CORPORATE GOVERNANCE MODIFICATION IN EMPLOYEE ACUITY OF ETHICS LEARNING IN ACCOUNTING AND BUSINESS PRACTICES BEFORE AND AFTER SARBANES OXLEY: IMPACT OF IMPLEMENTING FOUR BEST PRACTICES ON EMPLOYEE BEHAVIOR

A Doctoral Dissertation Research

Submitted to the
Faculty of Argosy University
College of Business

In Partial Fulfillment of
the Requirements for the Degree of

Doctor of Business Administration

by

Tolu Antonia Igbalajobi

January, 2014

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ABSTRACT

Today, there is dissatisfaction involving various ethical issues in accounting and business practices because of the corporate governance ethical breakdown that led to the collapse of companies such as Enron Corporation, Tyco International, Arthur Anderson, and other various financial institutions. The purpose of this study was to determine the extent to which employees' awareness changed as a result of organizational ethics learning programs after Sarbanes-Oxley regulation was passed in 2002. Also analyzed was the change in group reactions to the same type of questions before and after the collapse of Enron using secondary data from National Business Ethics Survey (NBES) of 2000 to 2011 provided by Ethics Resource Center (ERC) to test data that was prior to and subsequent to the Sarbanes Oxley (SOX) legislation in 2002. The qualitative research study included document analysis of secondary data to determine if a relationship existed between ethics training and the awareness by employees of the ethics training. The study results may provide useful insights for future researchers choosing to focus on implementing successful modifications in employee acuity of ethics learning in accounting and business practices. The impact of four best practices suggested are based on: (a) written ethical standards and training, (b) open communication and learning, (c) leadership and accessibility of ethics resources, and (d) organizational culture and social awareness. Overall, this topic may have a positive impact within accounting and business practices by creating a new concept which, if implemented, can build business relationships in the global market.

ACKNOWLEDGEMENTS

I want to express a special appreciation to Dr. Kristen Beach, my awesome dissertation chair, and Dr. Ronal Lentz, my remarkable committee member. Thank you both so much for taking out the time to edit, guide, and facilitate my research work right from the beginning of my dissertation to completion. Also, I am grateful for the advisor I had, John Vassallo, there could not have been a better advisor than him; he actually understood whatever I said, wanted, and made it happen so that I could complete all my course work in a timely manner.

To Dr. Kate Noone, my program chair, Dr. Calvin Berkey, instructor, all my program course instructors, and other staff members of Argosy School of Business, thank you very much; many professors have done well, but you have excelled all of them. You created an environment of sharing knowledge and learning with well-organized residency programs. I wish to extend my gratitude to everyone. Also, I am very thankful to Argosy University for giving me the best instructors, all of whom created a conducive and productive learning environment throughout my doctoral program.

DEDICATION

I would like to give thanks to Jehovah God, Who is the creator of the heaven and the earth for giving me the power, wisdom, knowledge, and astuteness to successfully conduct this research program to completion. May His name be sanctified here on earth indefinitely. Jehovah is always close to anyone who is faithful and trusts in Him.

Special appreciation goes to my husband Matthew Igbalajobi (CEO, Atlantic Coast Global Services) for his enormous support during this challenging program. Also, special thanks to all of our four children, Buky, Tobi, Victor, and Grace. They are all so wonderful. Additionally, I would like to express special appreciation for my mother and father, Christopher and Josephine Adeosun, who have both passed; and to my brothers Anthony Adeosun (MD, CEO Altec Inc. Nigeria), Wale Adeosun, CFA (CIO Kuramo Capital Management), and all the other members of my family for all their wonderful support.

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CHAPTER ONE: INTRODUCTION

Background of Study

Research on the execution of modification in employee ethical awareness is still ongoing with many important questions unanswered (Cullinan & Du, 2010; Maguad & Krone, 2009). Executing change is a continuous educational learning process (Barnett & Storey, 2001; Higson, 2003). Research indicates that an organizational corporate code of ethical conduct is not sufficient, but that there is a need to improve and support positive employee learning awareness on corporate ethical values and policies as part of the managerial ethical culture at all departmental levels of accounting and business practices by encompassing everyone and providing ongoing employee training on ethics (Webley & Werner, 2008).

Problem to be Addressed

Today, there is dissatisfaction involving various ethical issues in accounting and business practices from stakeholders, investors, employees, and the society at large because of the corporate governance ethical failure that resulted in the collapse of companies such as Enron Corporation, Tyco International, Arthur Anderson, and several other financial institutions (Chang, Choy, Cooper, & Ruefli, 2009). The non-disclosure in corporate fraud resulted in a bankruptcy that adversely impacted the United States economy (Lipman & Lipman, 2006). The scandal influenced the creation of the Sarbanes Oxley Act (SOX) in 2002. Also, the problem of current scandals in the business environment and the assertions of inappropriate and unethical behaviors directed at middle and top management are evident in increased ethical gaps (Thibodeau & Freier, 2011).

For example, Tyco International had an aggressive acquisition strategy that continued into the early 2000s and resulted in a fiscal year-ending revenue exceeding $28 billion. Also, complexity increased within Tyco's subsidiaries and acquisitions. The company incurred extensive losses in 2002. It was involved in a massive scandal involving excesses by the former chairman, chief executive officer, and senior management team who allegedly embezzled more than $150 million from the company in the form of unauthorized compensation (Schroeder, Clark, & Cathey, 2011). Jeffrey (2002) noted that Tyco's new management assigned top priority to practicing good corporate governance with high ethical standards. The argument here is that since Tyco's issue was based on leadership ethical failure, then changes must begin with the board. Therefore, Tyco has been able to successfully create a business culture that implements good corporate governance best practices involving transparency in leadership style, board structure reorganization, and disclosure in business practice with the use of business consultants and advisors on a regular basis (Lipman & Lipman, 2006; Tyco, 2012; Verhezen, 2010; Vogl, 2004).

On the other hand, as noted by Baker and Hayes (2005), Enron Corporation grew wealthy largely because of advertising, supporting authority, and its increasing stock price. The corporation was recognized as being successful because of large, long-term pensions, benefits for employees, and a very effective management system before the exposure to corporate fraud (Schroeder et al., 2011). Enron was recognized as the most inventive corporation for 6 successive years prior to filing bankruptcy, so their bankruptcy sent shock waves throughout the country, since over half of American families invested directly or indirectly in the stock market (Lipman & Lipman, 2006). It was later discovered that Enron's reported financial condition was sustained substantially by institutionalized, systematic, and creatively planned accounting fraud, and the scandal was a factor in the creation of the SOX in 2002 (Jeffrey, 2002; Vogl, 2004). Miller (2003) indicated that intelligent financial analysis should have revealed the instability of Enron's business model and alerted investors and creditors to the absence of creditworthiness of the company. Nevertheless, if there had been a high-quality level of transparency in the financial statements, investors and creditors would have had a better understanding of the corporation's financial position, results of operations, and feasibility of the corporation thereby avoiding losses as a result of bankruptcy (Kowalewski, 2003).

