence of commercial greed over professional objectivity as a key reason for the ethical lapses in accounting. Macey and Sale (2003, p. 1167), for example, argue that the internal governance structures of large accounting firms made the "modern accounting industry [...] more like a business than a profession." Arthur Wyatt, a former managing partner of Arthur Andersen and now a prominent critic of the accounting profession, maintains that "simple greed" can explain the observed deviation from core ethical values among accountants (e.g. Wyatt and Gaa, 2005). Wyatt argues that the introduction of non-audit services, primarily management consulting work, into large public accounting firms shifted the reward structure away from adherence to professional standards and ethics toward commercial gain. Bailey (1995) suggests that professional ethics and values are the product of a "golden age" of professionalism that has since passed, and that key ethical standards have not been successfully translated on the workplace to the younger generation. Simply stated, these critics suggest that changes in the context of professional work have made the accounting profession more susceptible to a logic of commercial gain than professional independence and objectivity. In spite of the rhetoric, there are few empirical tests of any of these assertions.

This article seeks to test the general assertion that changes in the context of accounting work have eroded professional ethics. Specifically, we extend the literature on professional ethics by introducing the construct of ethical commitment, and by examining the extent to which professional accountants' ethical commitment towards auditor independence varies along features of their work and cultural environment. We do so through an online survey of Chartered Accountants (CAs) from four Canadian provincial institutes administered in late 2002. Ethical commitment is defined as the extent to which the individual adheres to ideal moral values and their regulatory enforcement within her/his professional community.[1] Because auditor independence is a central concept in the accounting profession, the present study focuses on the commitment that professional accountants manifest towards auditor independence. Specifically, *independence commitment* is defined as the extent to which the individual accountant considers auditor independence as a key attribute of the profession, and believes that regulatory standards of auditor independence (issued by the profession and/or external regulatory agencies) should be rigorously binding and enforced in the public accounting domain.

A key argument of this article is that the erosion of ethical commitment among accountants can be explained by profound changes in the context of accounting work. Work is often viewed as exerting a key influence on individual's values and behavior (Gini, 2000). Authors in domains such as sociology, organizational analysis and accounting have deplored researchers' tendencies to neglect the role of work, stressing that researchers should take work into account in a more meaningful way in their intellectual endeavors (e.g. Abbott, 1988; Barley and Kunda, 2001; Hopwood, 1996). Research on accounting ethics is no exception.[2] In short, work constitutes a prime feature of contemporary society; its role and influence should be directly addressed by social scientists.

Our interest in the relationship between work and independence commitment ensues from important work changes that have taken place in accountancy in the last two decades, and their hypothesized impact on accounting ethics. The proportion of professional accountants working outside of public practice increased significantly since 1990.[3] Public accounting firms, by contrast, are becoming increasingly large and multidisciplinary. Since 1990 management advisory services have become an increasingly prominent activity within public accounting firms, thereby strengthening the influence of commercialism in these organizations (Zeff, 2003a). The range of advisory services has expanded quite dramatically in the largest accounting firms, including almost any service that could generate revenues (Wyatt, 2004) – such as business ethics, human resource management, IT design, and risk management.[4] The involvement of public accounting firms in consultancy is expected to continue in spite of post-Enron regulatory reforms (Wyatt, 2004). As a result of these ongoing changes, and similar to Fogarty et al. (2005), we argue that it is reasonable to conceive of the accounting profession as a loosely coupled network of sub-communities, permeated with a relatively significant level of intra-professional tension. Importantly, several commentators voiced concerns regarding the impact of the above changes on accounting ethics (e.g. Shafer et al., 2002; Wyatt, 2004; Zeff, 2003a, b).

Our online survey also investigates the relationship between the cultural context of work and independence commitment. It is largely recognized in accounting ethics research that national (or sub-national) culture exerts influence on individuals' attitudes (e.g. Jones et al., 2003; Roxas and Stoneback, 2004). Accordingly, we looked for differences in independence commitment between accountants of predominantly francophone culture and those of predominantly anglophone culture. Three of the provincial institutes of CAs from which our respondents were selected are located in English-speaking provinces of Canada while the fourth CA association is in Québec, a predominantly French-speaking province.

The rest of the article is structured as follows. In the next section we elaborate the notion of independence commitment, review the literature and formulate hypotheses. Then we describe in two distinct sections the research methods and the results. In the last section we discuss some of the study's key findings and limitations while highlighting areas of future research.

Theoretical underpinnings and hypotheses development

Auditor independence and independence commitment

Auditor independence is generally recognized as one of the central values or ideals that underlie the work and legitimacy of today's public accountants (Levitt, 2000; Sikka and Willmott, 1995). Although its meaning varies to some extent in time and space (Gendron et al., 2001), it is typically understood that auditor independence involves taking an unbiased point of view in the performance of an audit engagement (e.g. Arens et al., 2002). In contrast to the legal profession, where lawyers are expected to be advocates for their client and adopt the client's subjective position, auditors are required to be independent from their clients (i.e. corporate top managers) in order to provide an objective and unbiased picture of their client's finances.

Auditor independence has traditionally been conceived of as a moral issue (Preston et al., 1995). It occupies a prominent position in accountancy's contemporary ethical discourses, including formal codes of ethics and tales of highly disinterested accountants (Everett et al., 2005). For example, recent books on the firm Arthur Andersen published subsequently to its collapse emphasize how the founder of the firm (Mr. Arthur E. Andersen) gained a reputation of trustworthiness by refusing to endorse some companies' distorted financial statements (e.g. Squires et al., 2003; Toffler, 2003).

While accountants' ethical discourses in the early 20th century emphasized the correct character and state of mind of the accountant through exhortations of duty and loyalty, auditor independence is, today, largely conceived of as a product of regulation. In the USA, auditor independence is defined by rules of the Securities and Exchange Commission (SEC) to include any situation or context in which "the accountant is not capable of exercising objective and impartial judgment on all issues encompassed within the accountants' engagement. In determining whether an accountant is independent, the Commission is entitled to examine all relevant circumstances, including all relationships between the accountant and the audit client." (Macey and Sale, 2003, p. 1167). North American courts have, over time, clarified the types of relationships between auditor and client that compromise auditor independence. Certain employment relationships are prohibited; auditors and their family members cannot, for example, be employed as a director of an audit client nor can they be former employees of the client.

In sum, while auditor independence was once viewed mainly as a moral-ethical position, it is today increasingly seen as an object that can be regulated (or self regulated) through standards promulgated in codes of ethics and/or government regulation, and checked upon and verified through reviews and inspections. These discursive features are widely consistent with the notion of independence commitment, as defined above. As such, the notion of independence commitment views positively the regulation of professional accountants' ethics – specifically through the formulation of independence standards and the deployment of a rigorous enforcement régime. This viewpoint contrasts with the cultural tradition of character and idealism (Preston et al., 1995), which assumes that professional ethics is grounded in the character of the individual, ethics regulation is largely unnecessary, and ethical standards mainly serve as general reminders of features of the correct character of individuals. It also differs from the position of stiff upholders of the free-market logic in markets for professional services, who basically assume that the forces of competition are sufficient as such, without any regulatory support, to control the behavior of individuals in accordance with the preferences of users of professional services.[5,6]

We wanted to investigate the relationship between independence commitment and the work context in which professional accountants evolve. The literature indeed suggests that work is likely to affect the extent to which professional accountants commit to traditional assumptions about the value of auditor independence.