Furthermore, there was a financial crisis between 2007 and 2008, which is known as the global financial crisis, and considered by numerous economists as the worst financial crisis since the Great Depression of the 1930s (Wahlen, Baginski, & Bradshaw, 2008). This brought about the risk of total failure of large financial institutions, the bail-out of banks by national governments, and declines in stock markets globally. The housing market also was drastically affected, which led to massive dislodgments, foreclosures, and persistent unemployment (Maguad & Krone, 2009). The crisis was important in the failure of strategic business practices, drops in consumer capital estimated in trillions of United States dollars, and a decline in economic activity that led to the global recession between 2008 and 2012, shown as a liquidity crisis. Several mortgage lenders went bankrupt through 2007 and 2008, and concern that investment bank Bear Stearns would fail in the year 2008 resulted in its sale to J.P. Morgan Chase (Ariely, 2008). Several key financial institutions such as Lehman Brothers, Washington Mutual, Citigroup, AIG, and Fannie Mae collapsed; some were managed under pressure, or taken over by the government.

As noted by Schroeder et al. (2011), there are several reasons for the expansion and vulnerability of the financial system: (a) the policy of the United States government from the 1970s emphasized deregulation to boost business, which led to a reduction in the monitoring of business activities; and (b) lack of information disclosure on innovative business activities started by banks and other developing financial institutions. In 2011, the United States Financial Crisis Inquiry Commission (U.S. FCIC) concluded that the crisis was based on extensive failure in financial regulation, corporate governance collapse, and high risk businesses (Schroeder et al., 2011).

The lack of information transparency and consistency had a prodigious effect on decision makers in creating logical choices, which led to unfortunate capital allocation and ultimately negative global economic consequences (Hesselbein, Golsmith, & Somerville, 2002; Higson, 2003). Enron, Arthur Anderson, Tyco, and other financial institutions did not incorporate numerous corporate governance best practices involving employee awareness of high ethical standards and open communication in business practices (Carter, Ulrich, & Goldsmith, 2005; Lipman & Lipman, 2006; Webley & Werner, 2008). Consequently, it has become essential to find solutions to the ethical gaps confronting accounting and business practices because of unethical business behavior and conduct by corporations in the United States (Chang et al., 2009; Webb & O'Connell, 2002). The scenario is depicted in Table 1.

Table 1

Brief Comparison of Ethical and Unethical Actions

Type of Company	Company Examples	Action	Consequences
Ethical Company	Tyco	Good corporate governance with high ethical standards	Business gain
Unethical Company	Enron overcharges	Anderson provides audit services to Enron	Business loss

Significance of the Study

Ethical practices form the basis of an organization's inventive process (Sims & Gegez, 2004). Ethical practices include human dignity and involvement of all employees in the decision-making process (Archie, 1991). A business's core values generally include respect, confidentiality, and disclosure to all stakeholders. Failure to follow ethical practices can result in the loss of confidence from stakeholders (Higson, 2003). If accounting and business practices are to survive and achieve long-term profits, establishing positive employee relationships is crucial (Di Lorenzo, 2007). As shown by Newton, Englehardt, and Pritchard (2010), ethics goes further than just making money; long-lasting relationships in business will in the long run lead to increased profitability. This means that good ethical standards must be integrated into modifications in any business. If certain ethical standards are not being adhered to, success is hindered and execution of modifications will be unsuccessful (Archie, 1991; Sims & Gegez, 2004). A resilient and highly effective ethical model must be the foundation of any business.

Again, although some companies may have a corporate code of conduct in place which serves as a compass for all employees, directors, and business partners to consistently follow, frequent ethical malpractice still abounds (Maguad & Krone, 2009). Webley and Werner (2008) accentuated the need for professional leaders to develop and monitor positive corporate ethical conduct for all employees as part of a business's ethical culture and provide ongoing educational training sessions.

Moreover, people from the time of Adam Smith have acknowledged that despite the many benefits of the free market, the community still needs ethical standards in various areas (Geva, 2006). Balanced corporate governance strategy should be centered on awareness of high ethical standards that involves an ongoing educational assurance (Newton et al., 2010). Corporate governance strategy necessitates a need to plan for strategic execution of employee awareness of ethical changes since employee behavior must be effectively managed with guidance from the current state to a future state that is desired by accounting and business companies (Krishnan, 2005). In effect, a well-planned process for strategy execution is needed for successful ethical change to occur in accounting and business practices (Anthony, Eyring, & Gibson, 2006; Dooley & O'Sullivan, 2001).

Successful businesses balance modification of current business models with improved technologies for ethical change (Davila & Shelton, 2006; Long, Kovach, & Ding, 2010; Sims & Gegez, 2004). By creating a balanced ethical portfolio, and the expansion of new business models, accounting and business companies can invest in executing resilient ethical changes with employee awareness programs for business growth in today's global, competitive environment (Davila & Shelton, 2006; Hesselbein et al., 2002). This would result in optimum maximization of executing effective ethical learning with positive changes on employee behavior (Cullinan & Du, 2010). Implementation must reflect cultural diversity for positive modifications in accounting and business practices (Lilien, Melman, & Pastena, 1988).

Furthermore, in corporate governance, respectable ethics means that communication must be clear and resilient enough to be internalized within the entire organization (Dooley & O'Sullivan, 2001; Marshall, McManus, & Viele, 2007). Michael (2011) suggested that businesses can establish consistent guidelines in written ethical standards, and make it available to all employees, including those in subsidiary countries with ongoing training programs. Laws and policies must be consistent in application and procedures in a fair and reasonable manner for everyone (Pass, 2004). Acting with the utmost standard of ethics and integrity is critical to the success of any business. Ethical issues must be part of the decision-making process (Reiche, Carr, & Pudelko, 2010).

With several business scandals that have occurred, the United States' accounting standards have become rule-based with specific details, but the SOX Act of 2002 mandated the Securities and Exchange Commission (SEC) to observe the capability of an ethics-based accounting system (John & Sullivan, 2012). The outcomes indicated that ethics-based accounting provides a conceptual foundation for accountants to use instead of a list of detailed rules (Pass, 2004). Again, the Financial Accounting Standards Committee (FASC) of the American Accounting Association believes that an ethics-based approach is more likely to result in improved employee behavior in reporting transactions that reflect true economic business problems (Anders, 2009).

Malmquist Indexes used to measure disparities in the efficiency and competency of United States accounting and business practices before and after the SOX Act of 2002 demonstrate that additional modifications for progress can still be made today in accounting and business practices (Chang et al., 2009). Employees with good ethical values and culture are more productive for business success than any team of managers or directors (Carter et al., 2005). Additionally, Maguad and Krone (2009) expressed that an ethical business setting has more positive employees that are well educated on principles of fairness, integrity, respect for truth, and due process, while an unprincipled situation may encourage negative behavior in employees. The challenge for business leaders is in providing ethical corporate governance standards in business relationships to build dependable establishments that can be trusted universally (Davila, Epstein, & Shelton, 2006; Leonard & McAdam, 2002).

Purpose of the Study

The purpose of this study was to explore the extent to which employee awareness changes as a consequence of organizational ethics learning programs after SOX regulation was approved in 2002 (Thibodeau & Freier, 2011). This study served to measure the change in group responses to the same type of questions before and after the failure of Enron and Arthur Anderson using secondary data from surveys of 2000 to 2002, and 2009 to 2011, to test data that was obtained both previous to and after the enactment of the SOX Act in 2002 (Lipman & Lipman, 2006; Schroeder et al., 2011). In addition, the researcher used a strategic model as a way for executing new models with good ethical standards as a guide for use in accounting and business practices (Dooley & O'Sullivan, 2001; Higson, 2003). Hence, the researcher evaluated diverse types of models to show the significance of research in the execution of positive changes (Davila et al., 2006; Keast & Towler, 2009). Also, historical and current literature specifies that unethical behavior inherently constitutes a problem at the place of work and ethical training must be executed in accounting and business practices (Bartels, 1967; Bernardi & LaCross, 2005; Christian, 2000; Stansbury & Barry, 2007).

This present study served to assess modifications in the cognizance of ethics issues as a result of extended ethical learning based on secondary data analysis. The Ethics Resource Center (ERC) provided quantitative research data. However, for this research, a qualitative grounded theory method was used both for hypothesis testing and examining beyond the particular cases studied by Ethics Resource Center (Creswell, 2009; ERC, 2011b).

Research Questions

This study enabled a better understanding of the differences in awareness of four best practices using (a) written ethical standards and training, (b) open communication and learning, (c) leadership and accessibility of ethics resources, and (d) organizational culture and social awareness within accounting and business practices as a way of implementing positive modifications in ethical learning awareness (Marshall et al., 2007). Hence, the following research questions were used as a guide to explore the objectives.

Overarching Research Question

The primary research question was as follows: What was the change in employees' awareness of organizational reactions to ethical issues from 2000 to 2002, and 2009 to 2011?

Specific Research Questions

1. What strategies have been most successfully executed in accounting and business practices after the execution of SOX?
2. What is the modification in employee awareness of the existence of ethical training after the execution of SOX?
3. What is the modification in the awareness of the existence of the availability of ethics resources, such as ethics committee, or support services, after the execution of SOX?

The researcher developed the research questions using Osborn's 73 Idea-Spurring model, which is an organized, consistent method for creating new solutions when needed (Daupert, 2012). Osborn's 73 Idea-Spurring model increases the probability of producing unique and beneficial solutions for any type of problem (Hild, 2010). This resulted in the integration of diversified best practices with practical solutions using a grounded theory qualitative research process (Alreck & Settle, 2004; Keast & Towler, 2009).

For the purpose of this research, the key terms are defined as follows:

Ethical strategies integrate the utmost competence of public relations recommendations with consummate industry knowledge to help businesses strategically delineate and provide effective communication (Bartels, 1967; Christian, 2000); for example, the use of corporate codes of conduct as resource guides (Bernardi & LaCross, 2005). *Ethics training* assists employees in the identification of ethical concerns based on decisions made, which leads to practical application of high ethical standards with the opportunity of establishing consensus that is necessary from everyone (Geva, 2006;

Webley & Werner, 2008). If appropriately structured, an employee's awareness of ethical issues is increased, and latitude of personal awareness develops with consequences for non-compliance (Di Lorenzo, 2007; Tsai & Shih, 2005).

Rationale

Ethical conduct by members of all accounting and business companies is imperative; numerous divisions of society add to the ineradicable line of principles, and some argue that the ethics of a society are based on the stability of the society (Stewart & Kamins, 1993). Also, businesses, governments, universities, and families influence and contribute to proper ethical behavior (Stansbury & Barry, 2007). The researcher built this current qualitative research study on prior substantive quantitative primary research analysis conducted, which becomes a document analysis of secondary data from an online database with open public access (Alreck & Settle, 2004; ERC, 2011; Stewart & Kamins, 1993). This analysis served to facilitate an improved understanding of the modifications in awareness of four best practices using (a) written ethical principles and training, (b) open communication and learning, (c) leadership and availability of ethics resources, and (d) organizational culture and social awareness within accounting and business practices as a way of executing positive modifications in accounting and business practices (Marshall et al., 2007; Stewart & Kamins, 1993). Also, this form of study provided a greater understanding of ethics program effectiveness after SOX from 2008 to 2011. Secondary data for use in this study was provided by the Ethics Resource Center (ERC) of Washington, D.C., which was based on ERC quantitative research conducted of over 21,000 employee surveys from 2000 to 2011 (Creswell, 2009; ERC, 2011A; ERC, 2011b).

The ERC has been a resource for public and private establishments with the commitment of strong ethical culture since 1922. ERC's information provides the opportunity for a public discussion on ethics and ethical behavior. The researchers at ERC (2011b) analyze current and emerging issues that are relevant for public trust. Hence, the ERC has always handled the National Business Ethics Survey (NBES), which is a nationwide descriptive survey of employees in various positions for understanding diverse ethical viewpoints and compliance at the workplace. NBES is the most rigorous longitudinal research effort that examines developments in business ethics from the employee viewpoint (ERC, 2011b). The long-term nature of the study is since it offers background for general developments. NBES is the single longitudinal study conducted to monitor the opinions of employees at all ranks within businesses to disclose factual assessments of what actually occurs inside businesses on ethical issues (ERC, 2011b).

As noted by the ERC (2011), assessments were managed and piloted by O'Neil Associates by a form established by the ERC. The NBES survey is a probe of employees about how they observed ethics at their respective workplaces. The preliminary inquiry of the dataset tables of respondents was implemented by using categories of occupation and gender. The ERC researchers examined the distribution of data to give an initial indication of the insights of organizational ethical training. The regularity was categorized by year (2000 and 2011) in order to substantiate if there were variations from before SOX application (2000) to after SOX application (2011). This data is available online from the ERC with open public accessibility (Alreck & Settle, 2004; Creswell, 2009; ERC, 2011).

Ethics-Based Business System (EBBS)

An ethics-based approach added simplicity to the business process (John & Sullivan, 2012). Also, ethics-based standards would result in easier-to-understand policies in accounting and business practices (Schroeder et al., 2011). An ethics-based approach, in addition to accounting rules, would lead to more professionally based decisions. Ethics-based standards would require substance from employees, and may result in more transparent business and personal relationships (John & Sullivan, 2012). As a result of numerous ethical standards, Thibodeau and Friere (2011) suggested that an ethics-based approach is necessary, and all employees must be willing and committed to making modifications for the program to work. To confirm that financial statements reflect the ethical economic reality of transactions, management and auditors in accounting and business practices must be fully involved (Michael, 2012). This means that if compliance with ethical standards does not reflect the economic substance of the situation, the standard should not be used (Anders, 2009; John & Sullivan, 2012).