Grounding the study in the realities of practitioners

The potential of in-depth interviews to enrich research on accounting ethics is recognized in literature (e.g. Bay, 2002; Jones et al., 2003). Accordingly, the concept of ethical commitment towards auditor independence inductively emerged through a qualitative study aimed at developing a better understanding of the ties between individual accountants and their profession. The qualitative study was predicated on a series of semi-structured interviews with fifteen experienced Canadian CAs (i.e. 7 public accountants, 3 practitioners in industry, and 5 directors of the Canadian Institute of Chartered Accountants or provincial institutes of CAs), carried out mostly in late 2000 and early 2001, several months before the collapse of Enron. We restrained our interviews to CAs occupying high hierarchical functions because these individuals went through and were able to observe significant changes in the accounting profession, such as the emergence of multidisciplinary firms and the commodification of financial auditing. All interviews were tape-recorded and transcribed, and were conducted by one, or two of the authors. Several themes discussed with the interviewees relate to accountant ethics, such as the core values of the accounting profession and their point of view regarding the proposal (June 2000) of the US SEC to adopt more rigorous standards of auditor independence (SEC, 2000a).[7]

We analyzed the interview transcripts via qualitative procedures (Miles and Huberman, 1984; Strauss and Corbin, 1990). A majority of interviewees stressed the concept of auditor independence when questioned about the core values of the CA profession. For example:

> I think that [independence] is such a crucial part of who accountants are, what they stand for, one of those motherhood things that just would never be forfeited. At least, I hope that is true. (Interviewee J, CA in industry, February 2001).

The above quote implies some uncertainty in the extent to which the ideal of auditor independence permeates accountancy. Indeed many interviewees were concerned about the impact of changes in the working environment of public accounting (e.g. the development of multidisciplinary practices) on the commitment to abide by the profession's regulatory standards of auditor independence within public accounting firms. Others were particularly worried about the self-review threat inherent to the provision of non-audit services to auditees. For many interviewees, a strengthening of the profession's independence standards in public practice was considered as being imperative:

> [According to] the reasonable man theory […], you have to appear objective to a reasonable man. So if I have a consulting arm on one side, I have an accounting firm on the other side and I am auditing the results of the consulting firm and there are [supposed to be] no other interrelationships, it is not reasonable to think that that could be. The China walls that the large firms say they put up between the divisions: bullshit, bullshit. […] The large consulting and large

> accounting firm, you can't have that. You have to break ownership 100%. (Interviewee E, small accounting firm partner, November 2000).

Interestingly enough, the above partner emphasizes the existence and significance of the self-review threat to independence – which the largest accounting firms were at the same time trying to deny in public arenas (SEC 2000b). Her/his comments appear to imply receptiveness to regulatory solutions that would prevent large accounting firms to operate both as consultants and auditors. The views expressed by our interviewees, however, can be atypical of values and beliefs held by the majority of professional accountants – which motivated us to carry out a survey-based study to assess the extent to which practitioners adhere to the notion of independence commitment, and how the latter varies in accordance with certain key variables.

Of course, professional ethics is a complex matter and, as is widely recognized in sociological literature (e.g. Giddens, 1990), individuals have reflective and agency abilities that allow them to commit more or less firmly to prevailing or idealistic ethical representations. Recognizing the complexity of human processes, in this study we assume that key social trends and discourses are likely to impact attitudes of a significant proportion of individuals within a given community – but not universally nor homogeneously across the community.

Work

Work is undeniably the most common experience of adult life (Gini, 2000). Few today would deny that work is at the center of people's lives and influences who we are. As recognized by Marx (1967) long ago, work is not just about earning a livelihood; it deeply affects one's inner life and development. Labor is the ''axis'' of human self-making (Baum, 1982), impacting in significant ways one's development of personality (Hughes, 1951). Importantly in the context of the present study, one's character and values are continuously influenced through the individual's sense making of work experiences (Gini, 2000; La Bier, 1986).

The relationship between work and values is particularly powerful in the professions, where ongoing interactions between individuals who share a common education, have participated in joint and extensive socialization practices and often come from common socio-economic backgrounds serve to reinforce professional norms and values (Abbott, 1988; Becker et al., 1961). Historically, the professional organization has been the key vehicle within which common norms and values are reproduced. For physicians, the hospital is the primary locus for the melding of work and ethical norms (Becker et al., 1961). In accounting, the public accounting firm serves as the main crucible of professional identity and values (Covaleski et al., 1998).

However, public accounting has changed significantly in the last decades. Public accounting firms are increasingly multidisciplinary (Suddaby and Greenwood, 2005). That is, they are populated not just by accountants, but also by lawyers, engineers and management consultants. Moreover, accounting firms now generate more of their revenue from non-traditional accounting work. This means that accountants are less likely to work, on a day-to-day basis, in core work areas of accounting and auditing. Finally, audit services are increasingly delivered to very large and very powerful corporations, often in the context of delivering other, more lucrative services. This has disrupted the traditional power relationship between an auditor and client, therefore making it more difficult for accountants to exert their independence from their client.

These changes in the work context of public accounting, we argue, have contributed to the demise of professional commitment to the core ethical value of auditor independence. In the balance of this section, we describe three such changes – the influx of non-accountants in public accounting firms, the movement of accountants away from traditional accounting and auditing work, and changes in the power dynamics between accounting firms and their clients – and hypothesize about the impact of such changes on commitment to auditor independence.

Influx of non-accountants

Our starting point to conceive of the link between accountant work and independence commitment is based on theoretical developments formulated by sociologists Berger and Luckmann (1966). According to them, one's identity with and commitment to a group are likely to be reduced as fewer day-to-day interactions occur between the individual and other members who belong to the group. The individual is then not reminded daily of the group's norms and values, and may become enrolled in networks having few conceptual links with her/his original group. It follows that independence commitment is likely to be impacted by the frequency of interactions that the individual has, in the workplace, with fellow accountants. On this basis, it would seem reasonable to posit that the independence commitment of public accountants is likely to be higher than that of accountants who do not work in public accounting.

However, the latter proposition is unlikely to be valid. Public accounting changed significantly in the last decades. Accounting firms are less involved in accountancy's traditional jurisdictions, namely, financial accounting and auditing (CICA, 1996). US data indicates that while consulting in 1990 represented 26% of the total revenue of the largest accounting firms, this proportion increased to 49% in 1999 (Suddaby et al., 2005). Public accounting firms are also characterized by the increasing presence of a large number of non-accountants, whose expertise is now required to provide many of the firms' specialized services (Tinker, 2002; Wyatt, 2004). US data suggests that these changes are however less pervasive in medium size accounting firms. For example, in 1999 management advisory services represented 23% of the fee income of smaller firms included in the Top 100 accounting firm ranking – while the corresponding proportion was close to 50% for the Big Five firms (Tinker, 2002).[8]

The widely diversified nature of work within public accounting firms may have affected independence commitment in significant ways – especially in the largest accounting firms. It is widely recognized in auditing literature that the mental model that sustains the practice of consultancy is basically inconsistent with key auditing principles like auditor independence (e.g. Bailey, 1995). In what can be seen today as a prescient paper, Goodridge (1991) argues that auditing and consulting are fundamentally different practices whose co-presence within the same organization generates internal tensions that threaten the long-term viability of the sheltering organization. Among the basic underlying differences between the two practices, Goodridge emphasizes that auditing is predicated on distance from the customer and prudence in judgmental assessments while consulting work is characterized by a high degree of collaboration with the customer and the proclivity to take risks and be innovative. Similarly, Kaplan (1987) maintains that the provision of consulting services, such as the design of accounting systems that the accountants will subsequently audit, undermines auditor independence. He argues against auditors who endorse unrestrainedly the consulting mindset, seeing themselves as assisting corporate management, not monitoring them. In sum, the provision of management advisory services, pre-Enron, was considered in various segments of practitioner and academic literature as a serious threat to auditor independence (Humphrey and Moizer, 1990).