Accounting and Business Theories (ABT)

The basic accounting models are the assumptions, definitions, principles, and concepts, and how they are derived, which underlies the practice of financial accounting (Metcalf & Welch, 1968). These models are a set of broad rules for all accounting activities which are developed over time by accounting professionals (Higson, 2003). The accounting profession has evolved and developed these basic theories to regulate the way in which corporations perform financial accounting in the United States (Riahi-Belkaoui, 1998). For example, in financial accounting, the basic equation of assets equal liabilities plus owners' equity is the formula and theory behind the double-entry accounting system. This requires high ethical behavioral standards from all employees when recording transactions (Luthar, DiBattista, & Gautschi, 1997). Moreover, financial accounting refers to accounting information that is used by investors, creditors, and other outside parties for analyzing management performance and decision-making purposes. The definition of accounting theory is interpreted broadly (Marshall et al., 2007). Analyzing accounting guidelines for ethical conformity to a conceptual framework or other guiding principles is also within the scope of accounting theory. Also, discussion on accounting theory is still ongoing, particularly as new issues and problems arise (Schroeder et al., 2011). Hence, the drafting of an ethical conceptual framework that provides underlying guidance for the creation of ethical accounting and business practice guidelines is also an accounting model (Thibodeau & Friere, 2011), as shown in Figure 1.

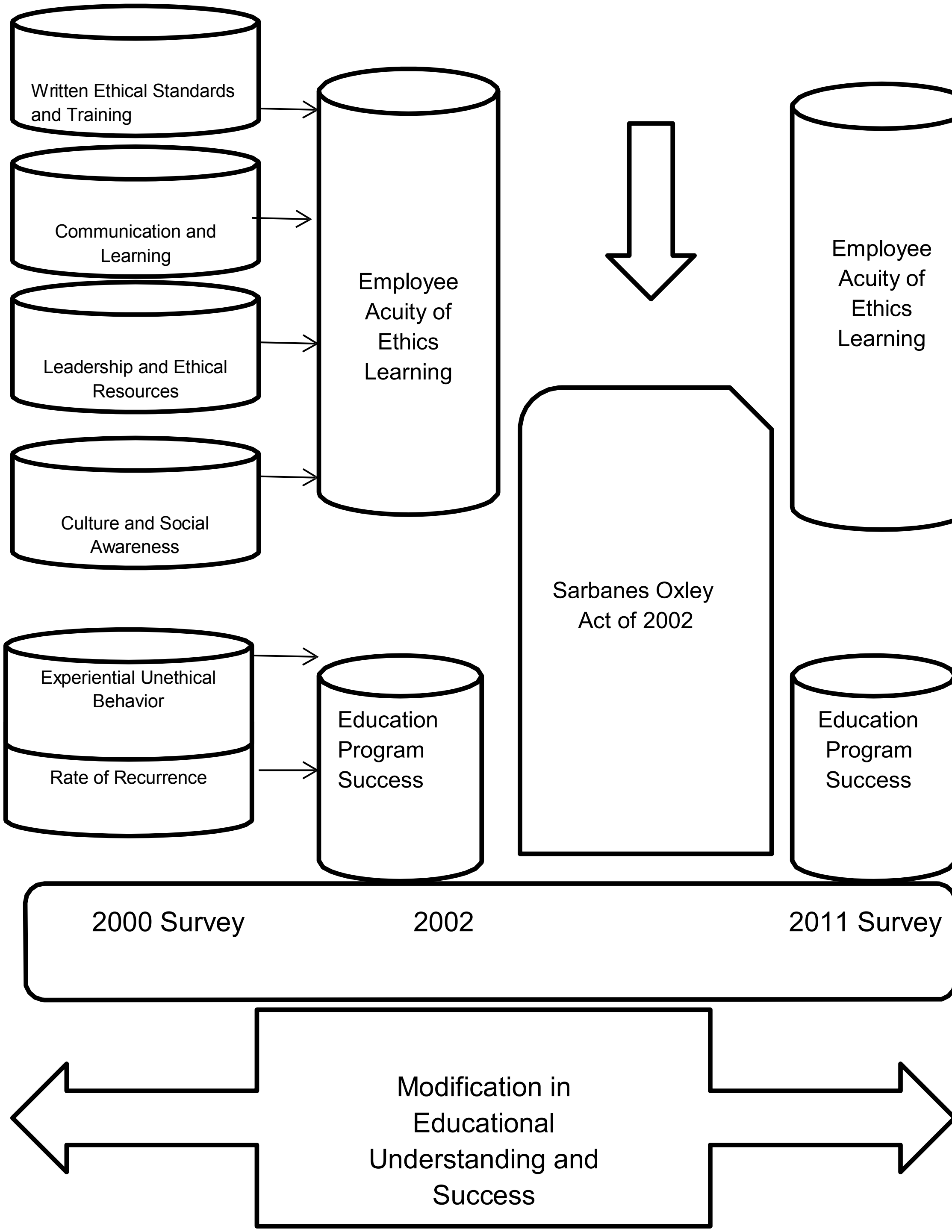

Figure 1. Ethical conceptual framework (ECF).

The Ethical Conceptual Framework (ECF)

The ethical conceptual framework (ECF) forms the concept that motivates ethics (Webley & Werner, 2008). The structure is a rational system of concepts based on an objective that recognizes the tenacity of ethics (Brown, 2009). It offers direction and structure in developing what is needed for establishing ethical programs (Carter et al., 2005). Hence, a thorough and cohesive conceptual support that guides and provides control to decisions about whether one solution to an ethical issue is better than other possible solutions is very crucial in the development of a framework (Bai, 2006). This ethical conceptual framework came with the introduction of the evidence that environment can influence inheritable traits; something formerly deliberated as a genetic impracticality (Higson, 2003). The improved thought established here is that data can be analyzed without hypotheses about what it might show; this allows statistical procedures to find patterns using conceptual models (Bengton, 2007).

Advantages of Conceptual Models

A conceptual model is a model that exists in the human mind. There are various benefits to the conceptual model approach. Conceptual models are used to help know and understand the subject matter represented (Higson, 2003; Kerlinger, 1979). The term may be used to refer to models formed after a conceptualization process in the mind, representing human intentions. Conceptualization from observation of physical existence and conceptual modeling are the necessary means humans employ to think and solve problems (Hild, 2010). Concepts are used to convey semantics during various natural language-based communications (Keast & Towler, 2009). Hence, a conceptual framework can guide research by providing a visual representation of theoretical constructs of interest (Schroeder et al., 2011).

The Issues of Bias in Conceptual Modeling

Conceptual models are not perfect, and involve data being collected from several sources, which will include biases (Creswell, 2007). It is important for policymakers to ask several questions relating to model use to help guarantee proper use of models in policy analysis. This can include inquiries concerning the model's performance record; results of model assessment; the purpose of the model; its appropriateness in specified applications; assumptions contained in the model; and availability of model documentation (Leonard & McAdam, 2002).

Additionally, analysts using models to formulate or analyze policies have a responsibility to answer such questions. These answers should be public so that peers can review reasonableness to reduce bias (Kerlinger, 1979). Therefore, the appropriate use of models can add understanding to the policymaking process, and model output should be considered as estimates. The awareness by policymakers of limitations intrinsic in models will enable use for improvement in the policymaking procedure (Keast & Towler, 2009).