A range of post-Enron analyses – several of them having been produced by people who worked at Arthur Andersen – similarly point to the detrimental impact that the spread of the consulting logic had (and possibly continues to have) on auditors in large accounting firms (Piaget and Baumann, 2003; Squires et al., 2003; Toffler, 2003; Zeff, 2003a, b). In particular, Wyatt (2004) maintains that the endorsement of consulting in large accounting firms gradually deteriorated auditor independence. Wyatt especially deplores the hiring practices in large accounting firms, which eventually began to employ experienced consultants who did not have a background that would enable them to appreciate the importance of ethical behavior. Most of these hires were management consultants who lacked the formal ethical training and informal socialization of a traditional profession. These hires, according to Wyatt, were commercially focused and resented being constrained by what they saw as outdated and irrelevant rules of professional conduct. Wyatt also argues that the successes of consulting practices created enormous pressure on auditors to grow revenues and to diminish their focus of professionalism.

In sum, the above writings indicate that consulting and auditing are contradictory practices, and that the two do not hold well together within the same organization. Consulting can negatively impact, in significant ways, auditor professionalism. The negative impact is notably sustained through interactive relationships that develop between consultants and auditors in day-to-day work. That is, interactions that auditors have with internal consultants can erode auditor commitment towards independence (Wyatt, 2004) – notably in diminishing the number of opportunities by which auditors are reminded about the ideal of auditor independence.

Also, from a role-modeling perspective (Skinner, 1971), the presence of higher-ranking individuals within accounting firms who are consultants or sales-focused audit partners can lead witnesses of leaders to commit to commercialistic values (Toffler, 2003; Wyatt, 2004). Workers indeed partially derive their models for ethical conduct from organizational leaders through a process of repetitive imitation and corrective feedback (Gini, 2000).

As a result of these influences, the individual public accountant may come to see the profession's independence standards as an obstacle to the generation of new business. This does not imply, however, that the independence commitment of all public accountants will have universally decreased; what matters to our argument is that changes in the nature of work in the public accounting domain are likely to have affected the independence commitment of a fair number of public accountants – especially in large accounting firms. In the light of all this, we state the following hypotheses:

H1a: The independence commitment of public accountants is lower than that of accountants who do not work in public accounting.

H1b: The independence commitment of public accountants in large international accounting firms is lower than that of public accountants in smaller accounting firms.

Migration away from traditional types of accounting work

Freidson (2001) points to another dimension of work as significantly influencing professionals' attitudes, namely, the extent to which the individual is involved daily with the knowledge base of her/his profession. Freidson essentially maintains that the knowledge base of a profession and the institutional devices that surround it play a key role in the formation of professional attitudes. For example, professional schooling can contribute to the construction of commitment to the occupation and its core values – the individual developing a feeling of community among all those who went through the same process and are viewed as sharing the prescribed body of knowledge. A sense of community is further strengthened by the common problems that members face in the course of their work. Doing the same work creates common intellectual and social interests. It follows that a higher reliance in one's work on accountancy's core knowledge areas (financial accounting and auditing) would strengthen independence commitment, the individual being more often reminded of the notion and significance of auditor independence in her/his day-to-day work.

As described above, however, an increasing proportion of accountants in public practice no longer work in the core areas of accounting and auditing. This suggests that accountants in public practice firms are less likely to engage in daily work that reinforces the importance of the core professional ethic of auditor independence. In such a work context, the impact of the individual's commitment to professional values may be reduced as a result of the conflicting signals and contradictions residing within the firm (McNair, 1991) and/or the significant influence of internal discourses and practices focused on the economics of auditing (Covaleski et al., 1998; Dirsmith et al., 1997). It is therefore reasonable to posit that the public accountant can come to see the profession's independence standards as a constraint that needs to be dealt with rather than as an overarching principle of audit practice – even when the individual is quite involved in traditional areas of work. Therefore, we expect that the effect of the level of accountants' involvement in core accounting or auditing work on their commitment towards independence will differ with their organization setting. We hypothesize the following:

H1c: The independence commitment of accountants in non-public practice organizations is positively related to their involvement in the profession's core areas of work (i.e. financial accounting and auditing).

H1d: The effect of the accountants' involvement in the profession's core areas of work on independence commitment is lower in the public practice organizations than in the non-public practice organizations.

Changes in the relationship between auditor and client

Freidson (2001) also points out that since the 1960s, all of the major professions in the United States have been subject to pressures to reduce the cost of their services and to introduce notions of competitiveness in markets for professional services, in the name of ideologies such as consumerism and neo-liberalism. Accountancy is no exception. In the 1970s, after having been subject to pressures by the US Federal Trade Commission and the Department of Justice, the American Institute of Certified Public Accountants removed from its code of ethics the bans on competitive bidding and direct, uninvited solicitation of clients (Zeff, 2003a,b). Similar changes were adopted in the Canadian accounting profession at the end of the 1970s (Simunic and Stein, 1995). These amendments to accountancy's codes of ethics are often viewed as having profoundly changed the climate in which accounting firms conduct their affairs, strengthening the influence of commercialism and reducing commitment to professional values such as auditor independence (e.g. Zeff, 2003a,b).

Various studies in accounting indeed suggest that commercialism exerts an increasingly dominant influence on public accounting, and that public accountants are more and more sensitive to money considerations, driven by performance measurement systems that emphasize economic indicators such as the ratio of billing hours (e.g. Covaleski et al., 1998; Hanlon, 1994; Sikka and Willmott, 1995; Zeff, 2003a,b). An indication of the influence of commercialism is found in auditors' tendency to consider that the main ''client'' of their services is corporate management instead of the public (Humphrey and Moizer, 1990) – although it should be recognized that professional ideals continue to exert influence, and sometimes decidedly so, on auditors' decision-making (Gendron, 2001; Squires et al., 2003). Client commitment (i.e. commitment to provide services to auditees' top managers) therefore constitutes a significant aspect of today's work in the public accounting domain. It is often assumed in auditing literature that a higher commitment to satisfy the needs of corporate top managers as ''clients'' obscures the relevance and appropriateness of ethical values such as auditor independence, which may come to be perceived as obstacles to commercial success.[9] For example, Toffler (2003) describes in detail the extent to which Arthur Andersen partners and audit managers came to focus their practice on providing services of value in the eyes of auditees' top managers, thereby overshadowing their obligations to the public and undermining the scope and meaning of auditor independence. We therefore expect the following:

> *H1e:* Public accountants' client commitment and independence commitment are negatively related.

Age

Most of the above discussion views the impact of work on independence commitment from a short-term perspective – referring either to current or recent work experiences. However, work experiences from a more distant past are also likely to impact individuals' independence commitment. We took into account the impact of past experiences through the age of the individual; however, in so doing we recognize that the relationship between prior working experiences and age is far from being exclusive. Nonetheless, a number of studies in accounting (e.g. Karcher, 1996) and business ethics (for a review see Collins, 2000) have documented a positive and significant relationship between age and ethical sensitivity.

The accounting literature frequently refers to the 1950s and 1960s as the ''golden age'' of the profession, when accountancy allegedly reached the height of its reputation and members' sense of ethics was much more acute than today (Wyatt, 2004; Zeff, 1987, 2003a). Members were then socialized in a way that apparently stressed professionalism and responsibilities of the auditor to third parties and the public (Bailey, 1995). Few today would question the point that, over time, socialization processes within the profession have increasingly emphasized the commercialistic aspects of the audit practice (e.g. Dirsmith and Covaleski, 1985; Toffler, 2003).

Interacting with peers and employing daily a given body of knowledge are important elements of socialization processes (Freidson, 2001). The exposure of articling accounting students to ethical norms and values is today likely to be quite constrained through the impact of commercialistic shifts within accounting firms – which generally reduce the frequency of interactions with peers as well as the individual's reliance on core area knowledge. New entrants are therefore unlikely to be inculcated with deeply ingrained notions of auditor independence (Bailey, 1995).[10] Today's new entrants are also constantly exposed to commercial discourses sustained outside of their employing accounting firm – even in formal pronouncements of accounting institutes (Fogarty et al., 2005; Shafer and Gendron, 2005).

Socialization is not constrained to periods of formal training; it continues throughout the life and career of the individual, although the context may change (Fogarty, 1992). Older members' mindset is likely to be impacted, to some extent, by the shifting discursive context surrounding the accounting discipline (Foucault, 1975), and also by the organizational parameters (e.g. partner-compensation scheme; formal policies) of the firm(s) in which they worked (Gendron, 2002). Nevertheless, as highlighted by Freidson (2001), knowledge and values communicated early in one's career may be quite ingrained within the mind; older members may therefore be more committed to the principle of auditor independence than youngsters. In the light of all this we developed the following hypothesis:

H2: Public accountants' age and independence commitment are positively related.

Cultural context of work

Ethical norms and values are culture-bound (Pasquero, 1997). Recall that one of the key elements of independence commitment is the extent to which the individual believes that the profession's regulatory standards of auditor independence should be rigorously binding and enforced for professional accountants in public practice. Such beliefs are likely to reflect and be affected by contextual features, including the individual's surrounding culture, which can be defined as a historically transmitted pattern of meanings and understandings characteristic of a given social community (Geertz, 1973).

Attitudes towards regulation vary across cultures, and these cultural differences can influence independence commitment. A sensible way to make sense of English Canadian culture is to view it as an amalgamation of US and British socio-legal influences. The tradition of liberal democracy is quite influential in the US culture, in which individualistic ideals of self-accomplishment and equality are valued, and which tends to be distrustful of the power of big businesses and of government (Pasquero, 1997). In England the state and society have for a long time been favorable to the principle of self-regulation, in which stakeholders (like occupational groups) are handed over important functions, given certain safeguards (Macdonald, 1995). Also the judiciary framework in Anglo-American jurisdictions is predicated on common law, which implies a distinct preference for organic development of jurisprudence rather than detailed codes of rules (Charkham, 1995). To a large extent these features of Anglo-American culture indicate an inter-subjectively agreed upon preference for individual freedom not being curtailed by general interest issues and individual agency not being tightly constrained through regulation.[11]

In contrast, the Québec society tends to favor collective rights over individual ones (as in France but for different reasons – see Macdonald, 1995) – the recognition of collective rights being sustained through an acute sentiment of cultural vulnerability held by the French-speaking majority of the province (Pasquero, 1997). Although New France became a British territory in 1763, the influence of a French cultural heritage is tangible in various aspects of Québec's day-to-day life and institutions. More than 80% of the population's mother tongue is French. Québec's legal system is predicated on a civil code that has its roots in the French Napoleonic Code. In short, Québec culture is characterized by an inclination to favor social rights over individual ones, and a significant degree of receptiveness towards regulation.

Of particular relevance for the present study, regarding differences between Québec and Anglo-American culture, is the regulatory structure of professional accounting bodies. A relatively high level of legalism characterizes professional regulation in Québec (Bédard, 2003). All professions in the province are regulated through the Professional Code (Bédard, 2001), which requires the adoption of a code of ethics and mandatory professional inspection, regulates the disciplinary process, and establishes the *Office des professions*. The *Office* is allowed to make recommendations concerning the professions' regulations and by-laws. The level of legalism in this regard is lower in English-speaking provinces. For example, in Ontario there is no umbrella legislation for the professions and no institutionalized supervisory body like the *Office des professions*. In the light of all this, we expect people in Québec, including professional accountants in the province, to be more receptive to the idea of regulating auditor independence. We formulate the following hypothesis:

> *H3:* The independence commitment of accountants working in Québec is higher than that of accountants working in English-speaking provinces.

Methods

Sample

The data comes from a bilingual, online survey whose sample consists of more than 7,000 CAs from four provincial institutes, namely, Alberta, British Columbia, Nova Scotia and Québec.[12,13] Membership data for 2001 indicates that membership in every of these institutes totaled respectively: 6,522; 8,237; 1,592; and 16,222 – representing altogether 48% of the total number of CAs in Canada at the time (i.e. 67,978) (CICA, 2001). In particular, the survey questionnaire comprised questions on the respondent's current job, measures of independence commitment, measures of client commitment (public accountants only), and basic questions on the background of the respondent.[14] The order in which questions on independence commitment appeared on the respondent's screen was subject to a computerized randomization procedure, as well as those on client commitment.

Various steps were taken to ensure the good working order of the website that we used to administer the survey. The website was tested before data collection by four public accountants and four directors of provincial institutes of CAs, who answered all questions online. Minor modifications were made to the website afterwards to enhance the visual display of the survey. We frequently tested the website by answering all questions, both before and during data collection, in a way that allowed the test data to be later identified and removed from the database. Also, throughout data collection the database was regularly checked for irregularities.

Data collection started either in October (Alberta, British Columbia and Nova Scotia) or November (Québec) 2002, and ended on January 19, 2003. The participating provincial institutes of CAs initially sent to a randomized sample of 7,169 active members (in total), either through e-mail or facsimile, a request asking for their participation, with information to enable them to make an informed consent on participation and to log on to the survey (including the required username and password).[15] Reminders were sent about 10 and 20 days after the initial request to the original sample (except in Alberta where a change in the information system necessitated a reminder instead to all members – any of them could have taken up the opportunity to participate, thereby precluding the exact calculation of a meaningful response rate).[16] In total, 1,606 members submitted a response, 1,202 of whom provided individually a complete set of answers with regard to the measures that are considered in the present article. The response rates are: 20.5% for British Columbia; 20.1% for Nova Scotia; and 11.7% for Québec. Although relatively low, these response rates are comparable to those of other recent large-sample studies of professionals in North America (e.g. Bamber and Iyer, 2002 – 22.8%; Elias, 2002 – 15.2%; Valentine and Fleischman, 2003 – 9.5%).[17]

To determine whether respondents are representative of the population, we used two approaches. First, we compared three characteristics of respondents (gender, organizational type and hierarchical position – as described in Table I) along with provincial data on membership (not reported in Table I). In all provinces the proportion of female/male respondents fits closely with the corresponding proportion of the membership. There is also a very good fit for the organizational type proportions in Alberta, Nova Scotia and Québec. However, for British Columbia 51% of the respondents specified to be working in public practice while the corresponding proportion based on total membership is 36%. In British Columbia, CAs in public practice therefore felt more inclined to complete the survey. In all provinces, a relatively high proportion of respondents (ranging from 46% to 51%) occupy a top hierarchical position in their current organization. Membership data from

TABLE I

Demographic data on respondents

Dimension	Proportion of respondents (%)				
	Alberta (*n* = 288)	British Columbia (*n* = 496)	Nova Scotia (*n* = 289)	Québec (*n* = 280)	Total (*n* = 1,353)[c]
Gender					
Female	31	31	33	33	32
Male	69	69	67	67	68
	100	100	100	100	100
Organizational type					
Big Four accounting firm	10	15	7	7	11
Medium accounting firm[a]	4	6	9	7	6
Smaller accounting firm	20	21	15	14	18
Sole practitioner	11	9	6	8	9
Total in public accounting	45	51	37	36	44
Industry	39	31	41	38	36
Government	7	9	10	18	11
Other	9	9	12	8	9
	100	100	100	100	100
Hierarchical position[b]					
Higher	49	46	51	47	48
Middle	42	47	37	43	43
Lower	5	4	6	4	5
Other	4	3	6	6	4
	100	100	100	100	100

[a] Respondents were specified that medium accounting firms include the following: BDO Dunwoody; BHD Canada; Collins Barrow/Mintz & Partners; Grant Thornton; HLB/Schwartz Levitsky Feldman; Mallette Maheu; Meyers Norris & Penny; Richer, Usher & Vineberg. These firms employ a professional staff that varies from 228 to 1,610 individuals (*The Bottom Line*, 2002).

[b] The higher hierarchical position comprises partners (public accounting) and top managers (non-public accounting settings). The middle position comprises managers and seniors (public accounting) and middle managers (non-public accounting settings). The lower position includes juniors (public accounting) and junior managers (non-public accounting settings).