Significance of Models

Today, numerous models and concepts exist, so it is important to identify the best fit when conducting scholarly research from the start of the planning stage before data collection and analysis (Alreck & Settle, 2004; Creswell, 2009). Models can be in the form of visual exemplification such as maps of concepts, or ideas, and the correlation of abstract ideas (Choi & Kim, 1999). Developing models involves ingenuity, and the initial strategy from the beginning is in identifying the topic (Higson, 2003). Modeling is one of the most effective tools available for understanding, documenting, and managing the complexity of set-ups crucial to the operation of a future system (Keast & Towler, 2009). A written plan in place while collecting data showed the objective of what, why, and how current the current research will be done, and the expected outcome. Transparency from the beginning of this current research enabled the completion in a timely manner. Hence, a clear, well thought-out research proposal was submitted as a guide for the successful completion of this research project. It is important to have a good idea of the topic and develop familiarity with it. This is depicted as shown in Figure 2.

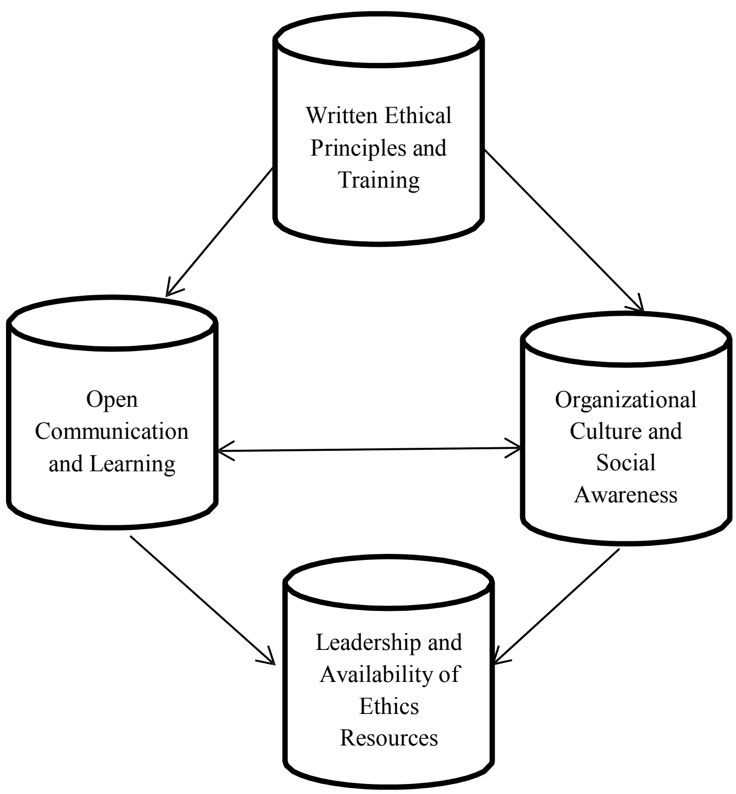

Figure 2. A multidimensional interactive four best ethical practices model for accounting and business practices.

Representation/Modeling

The depiction as shown above is one of the most dominant tools existing for understanding, supporting, and managing the intricacy of substructures crucial to the operation of a prospective system (Keast & Towler, 2009; Parker, Wall, & Cordery, 2001). It is more economical to build a model for challenging theories than to postulate a real one and realize that one fundamental system is incorrect resulting in the need to construct an entirely different one (Trevino, Weaver, & Reynolds, 2006). Therefore, models have been extensively utilized by numerous businesses as a technique for the evaluation and design of multifaceted systems. For example, technology businesses have made broad use of modeling in the development of varied technological structures used universally today (Kerlinger, 1979). Hence, there are several models in the solutions-oriented decision making (SODM) process.

Theories/Concepts/Models

Models can be built or hypothesized for testing theories since models have been extensively used by many businesses as a basis for questioning and designing complex systems (Schroeder et al., 2011). Also, a conceptual model can be an exemplification of people's thought processes, and can be used in different academic fields of study. Ethical practices form the foundation of an organization's new process with human dignity that takes account of all employees in the decision-making process (Archie, 1991). Today, if businesses want to succeed with long-term profits, developing business relationships with good ethical standards involving employee training is imperative (Whetstone, 2001). In addition, the SOX Act authorized the SEC to examine the feasibility of ethics-based accounting systems (Mitra & Mahmud, 2011). The results revealed that ethics-based accounting and business programs provide a conceptual basis for accountants and businesses to successfully imitate (Dooley & O'Sullivan, 2001; Michael, 2011).

There is necessity for transparency in communication that is resilient enough to be adopted in accounting and business practices (Dooley & O'Sullivan, 2001; Marshall et al., 2007). Also, an accounting firm's assertion to the awareness and strategy for executing modification needs to be reinforced by governance with the commitment of capital, incentives, and an approving system that is integrated with guidelines (Archie, 1991; Maguad & Krone, 2009). Schwepker and Good (2010) emphasized the importance of ethical learning that consists of the modification of employees' perception through all departments in accounting and business companies, which would result in a change of others for a cohesive approach to ethical awareness (Armstrong, Ketz, & Owsen, 2003; Quinn, 2004). This will develop into a learning process where business and accounting practices generate a resilient, principled atmosphere that takes account of the employees' perspective with ease of access to ethical training entrenched as part of the business culture (Luthar et al., 1997; Newton et al., 2010; Stansbury & Barry, 2007).

Moreover, leadership can be characterized as the practice of social influence where individuals can petition the support of others in completing a collective project. Governance is about building opportunities for people to enable a rare occurrence to materialize (Geva, 2006; Quinn, 2004; Schwepker & Good, 2010). Businesses have problems because of employees' knowledge deficiency of the difficulties at the workplace (Di Lorenzo, 2007; Kaptein, Huberts, Avelino, & Lasthuizen, 2005; Stiglitz, 2003). However, cross-functional work teams are advantageous in businesses to help workers develop awareness expectations of ethical standard execution (Hesselbein et al., 2002).

Vogl (2004) noted that Tyco's new management assigned top priority to practicing good corporate governance with high ethical standards. The argument here is that since Tyco's issue was based on leadership failure, then changes must begin with the Board (Bernardi & LaCross, 2005; Lopez, Rechner, & Olson-Buchanan, 2005). Tyco has been able to successfully create a business culture that implements good corporate governance best practices involving transparency in leadership style, board structure reorganization, and disclosure in business practice with the use of business consultants and advisors on a regular basis (Chiang, 2005; Lipman & Lipman, 2006; Trevino, Weaver, & Reynolds, 2006).

In summary, several years have been spent in the development of models for decision-making; however, there is also a need for some specific models of corporate governance change in employee awareness of ethical learning which impacts employee behavior (Higson, 2003; Jones, 1991; Keast & Towler, 2009). As indicated by Trevino (1986), there are three models of governance that are central to reducing human changeability and creating a level of regulation: (a) Conservative pressures by establishment of group and collective goals for a certain level of coordinated effort between group members; this means individual sacrifice of short-term desires to accomplish long-term goals; (b) shared values and expectations so that group members develop common goals and shared expectations which become the foundation of the group members' behavior by adopting established behavioral standards; (c) the concept that changeability is abridged by implementing rules, principles, or codes mandated by external regulations. This external regulatory system entails some level of behavioral monitoring for compliance (Handelsman, Knapp, & Gottlieb, 2002; Shipton, West, Parkes, Dawson, & Paterson, 2006).