[c] This total number represents the number of responses with a clear indication of the respondent's provincial institute affiliation. The number of responses used below in the ''regression for independence commitment (all respondents)'' is smaller than this number because with the listwise deletion used, cases with missing values for any variables involved were excluded.

three institutes indicate that the range of members occupying a top hierarchical position varies from 29% to 35%.[18] It therefore appears that CAs occupying a higher organizational position felt more inclined to participate in the survey.

Second, we assessed non-response bias by comparing the early responses with the late responses, with the assumption that the latter is a good proxy for non-response (Roberts, 1999).[19] The comparison of means by independent-sample *t*-tests across the variables under study indicates there were no significant differences between the two groups on independence commitment and most independent variables.[20]

Measures

Relying on the insights gained from the interviews, we developed four items to measure the dependent variable, *independence commitment* and three items for the independent variable, *client commitment*, each item using a five-point Likert scale (ranging from 1 = "strongly disagree" to 5 = "strongly agree"). The questions (as shown in Appendix I) were pretested with three practitioners, three directors of provincial institutes, and three accounting academics. As a result of the comments provided, minor revisions were made to some questions for the main survey. The items resulted in a Cronbach's alpha of 0.75 for *independence commitment* and 0.78 for *client commitment*, indicating a high degree of reliability of the measures. For each of the two constructs, the composite scale was formed by adding up the scores of the items involved.

A few dichotomous variables were used as independent variables. They are: *public practice organization*, *Big Four accounting firm*, *medium size accounting firm*, and *province of work: Québec*.[21] Other independent variables include *proportion of time spent in current job in accounting/auditing* (measured in percentages) and *age* (measured in years).

We also included several control variables in our regressions, namely, *gender* (dichotomously coded with "1" for female and "0" for male), *top manager position* (dichotomously coded with "1" for partners in accounting firms and top managers in non-accounting settings), and *proportion of time spent in current job in tax* (measured in percentages). Gender is typically used as control in behavioral literature in accounting. Hierarchical level is often investigated specifically in behavioral studies. However, we felt that we did not have a sufficiently secure theoretical base to develop *a priori* expectations regarding the relationship between hierarchical level and independence commitment.[22] Finally, tax is often considered as a core area of accountancy, along with financial accounting and auditing (e.g. Abbott, 1988). However, the profession's regulatory standards of auditor independence are generally not binding in the tax domain, making it less likely that the practitioner is reminded of the notion of auditor independence when carrying out tax work.

Analysis and results

Descriptive statistics

Table II provides the means and standard deviations of the variables included in the study, as well as their correlation statistics. As indicated, our respondents mentioned, on average, that they spend 37.0% of their time in their current job in accounting/auditing, and 14.6% in tax. In spite of the alleged tendency sustained through various sources regarding accountants' decreasing involvement in traditional areas of work (e.g. Elliott and Jacobson, 1997), our results suggest that more than 50% of professional accountants' working time is devoted to the profession's typical areas. *Client commitment* has a mean of 9.36, which is very close to the composite scale midpoint of 9 (scale range being 3–15). On the other hand, *independence commitment* has a mean of 15.49, which is much higher than the scale midpoint of 12 (scale range being 4–20).

As shown in the table, *independence commitment* correlates significantly with all of the independent and control variables except for *gender* and *top manager position*. The correlations, however, do not present any serious multi-collinearity concerns for our subsequent regression analyses (as confirmed by collearity diagnostics conducted).

Two sets of regressions were run to investigate the effects of the independent and control variables on *independence commitment*. The first set involves all the responses, from both public accounting and non-public accounting settings. The second set involves only the responses from participants in public accounting. Slightly different sets of independent variables were used for the two regressions – as explained below. Table III summarizes for convenience purposes the stated hypotheses and the regressions results.

Regression results for independence commitment, all respondents

Table IV shows the results of the regression for all respondents. In this broader analysis, we were especially interested in the overall difference between respondents in public accounting and respondents in non-public accounting settings. Hence, the independent variable, *public practice organization*, was used but not the accounting firm type variables, such as *Big Four accounting firm*. Also, *client commitment*, applicable only for respondents in public practice, could not be included (as it would have removed all non-accounting firm respondents

TABLE II

Means, standard deviations, and correlations

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Independence commitment	15.49[b]	2.94										
2. Public practice organization	0.43	0.50	−0.30**									
3. Proportion of time spent in current job in accounting/auditing	36.99	30.93	−0.07*	0.28**								
4. Age	41.17	10.20	0.13**	−0.04	−0.24**							
5. Province of work: Québec	0.19	0.39	0.13**	−0.06*	0.03	0.02						
6. Gender	0.32	0.47	0.01	−0.04	0.16**	−0.31**	−0.01					
7. Top manager position	0.50	0.50	0.04	0.00	−0.22**	0.47**	0.02	−0.30**				
8. Proportion of time spent in current job in tax	14.62	24.83	−0.14**	0.40**	−0.19**	−0.01	−0.03	0.02	−0.07**			
9. Big Four accounting firm[a]	0.25	0.44	−0.13**	NA	−0.09*	−0.28**	−0.06	0.10*	−0.40**	0.03		
10. Medium size accounting firm[a]	0.15	0.36	0.11**	NA	0.08*	−0.14**	0.08	0.05	−0.19**	−0.06	−0.25**	
11. Client commitment[a]	9.36[c]	2.96	0.23**	NA	−0.14**	0.20**	0.21**	−0.18**	0.24**	0.06	−0.11**	0.03

[a] Applicable only to public practice organizations.
[b] Since four items were used for this measure, each using a five-point Likert scale, the maximum score is 20.
[c] Since three items were used for this measure, each using a five-point Likert scale, the maximum score is 15.
*$p < 0.05$.
**$p < 0.01$.
NA: Not applicable

from the listwise deletion method regression). In this regression, we also investigated the effect of the interaction term between *public practice organization* and *proportion of time spent in current job in accounting/auditing* (re: H1d).

The coefficients for both the main effects as well as the interaction effect for *public practice organization* and *proportion of time spent in current job in accounting/auditing* are all significant. When there is a significant interaction effect, the main effects in the overall regression cannot be explained independently. In this case, the interaction effect can be taken to mean that the effect of *proportion of time spent in current job in accounting/auditing* on *independence commitment* is conditional on the organizational type. To more thoroughly analyze the interaction effect, it would be helpful to take a look at a general regression equation with one interaction term:

$$y = b_0 + b_1x_1 + b_2x_2 + \cdots + b_nx_n + b_ix_1x_2$$

where y = dependent variable, b's = regression coefficients, x's=independent variables.

For this case, we let x_1 represent *public practice organization* and x_2 represent *proportion of time spent in current job in accounting/auditing*. We can come up with an equation for non-public practice firms (with x_1=0, meaning the interaction term is 0 as well), and

TABLE III

Summary of hypotheses and results

Hypothesis	Result (using a significance threshold of 5%)
H1a: The independence commitment of public accountants is lower than that of accountants who do not work in public accounting.	Supported
H1b: The independence commitment of public accountants in large international accounting firms is lower than that of public accountants in smaller accounting firms.	Supported
H1c: The independence commitment of accountants in non-public practice organizations is positively related to their involvement in the profession's core areas of work (i.e. financial accounting and auditing).	Supported
H1d: The effect of the accountants' involvement in the profession's core areas of work on independence commitment is lower in the public practice organizations than in the non-public practice organizations.	Supported
H1e: Public accountants' client commitment and independence commitment are negatively related.	Not supported
H2: Public accountants' age and independence commitment are positively related.	Supported
H3: The independence commitment of accountants working in Québec is higher than that of accountants working in English-speaking provinces.	Supported

another one for public practice firms (with $x_1 = 1$). In the regressions equations, the mean values of the continuous covariates (e.g. *age, proportion of time spent in current job in tax*) were multiplied by their respective regression coefficient, while for the other dichotomous variables, the base case with a value of 0 was used. After some substitutions and additions, the regression equations are as follows:

$$\text{Non-public practice organizations}: y = 15.77 + 0.01x_2$$
$$\text{Public practice organizations}: y = 14.96 - 0.01x_2$$

A graphic presentation (Figure 1) of predicted independence commitment against proportion of work in accounting/auditing clearly shows that predicted independence commitment increases with an increase in the proportion of time spent in core accounting/auditing work for non-public practice organizations, but the relationship is negative for the public practice organizations.

According to Aiken and West (1991, p. 14), there are the two main questions that need to be addressed for interpreting interactions. In relation to this study, they are: (1) for a given value of *public practice organization* (0 or 1), whether the regression of *independence commitment* on *proportion of time spent in current job in accounting/auditing* is significantly different from zero, and (2) whether the regression slopes for different *public practice organization* values differ significantly. Since the interaction involves only a dummy variable and a continuous variable, the *post hoc* analysis to answer the first question can be done rather simply, by doing two separate regressions for the public and non-public practice firms (regression tables not included). The *proportion of time spent in current job in accounting/auditing* regression coefficients are 0.01 (positive and significant at $p < 0.01$) and -0.01 (negative and non-significant at $p = 0.16$), respectively, for non-public practice organizations and public practice organizations. The overall regression as shown in Figure 1 above, with this *post hoc* finding, together provide support to *H1c*, which hypothesizes a positive relation between independence commitment and the proportion of time spent in accounting/auditing for non-public practice accountants.

As for the second question, the significance of the interaction term in the overall regression directly suggests the two regression slopes are significantly different from each other. This finding supports *H1d*. We expected to find the effect of accountants' involvement in the profession's core areas of work on commitment towards independence less positive in the public practice organizations, and interest-

TABLE IV

Regression results for independence commitment (all respondents)[a]

Independent variables	Multiple Regression (n = 1,202)	
	Unstandarized coefficients	Sig.
Constant	14.12	0.00
Public practice organization	−0.81	0.01
Proportion of time spent in current job in accounting/auditing	0.01	0.01
Interaction: public practice organization and proportion of time spent in current job in accounting/auditing	−0.02	0.00
Age	0.04	0.00
Province of work: Québec	0.84	0.00
Control		
Gender	0.15	0.41
Top manager position	−0.18	0.33
Proportion of time spent in current job in tax	−0.01	0.04
	R^2 = 0.133	
	Adjusted R^2 = 0.127	
	F = 22.92 (sig. 0.00)	

Variables included	R^2	R^2 change	p-value for R^2 change
Control variables	0.026	0.026	0.00
Control and main effect variables	0.124	0.098	0.00
Control, main effect, and the interaction variables	0.133	0.009	0.00

[a] Further details on the breakdown of variance explained by the control variables, main effect variables and the interaction variable are provided at the bottom of the table. As indicated, the significant p-values for the R^2 change confirm that each set of added variables (the set of main effect variables as well as the single interaction variable) contributes significantly to the amount of variance explained.

ingly, the effect was actually found to be negative, albeit non-significant.

To see if overall independence commitment is significantly lower for public practice firms (having controlled for other variables), again, we will look at both the main effect and the interaction effect. Regression equations similar to those of the above can be set for different values of *proportion of time spent in current job in accounting/auditing*. When the *proportion of time spent in current job in accounting/auditing* equals zero, only the negative significant main effect coefficient needs to be interpreted, and in this case, it means that the predicted independence commitment value for public practice organizations is 0.8 units (out of a maximum of 20) lower than that for the non-public practice organizations. With the interaction effect also being negative and significant, one can infer that as the *proportion of time spent in current job in accounting/auditing* increases, the overall negative effect will be made even more pronounced. Hence, the results support *H1a*. In other words, for any level of *proportion of time spent in current job in accounting/auditing*, the slope of the regression line (*independence commitment* against *public practice organization*) remains negative.

As expected, the coefficient for age is both positive and statistically significant (p = 0.00), pointing to differences between older and younger accountants regarding independence commitment. The results suggest that the predicted *independence commitment* value will increase by about 1 unit with an increase in age of about 23 years. *H2* is therefore supported. The results also support *H3*, with the coefficient for *province of work: Québec* being positive and statistically significant (p = 0.00). It appears that professional accountants who work in Québec have a higher independence commitment (averaging

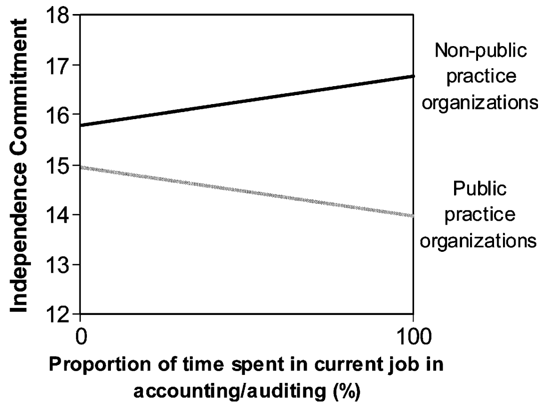

Figure 1. Interaction between organizational type and core accounting work on independence commitment.

about 0.84 units higher) than accountants who work in English-speaking provinces.[23]

Regarding the control variables, the only statistically significant (negative) coefficient is that of the proportion of time spent in tax (p = 0.04). This suggests that the advisory mindset that typically characterizes tax work (Roberts, 2001) somewhat reduces professional accountants' independence commitment.

Regression results for independence commitment, public accountants only

Table V provides the results of the multiple regression that we ran in order to investigate further public accountants' independence commitment. In this regression, we only used the responses from individuals in the public practice setting. The variables *Big Four accounting firm*, *medium size accounting firm* as well as *client commitment* were included. Interestingly, the coefficient for *Big Four accounting firm* is negative (though not statistically significant), while the coefficient for medium size accounting firm is positive and significant. This suggests that in comparison with the base group of accountants working in small accounting firms (including sole practitioners), public accountants working in medium size firms have a higher independence commitment, but this is not the case for those working in the Big Four firms. A further analysis was conducted using only the *Big Four accounting firm* dummy variable but not the *medium size accounting firm* (see note at the bottom of Table V). The *Big Four accounting firm* coefficient became negative and significant (−0.82; p = 0.02). This supports *H1b*, as it indicates

TABLE V

Regression results for independence commitment (public accountants only)

Independent variables	Multiple regression (n = 519)	
	Unstandarized coefficients	sig.
Constant	11.53	0.00
Big Four accounting firm[a]	−0.52	0.15
Medium size accounting firm[a]	1.03	0.01
Proportion of time spent in current job in accounting/auditing	−0.01	0.26
Client commitment	0.19	0.00
Age	0.04	0.01
Province of work: Québec	1.04	0.01
Control		
Gender	0.12	0.71
Top manager position	−0.49	0.20
Proportion of time spent in current job in tax	−0.01	0.33
	R^2 = 0.101	
	Adjusted R^2 = 0.085	
	F = 6.35 (sig. 0.00)	

[a] If only the Big Four accounting firm variable is used for the accounting firm type variable (i.e. comparing just the Big Four accounting firms with all other firm types in one base group), the coefficient is negative and significant (−0.82, p = 0.02).

that independence commitment for accountants working in the Big Four organizations is lower (by about 0.8 units) than their counterparts in medium and small size firms.

The non-significant coefficient for the proportion of time worked in accounting/auditing in this analysis (p = 0.26) indicates that public accountants' independence commitment is unlikely to be substantially affected by one's proportion of time involvement in core areas – while that of non-public accountants is (as explained in the previous regression analysis involving the interaction effect).

In contrast to our expectations, the coefficient for *client commitment* is ***positive*** and statistically significant (p = 0.00). This means that a five-point increase in *client commitment* is associated with about a one point increase in the *independence commitment* value. In other words, the higher that one is committed to the client, the higher is her/his independence commitment. Hence, the results do not support *H1e.*

Similar to the previous regression, *age* and *province of work: Québec* are significant predictors in this set of analysis. Finally, with regard to the control variables, none of the coefficients were significant. Therefore, it appears that the proportion of time spent on tax (previously found to be negatively significant) only has a significant effect for individuals in the non-public practice setting.