Unethical Risks

Risks specify the extent of uncertainty and ineffectiveness to freely regulate the effects of such an action (Hammond, Keeney, & Raiffa, 2006). Obliteration of risk is an exertion that is used by leadership (Slovic, Fischhoff, & Lichtenstein, 1984). Yet, in certain cases the exclusion of one risk can accelerate some other risks. Unethical risk can occur in terms of employee negative behavior to ethics learning. To efficiently handle risk, analysis must be made, and the consequential impact on the decision method (Keast & Towler, 2009). This involves (a) defining the problem so that all feasible alternatives are reflected, and likely outcomes for each alternative are evaluated; (b) results are weighed with focus on cost-effective payments or net gain in reference to assets or time; (c) various indecisions are evaluated in terms of probabilities recognized on the occurrence. In this current study on corporate governance modification of employee awareness of ethics learning, the probability of unethical risk occurring can emerge with a negative impact based on unethical employee behavior. Therefore, the assessment of the best ethical strategy to be utilized is dependent on the quality of corporate governance modifications (Ariely, 2008).

Hypothesis

The hypothesis investigated in the current study was the relationship between the quality and effectiveness of the awareness of ethics programs by accounting and business practices before SOX from 2000 to 2002, and the quality of accounting and business practices ethics program between 2009 and 2011 after implementing SOX (Alreck & Settle, 2004; Higson, 2003; Webley & Werner, 2008). A positive association between the quality and effectiveness of the awareness of ethics programs by accounting and business practices before SOX from 2000 to 2002, and the quality of accounting and business practices ethics programs between 2009 and 2011 after implementing SOX, resulted in the development of a strategic model for implementation of ethical change in accounting and business practices that can be utilized by organizations. If there was a negative association, or no association, between both relationships, then the outcome would have been to continue further research into alternative strategic changes. The association or lack of association determined which model to use (Hild, 2010; Keast & Towler, 2009). The null hypothesis was Ho, and an alternate one was Ha as shown in the following section.

Hypothesis/Research Questions (RQ)

(RQ1): What strategies have been most successfully executed in accounting and business practices after the execution of SOX?

H1o: There is no difference in the strategies successfully executed in accounting and business practices after the implementation of SOX.

H1a: There is a difference in the strategies successfully executed in accounting and business practices after the implementation of SOX.

(RQ2): What is the modification in employee awareness of the existence of ethical training after the execution of SOX?

H2o: There is no difference in employee awareness of the existence of ethical training after the execution of SOX.

H2a: There is a difference in employee awareness of the existence of ethical training after the execution of SOX

(RQ3): What is the modification in the awareness of the existence of the availability of ethics resources, such as ethics committee, or support services, after the execution of SOX?

H3o: There is no difference in the awareness of the existence of availability of ethics resources, such as ethics committee, or support services, after the execution of SOX.

H3a: There is a difference in the awareness of the existence of availability of ethics resources, such as ethics committee, or support services, after the execution of SOX.

Additionally, two research questions that measured the awareness of differences in the effectiveness of ethical training based on the observation of negative ethical behavior and the occurrence of misconduct were as follows:

(RQ4): What was the change in employee perception of the effectiveness of training after the implementation of SOX?

H4o: There is no difference in employee perception of observed unethical behavior after the implementation of SOX.

H4a: There is a difference in employee perception of observed unethical behavior after the implementation of SOX.

(RQ5): What was the change in employee perception of the occurrence of unethical behavior before and after the implementation of SOX?

H5o: There is no difference in employee perception of occurrence of unethical behavior before and after the implementation of SOX.

H5a: There is a difference in employee perception of occurrence of unethical behavior before and after the implementation of SOX.

Operational Manner of Variables/Concepts

The independent variable for this research study was the SOX regulation. The dependent variables in this research study were the existence of written ethical standards, existence of ethics training programs, accessibility of ethical resources, observation of unethical behavior, and occurrence of perceived unethical behavior. For relationship analysis the dependent variables in this study were the existence of written ethical principles, existence of ethical training programs, and accessibility of ethical resources. The dependent variables for this study were perceived unethical behavior, and occurrence of perceived unethical conduct (Creswell, 2009). The qualitative variable concept involved the use of open communication, ethical training, social awareness, and written ethical standards as a way for implementing change in accounting and business practice, and comparing variances with studies (Alreck & Settle, 2004).

Definitions of Operational Variables

Existence of written ethical standards: This variable, as surveyed by the ERC (2011b), was analyzed in an operational manner in answer to the assessment enquiry: Does your business have any written principles of ethical business behavior such as an ethical code of conduct, policy report on principles, or strategies for good business behavior at your job? This was a dichotomous dependent variable since the response to the assessment question could be yes or no.

Accessibility of ethical resources: This variable as studied by the ERC (2011b) was analyzed in an operational manner in answer to the study inquiry: Does your business have a particular workplace telephone line assigned for help on business ethics issues? This was a dichotomous dependent variable since the response to the assessment question could be either yes or no.

Unethical behavior observed: This variable as examined by the ERC (2011b) was analyzed in an operational manner in response to the survey question: All through the previous year, have you generally perceived behavior that disrupted the regulation or ethics of behavior at your workplace? This was a dichotomous dependent variable since the response to the assessment question could be either yes or no.

Occurrence of unethical behavior observed: This variable as observed by the ERC (2011b) was analyzed in an operational manner in answer to the study inquiry: Exactly how frequently have you perceived unethical conduct? Is it repeatedly, seldom, or not at all? This was a trichotomous dependent variable since the responses to the assessment question could be repeatedly, seldom, or not at all.

Independent variables: These variables as tested by the ERC (2011b) were analyzed in an operational manner in reply to the study inquiry: What is your occupational position? The independent variable of management was operative as the answer to the study inquiry: Are you a top executive, mid-management, or a first-line manager? The independent variable for gender was operational in answer to the examination inquiry: Male or Female?

The Audience

The audience for this project is accounting and business professionals, including practitioners, professors, students at colleges and universities, and accounting firms (Armstrong et al., 2003; Smith, 2009). This research study is presented to this audience in a simplified way, taking into consideration the diversity of the audience. The specific role of the audience is to expand their knowledge on the information provided by this study and the contribution to professional academic work. In effect, the study may inspire the interest of the audience (Creswell, 2009). The background information and clarification of terms will help the audience to better understand the research study (Alreck & Settle, 2004). Also, this study may provide a greater understanding for the audience on corporate governance modification of employee ethics learning, and the effectiveness of implementing some best practices.

Scope

The scope of this study covers ERC data that was analyzed using NBES research from 2000 to 2002 and 2009 to 2011, based on random household telephone surveys of adults employed at least 20 hours a week in organizations that employ two or more people in 48 states (Hacking, 2006). This allowed for the comparison of years 2000 and 2011 in order to validate modifications from pre-SOX execution (2000) to post-SOX execution (2011). The distribution of data that gives an initial indication of the perceptions of organizational ethical programs was examined (Goeritz, 2009). The regularity was categorized by year (2000 and 2011) to substantiate variations from before SOX application (2000) to after SOX application (2011) (Creswell, 2009; ERC, 2011b).