Discussion and conclusion

In this study we introduce the construct of ethical commitment and examine through an online survey of professional accountants the relationship between their ethical commitment towards auditor independence and features of their work and cultural environment. We conceive of independence commitment as the extent to which the individual accountant considers auditor independence as a key attribute of the profession, and believes that regulatory standards of auditor independence should be rigorously binding and enforced in the public accounting domain. The results indicate that, at the time of data collection around the end of 2002, respondents' independence commitment was, on average, relatively high, thereby suggesting that professional accountants were then considering independence as a key feature of public accounting and also quite receptive to its regulation through control mechanisms.

With higher independence commitment indicating a higher preference for more rigorous regulatory control, the results suggest a viewpoint in which the individual accountant is to some extent unsure about her/his peers applying appropriately, on their own without regulatory coercion, the profession's independence standards. This viewpoint is in contrast to an ethical philosophy centered on character and idealism that assumes that the moral strength of members of the profession, forged through a proper upbringing and moral education, renders them trustworthy and very reliable (Preston et al., 1995). A relatively high independence commitment also suggests the individual accountant having some concerns about the effectiveness of the free-market logic in disciplining, without any regulatory support, members who offer public accounting services. More research is needed, however, in order to address more systematically the regulatory implications of a higher degree of independence commitment.

Most of the relationships that we hypothesized about work (*H1a* to *H1e*) were found to be statistically significant, in accordance with one of the study's underlying themes, namely, that work constitutes an inescapable feature of accounting ethics. Our research therefore points to a need for researchers to focus more heavily on the concept of work in research endeavors aimed at developing a better understanding of professional ethics in the accounting domain.

Several other features of the results are noteworthy. The data indicates that not only is public accountants' independence commitment lower than that of non-public accountants (*H1a*), with a mean *independence commitment* value of 14.5 versus 16.3, but also it is resistant to the influence of the individual's involvement in accountancy's core areas of work (*H1d*), as indicated by the non-significant coefficient for *proportion of time spent in current job in accounting/auditing* in Table V. These results are consistent with segments of auditing research that point to the significance of the influence of commercialism within public accounting, exerted through a variety of institutional and organizational mechanisms having powerful disciplining and self-disciplining effects on public accountants (e.g. Covaleski et al., 1998). The results are also in accordance with Wyatt's (2004) argument regarding the persistence of the commercialistic culture, post-Enron, within large public accounting firms. Auditor independence would become, as a result of commercialistic influence, a less significant part of the public accountant's mindset, and the appropriateness of regulatory mechanisms aimed at tightening the profession's regulatory standards of auditor independence would blur in the eyes of the individual. More research is needed, however, in order to investigate the behavioral consequences of public accountants' relatively lower degree of independence commitment.

It is especially worth noting that the data indicates that independence commitment in the Big Four firms is significantly lower than that in the medium and small size practices (*H1b*), while the medium size firms have the highest independence commitment responses among the three firm categories. Besides commercialization, are there other unique characteristics of the Big Four firms that may be responsible for the difference? Do accountants in different firm categories have different levels of contacts with peers and with the profession's core bodies of knowledge? Are they socialized in different ways?

The findings regarding the positive, statistically significant relationship between client and independence commitment are particularly intriguing (*H1e*) because auditing literature generally assumes that the relationship between the two is negative. That is, we found that public accountants with a higher client commitment are more likely to consider auditor independence as a prime feature of public accounting which needs to be tightly regulated. A potential reason that might explain this result relates to the role of public accountants' reflectivity in constructing independence commitment. Influencing authors in the fields of sociology and organizational analysis emphasize reflectivity as a key feature of modern life, that is to say the individual's ability to reflect and act upon information about different aspects of their personal or professional life (e.g. Crozier and Friedberg, 1980; Giddens, 1990). In this context, public accountants with a higher client commitment may be more reflectively sensitive about the potential negative consequences ensuing from their client commitment proclivity on auditor independence (consequences which are often described in practitioner literature as having the potential to imperil the long-term legitimacy of the profession), leading them to be more receptive to the deployment of surveillance and monitoring mechanisms as a way to control for inappropriate professional behavior. More research is needed in order to investigate further the relationship between client and independence commitment as well as the influence of commercialism on both constructs. Client commitment may also be a more complex notion than we originally expected.

The results also indicate that professional accountants working in the French-speaking province of Québec have a higher independence commitment than their peers working in English-speaking provinces (*H3*), thereby contributing to the body of prior research that made visible linkages between national culture and professional accounting ethics. Although the difference could arguably be due to legalism (the stricter regulatory régime), law is nonetheless often a reflection of the societal values and norms. Hence, an area of future research would consist of relying on the cultural dichotomy between collectivism and individualism to investigate independence commitment in professional accounting settings other than in Canada.

As with any research, this study has its limitations and readers should be careful before generalizing the results – either in time or space. First, our data is self-report data. Researchers can seek to extend our work and develop further the concept of independence commitment through the collection of other types of data. Following Randall and Fernandes (1991), however, we note that our methodology adopted each of the mechanisms known to reduce the influence of social desirability bias including computer administration of the questionnaire, ensured anonymity, forced-choice items and randomized response methods.

Notwithstanding the potential limitations of self-report data, the method of providing anonymous self reports is still an essential methodological tool for ethics research on several counts. To begin with, ethics research addresses highly sensitive topics. Given the moral and social opprobrium attached to unethical business practices, as well as the likely loss of employment when such practices are discovered, it is highly unlikely that any researcher will be able to definitively observe unethical practices directly in field studies. Moreover, while survey data limits our analysis to the understanding of normative opinions, such norms are important precursors to the moral logics that, ultimately, inform behavior and practice. Also, a long history of research has demonstrated that self-report data, particularly self-report data collected on socially sensitive topics including smoking, alcohol abuse and related social norms, when matched with physiological data, demonstrate remarkably strong reliability and validity (Babor et al., 2000; Cooper et al., 1981; Freier et al., 1991; Patrick et al., 1994).

Second, our data is not systematically linked to behavioral outcomes. However, our interviews suggest empirical links between the two, and various streams of behavioral accounting research (e.g. research on professional commitment, as reviewed in Hall et al., 2005) provide evidence of a relationship between accountants' attitudes and a range of behavioral and decisional outcomes. A promising piece of research would consist of investigating whether or not independence commitment exerts a significant influence on auditors' decision-making processes in which auditor independence is supposed to play a key role – for example in the context of the client retention decision. Third, as the data was gathered about one year after the collapse of Enron, the results may have been specifically and temporarily impacted by this event. Fourth, as detailed above, interpretation of the results needs to recognize that CAs occupying a higher organizational position felt more inclined to participate in the survey than membership data from the professional institutes indicate. It is worth noting, however, that the coefficient of the control variable *top manager position* in the regressions is not significant. Nonetheless, the higher participation of CA partners and corporate top managers is intriguing and it would be worth investigating whether these individuals feel, post-Enron, more inclined to support academic research and the reasons accounting for the change (if any).

In conclusion, in this article we relied on the disciplines of sociology and organizational behavior to formulate hypotheses regarding the way in which professional accountants' independence commitment is likely to be influenced by variables related to their work and cultural environment. These disciplines have been generally quite neglected in behavioral, quantitatively oriented accounting research, whose perspectives of analysis are usually informed by psychology (Meyer and Rigsby, 2001). However, by focusing on processes internal to the individual, psychologically based studies inevitably downplay the incidence of the socio-organizational context in which individuals make judgments and decisions (e.g. Ashton and Ashton, 1995; Gibbins and Swieringa, 1995). In this article, we aimed to provide a persuasive demonstration of bringing sociology and organizational behavior in quantitative behavioral accounting research – as corpora of knowledge that can be appropriately relied upon to examine the link between accountants' attitudes and socio-organizational variables.

Acknowledgements

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Appendix

Appendix I. Measurement of variables[a]

Independence commitment

1. I believe that independence is one of the main foundations of the CA profession.
2. I believe that the profession's independence requirements need to be strictly enforced in every sphere of activities in which public accounting firms are involved.
3. I think the profession would be better off if the profession's independence requirements for CAs in public practice were more rigorous.
4. I think that the business community in general would be better off if the profession's independence requirements for CAs in public practice were more rigorous.

Appendix I. Continued

Client commitment
1. When someone praises my largest client, it feels like a personal compliment.
2. When I talk about my largest client, I usually say ''we'' rather than ''they''.
3. The successes of my largest client are my successes.

[a] The sentences in this table were originally formulated in English and subsequently translated into French. In order to ensure that there were no significant meaning differences between the English and French versions, the French version of every sentence was translated back into English. The authors compared the two English versions and concluded that the overall meaning of every sentence is the same.

Notes

[1] Ethical commitment differs significantly (but overlaps to some extent) from a construct investigated quite frequently in accounting and management literature, namely, professional commitment (e.g. Aranya et al., 1981; Dwyer et al., 2000; Wallace, 1995). Professional commitment is typically defined as the attachment that individuals form to their profession (Hall et al., 2005). According to Porter et al. (1974), professional commitment comprises three (overlapping) elements, that is to say adherence to the goals and values of the profession, willingness to exert considerable effort on behalf of the profession, and intention to maintain membership in the profession.

[2] For example, in the area of research on auditors' ethical reasoning only a few studies have taken into account the influence of the work content and context – investigating, for example, the impact of peer discussions on auditors' ethical judgments (for a review see Jones et al., 2003). With regard to the area of critical research on accounting ethics, even though it is typically assumed that structural forces (including forces whose significance ensues from the workplace) influence individual behavior and attitudes, studies generally have not emphasized the role of work per se (e.g. Reiter and Williams, 2004; Yuthas et al., 2004).

[3] Data provided by the Canadian Institute of Chartered Accountants indicate that while 55.3% of the membership in 1990 was working in public accounting, in 2000 the proportion diminished to 43.2%. Non-public accountants are involved, for example, in developing their employer's financial and administrative policies, analyzing information, or managing organizational units (ICAA, 2005).

[4] Data on partnership provides a further indication about the significance of consulting services within the largest accounting firms. For example, Tinker (2002) estimates that in 1999 about 33% of the 10,464 partners in the Big Five were non-CPA partners – a number of them being IT specialists, engineers and business consultants in strategy.

[5] See Freidson (2001) for a description and criticism of the free-market logic in the context of markets for professional services.

[6] Although independence commitment differs conceptually from other philosophies regarding ethics regulation, these differences do not imply that it is actually preferable, from the point of view of society or segments of society, to regulate or not to regulate professional ethics. Accordingly, the present article is not intended to promote any prescriptive regulatory viewpoint.

[7] The proposal assumed that certain types of non-audit services impair auditor independence, such as internal audit outsourcing as well as financial information systems design and implementation. Public hearings were held in September 2000 where large accounting firms generally opposed the proposal (SEC, 2000b). The original proposal was subsequently made significantly less restrictive when the SEC re-drafted it on November 21, 2000 (SEC, 2000c). For example, under the new draft an audit firm is still allowed to perform up to 40% (measured in terms of hours) of an audit client's internal audit work. The re-drafted version was adopted and became effective in February 2001 (SEC, 2000c).

[8] The Big Five comprised Arthur Andersen & Co., Deloitte & Touche, Ernst & Young, KPMG and PricewaterhouseCoopers. The select group of the largest international accounting firms became the Big Four when Arthur Andersen collapsed in 2002.

[9] Leicht and Fennell (2001) develop a relatively similar argument – but from a broader angle. Specifically, they argue that corporate clients are increasingly able to capture the professionals they interact with – not only financial auditors but also lawyers. They define client capture as the increasingly prevalent situation in which the commitment to the corporate client is so strong that it compromises both the objectivity and autonomy of the professional, allowing the client to dictate the timing, delivery and content of professional services.

[10] The extent to which socialization processes within public accounting firms, in a post-Enron era, are signifi-

cantly different than in the 1990s is an empirical question.

[11] Of course, multiple and contradictory discourses circulate in a given society. The argument that underlies H3 should therefore be understood in a relative sense – not in an absolute one.

[12] The first author, who is fluent in both French and English, translated all of the questions (originally formulated in English) into French. The French questionnaire was subsequently checked for clarity by four individuals: one director of the Ordre des comptables agréés du Québec; one retired CGA and his wife; and one academic in sociology. Only minor modifications resulted from their comments.

[13] In Canada, all professions are regulated under provincial jurisdiction. Accordingly, Canadian Chartered Accountants are governed in every province by a regulatory body (commonly named ''provincial institute'') that has been delegated authority by the provincial government.

[14] A copy of the survey instrument is available from the first author.

[15] A temporary cookie was placed on the respondent's computer once s/he initially answered the survey to ensure that people would only complete the survey once.

[16] The total number of respondents from Alberta is 288. At the time of data collection, the total population of active CAs in Alberta was 7,579. The initial request was sent to a sample of 911 subjects through e-mail or fax on October 21, 2002. Three subsequent reminders were sent to the *total population* of members (active and inactive); the reminders were therefore sent to a much bigger group than the initial request. The first reminder (October 28) consisted of an advertisement put on the Alberta Institute's website, specifically on the ''News Briefs'' page. The second reminder (November 7) appeared on *WebLink*, which is the monthly guide of the Institute to updates on its website. The third reminder (December 13) was part of the Institute's monthly package sent either electronically or through conventional mail to every member.

[17] The lower response rate in Québec may be due to various reasons – including doubt as to whether researchers from English-speaking universities were able to conceive a meaningful questionnaire in French. One French-speaking respondent indeed sent an e-mail to us after having completed the survey, highlighting that he almost decided not to answer the survey for this reason, and how surprised he was about the high quality of the French questionnaire.

[18] In these three institutes members voluntarily provide the information on their hierarchical position. In two institutes, data on hierarchical position was available for about 30% of the membership. In the third institute the corresponding proportion is 82%.

[19] Since the surveys went out at different times for the four provincial institutes, the first 25% and last 25% of the respondents for each institute were identified. The early respondent group was formed by combining the four sets of first 25% responses while the late respondent group was formed by combining the four sets of last 25% responses.

[20] Exceptions were that the late respondents were a little older, held more senior level positions, and fewer of them came from the medium size accounting firms. When using another method comparing the means for participants who responded within 20 days (therefore around the time the second reminder was sent) of the survey start date in the province, and for those who responded afterwards, two of the significant differences identified above disappeared, leaving only the medium size accounting firm variable as significant. This seems to suggest that there is unlikely to be serious systematic bias due to non-response, especially if the non-response group is compared with the larger sample rather than just those who responded promptly.

[21] For all the dichotomous variables in this study, unless specified differently, a value of ''1'' is always assigned to responses that fit the variable name description, and ''0'' otherwise. For example, respondents in public accounting practices will have a code of ''1'' for *public practice organization*.

[22] For example, recent data suggests that the capacity for moral judgment in public accounting organizations does not differ across hierarchical rank, thereby casting doubt on a widely taken-for-granted assumption of empirical literature in accounting ethics (Scofield et al., 2004).

[22] We also re-ran the regressions in Tables IV and V by replacing the dummy variable *province of work: Québec* with a dummy variable that takes into account the language in which respondents answered the questionnaire (French language = 1). The results are very similar to those reported in Table IV. For Table V, the coefficients are still similar although the *p*-value for the language variable was slightly higher, at 0.06 (two-tailed) or 0.03 (one-tailed).

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