Limitations of the Study

The researcher utilized data from the ERC from 2000 and 2011 to evaluate the acuity of modifications of the cognizance of ethical training and efficiency among various business groups. The assumption for this study was that study data was correctly gathered, documented, coded, classified, and presented, and that the responses precisely replicated the participants' views and perceptions based on the questions asked. The researcher did not measure the existence or nonexistence of ethics training and resources within the separate businesses, but only the respondents' perceptions of the existence of the resources. The study served to measure differences as groups and subgroups; individual participant's variations in acuities were not tracked. Hence, like any other survey, the ERC study is open to deliberate deception, or participants may have misinterpreted an inquiry which could have resulted in erroneous responses. Again, non-responses to queries or failure to respond to an enquiry on the survey can result in errors occurring. The limitation here is that authenticity may not be completely attainable in the process of collecting data. However, integrity can be complex, conceded, and involve bias as well (Bengtson, 2007).

Delimitations of the Study

In general, model difficulty includes a trade-off between simplicity and exactness of the model. While further complexity usually develops the realism of a model, there exists a gap that can make the archetype challenging to comprehend and analyze, and can also cause computational problems (Michael, 2011). As science advances, clarifications tend to become more intricate before a paradigm shift offers radical simplification; for instance, when modeling the flight of an aircraft, each mechanical part of the aircraft can be delimited into a model (Schroeder et al., 2011). However, the computational cost of the addition of a vast quantity of detail would successfully hinder the usage of such a model. Moreover, ambiguity would increase because of an excessively multifarious system with variances in the model. It is therefore usually appropriate to make some approximations to reduce the model to a sensible size (Hild, 2003).

Models are concepts of reality; practical systems are multifaceted with numerous correlated constituents (Keast & Towler, 2009). A good representation must try to incorporate all the crucial components of the actual system, which may be almost impossible to do in modeling social systems. So, there is model gap created by what is left out. Also, there is a gap formed because of so many unpredictable changes arising from the real world with the likelihood of wrong information in the forecast (Schroeder et al., 2011).

Definition of Terms

Accounting: A measurement and communication discipline. This current research paper served to evaluate the statement with reference to assets valuation and presentation on financial statements. As indicated by Riahi-Belkaou (1998), accounting is the skill of keeping records, organizing, summarizing in an important manner, and in terms of money, transactions and measures of financial character and interpreting the results. Accounting is a language that is used to communicate information to people, an intellectual discipline (correction), and a profession (Higson, 2003). It is also socially created and practiced by people for people, thereby influencing mechanisms and relationships in the society (Schroeder et al., 2011; Wahlen, Baginski, & Bradshaw, 2008).

Ethics: The identification of actions that seem acceptable according to organizational standards and codes of conduct, but are unacceptable according to personal standards and personal codes of conduct (Dooley & O'Sullivan, 2001; House, Hanges, & Javidan, Dorfman, & Gupta, 2004). It is closely related to one's moral values, culture, doing what is right, and high ethical standards (House et al., 2004; Schroeder et al., 2011). Ethics and morality are terms that are often used interchangeably, with ethics usually being applied to persons, and morality referring to acts and behavior. All accounting and business practices should have a code of ethics and standard of practice guidelines that must be adhered to, so that potential problems can be efficiently determined (Riahi-Belkaoui, 2000; Webley & Werner, 2008).

Ethical theory: Refers to the policies, procedures, and practices of an organization based on fairness (Higson, 2003). This involves the entire accounting and business company's culture such as a written ethics statement, ethics training, and ethics resource availability (Riahi-Belkaoui, 2000; Webley & Werner, 2008).

Ethical responsibilities: Involve the expectations of society that go beyond the law, like the expectation that organizations will conduct their affairs in a fair and unbiased way (John & Sullivan, 2012; Webley & Werner, 2008).

Ethical issues: Can emerge in any organization (Maguad & Krone, 2009), and should be part of the implementation plan for change in accounting and business practices (Hesselbein et al., 2002). The involvement of leaders in this process shows the commitment of companies to ethical modifications.

Sarbanes-Oxley Act of 2002 (SOX): Refers to the legislation that was passed to hold senior executives accountable for the ethical and unethical statements made, and the accuracy of financial reporting in accounting (Mitra & Mahmud, 2011). SOX provides guidelines for corporations to follow, as well as consequences for non-compliance and ethical violations (Higson, 2003; Lipman & Lipman, 2006). The main goal of SOX is to restore confidence in society's perceptions of corporate ethics with more transparency (Schroeder et al., 2011; Thibodeau & Freier, 2011).

Corporate Social Responsibility (CSR): Related to business ethics, and can be used to refer to businesses' integration of social and environmental issues in decisions, goals, and operations (Davila & Shelton, 2006; Lipman & Lipman, 2006). Corporate responsibility involves the ethics of a business in which every organization has core values that affect all business relationships globally (Archie, 1991; Higson, 2003). This means that accounting and business practices must comply with the law (Carroll & Buchholtz, 2003; Schroeder et al., 2011).

Business ethics: Concentrates on the moral judgments and behavior of individuals and groups within organizations, but corporate social responsibility incorporates the economic, legal, ethical, and discretionary responsibilities of organizations (Maguad & Krone, 2009; Newton et al., 2010). Di Lorenzo (2007) indicated that ethics is important in defining the success or failure of businesses, and in the creation of a business model that will succeed even in difficult times. Incorporating ethics into the strategic business report helps in developing resilient ethical standards and integrating ethics into strategy for continuous sustainability (Christian, 2002).

Corporate governance: This encompasses regulations, market instruments, the correlation between leadership, shareholders, and all stakeholders as well as the goals by which business is governed in contemporary accounting and business practices (Bitler, Moskowitz, & Jorgensen, 2005; Chou, 2011; Davis & Thompson, 1994; Lipman & Lipman, 2006). It is a system where corporations are directed and controlled in terms of responsibility of people in the organization (Higson, 2003; Maguad & Krone, 2009; Ragothaman & Gollakota, 2009; Stanwick & Stanwick, 2010).

In summary, research on execution of ethical change so far is still ongoing with many important questions unreciprocated. This research study primarily entailed use of secondary database research with some portions of the research being peer-reviewed (Alreck & Settle, 2004; Creswell, 2009). The researcher documented the data in a way that should afford beneficial awareness for future leaders choosing to emphasize executing positive ethical changes in accounting and business practices (Davila & Shelton, 2006; Frigo & Anderson, 2009). Overall, this topic may have a constructive influence within accounting and business practices, producing a different concept which, if executed, can build affirmative business relationships in the global market (Ariely, 2008; Barnett & Storey, 2001; Brown, 2009; Schroeder et al., 2011).

CHAPTER TWO: REVIEW OF THE LITERATURE

In today's global economy, positive modification, as reported by Krishnan (2005) is needed by accounting and business companies to remain competitive (Davila et al., 2006; Higson, 2003). As noted by Marshall et al. (2007), good ethical standards with improved skill sets using best practices can be applied in four proficiency areas of (a) written ethical standards and training, (b) open communication and learning, (c) leadership and social awareness, and (d) organizational culture and accessibility of ethical resources within accounting and business practices as a way of implementing positive modifications in accounting and business practices (Carter et al., 2005; Long, Kovach, & Ding, 2010). Business ethics literature shows various approaches to the learning of ethics including emphasis on reliability (French, 1996; Reiche et al. 2010), cultural perspective (House et al., 2004; Tsai & Shih, 2005), virtue ethics (Whetstone, 2001), utilitarian ethics (Keast & Towler, 2009; Payne, 1982), and stakeholder theory (Freeman, 1994; Lipman & Lipman, 2006; Phillips, 2004). However, this current research is based on evaluating the effectiveness of ethics training programs after SOX, employee perception of ethical learning awareness, and suggestions on the impact of four best practices (Carter et al., 2005; Hesselbein et al., 2002; Higson, 2003; Webley & Werner, 2008). Overall, this topic may have a positive impact within accounting and business practices by evaluating four best practices, which if implemented, can build business relationships in the global market (Cullinan & Du, 2010; Dooley &O'Sullivan, 2001; Hild, 2010; Krishnan, 2005; Schroeder et al., 2012).

Evaluating Theories

Theory denotes observation or assumptions that are divergent to action

(Creswell, 2009; Smith & Von Winterfeldt, 2004). The theory of Malmquist Indexes, as demonstrated by Chang et al. (2009), measures variations in the productivity and efficiency of United States accounting firms before and after the Sarbanes-Oxley Act and shows that additional modifications for improvement can still be made today in the ethical standards of accounting and business practices. Lilien et al. (1988) noted that successful firms are more likely to make business ethical modifications for company growth than are unsuccessful firms. Hence effective implementation of modification in employee acuity of ethics learning in accounting and business practices will lead to positive results (Choi & Meek, 2008; Schwepker & Good, 2010).

General system theory is the trans-disciplinary learning of organizations in general with the objective of describing values that can be applied to all types of firms in all areas of research specialization (Bertalanffy, 1974). This theory focuses on the arrangement of, and relations between the various departments of any organization as a holistic system (Archie, 1991; Kauffman, 1980). It is a qualitative systems theory that can be referred to as the trans-disciplinary study of systems in general, with the goal of clarifying principles that can be applied to all types of systems in all fields of research which involve the knowledge of systems rationale (Higson, 2003; Hutchens, 1996). In effect, this is a self-modification system with open response that relates with the environment, and acquires different qualitative elements by improvement resulting in continuous progress (Hild, 2010; Newton, 2010).

Kohlberg's intellectual theory of ethical development indicated that learning is important in modifying the fundamental risk on consistency (Kohlberg, 1973). Kohlberg's (1981) final level of moral reasoning is founded on general ethical principles and theoretical perspective in which emphasis is placed on the need for all individuals to follow internalized principles of integrity even if it conflicts with regulations and guidelines. This means that cognizance must be given to assertions impartially with equal respect for everyone (Weiss, 2010). For example, ethical decision making can be reached by observing a situation, and finding solutions by involving everyone, and taking into consideration the perspective of others, which enables modifications to be made (Neal, 2010). Hence, Kohlberg hypothesized that moral reasoning progresses from judgments centered only on self-interest in order to avoid punishment, through decisions of wanting to observe rules and compliance with collective standards, to results centered on ethical principles and standards (Kohlberg, 1973, 1981).

Virtue Ethical Theory

Virtue ethical theory refers to the personality of a moral representative as a motivating force for ethical behavior (Kramer & Enomoto, 2007). Here, knowledge with the effect on human life is the utmost, and self-learning is considered as being needed for success and inherently an indispensable ethic (Lopez et al., 2005). This means that a self-aware individual will act completely as best as possible, while an unaware individual will have difficulty with more problems (Luthar et al., 1997). Hence, an awareness of all facts and perspective relevant to existence is imperative for achieving self-knowledge. The belief is that individuals will logically do what is good, if what is right is known, and bad behavior usually results from inadequate knowledge (Malerba & Montobbio, 2003). Also, virtue ethical theory adjudicates by character rather than by an action that may deviate from an individual's normal behavior (McDonald & Nijhof, 1999). The theory takes ethical repute and motivation into consideration when assessing an unusual and irregular behavior that is considered unethical (Maguad & Krone, 2009). Hence, a weakness of this theory is not taking into account modification in individual moral conduct (Whetstone, 2001).

Utilitarianism Ethical Theory

In utilitarianism ethical theory, the implication of an action makes the action moral or immoral; an action that leads to constructive consequences is right or moral; and one that leads to detrimental consequences is wrong or immoral (Quiggin, 1982; Salbu, 2001). Utilitarianism is also known as a consequentialist ethical theory because an action is ethically reasonable as long as results are maximized with minimal costs (Farrell & Farrell, 1998). In effect, one ethical thing that should be done in any given situation is the action that apparently provides the maximum net benefit after anticipated costs have been deducted from the probable benefits (Clark & Oswald, 1996). This is because doing otherwise will be unethical since utilitarianism emphasizes the utmost good for everyone. Here, the good that is being maximized is the utmost contentment of human benefits, and minimizing human harm (Di Lorenzo, 2007).

Modern Normative Ethical Theory

The modern normative theory is also known as moral theory. It is all encompassing and used for resolving challenging moral decisions based on right and wrong actions (McDonald & Nijhof, 1999). Today, ethical theories have become more complex and no longer concerned exclusively with just right and wrong, but with other types of ethical positions. Again, normative ethics is the study of ethical action that explores the set of questions that arise when considering how one should act in any given situation (Malerba & Montobbio, 2003). It is used to examine standards of right and wrong actions; for example, the reasoning on whether it is correct to have organizational codes of conduct in place or not (Geva, 2006). In effect, normative ethics is sometimes referred to as being inflexible, rather than communicative.

Rights Ethical Theory

In this situation**,** the rights set forth by a society are protected and given the highest priority (Kamm, 2007). Rights are considered to be ethically precise and legal, based on the approval of a large, dominant population (Kubal, Baker, & Coleman, 2006). Individuals can also grant rights to others if the capability and resources to do so are available. However, the main problem of this theory is interpreting the features of a right in any given society. This means that the society must determine the right to support and give to the populace (Di Lorenzo, 2007). For a society to determine what right to ratify, the society's goals and ethical priorities must be unambiguous. So, for the rights theory to be useful, it must be utilized concurrently with another ethical theory to explain the goals of the society on a consistent basis (Clark & Oswald, 1996). For example, in some countries, people have the right to choose a religion since this right is a freedom that is endorsed in the constitution, but in other countries freedom of religion is an issue (Geva, 2006).

Kantian Ethical Theory

The argument here, based on duties and rights as noted by Kant (2002), is that the consequences of an action are irrelevant to an ethical evaluation of that action; rather, it is the motivation behind an action that matters. Actions that are moral are those that are undertaken out of a sense of duty, which means one does it because one knows that it is the right thing to do. The thinking is that knowing one's duty can be as a result of the unique nature of individuals. Usually, human beings are distinctively rational with the ability to reason logically in a consistent manner, which becomes operative as universal rules for everyone (Guyer, 2010). Hence, Kant derived a basic rule of ethics called the categorical imperative that must be followed no matter what, as the rule that everyone must follow at all times, in all places, under any circumstance. Kant's (2002) first formulation of the categorical imperative suggests that acting ethically involves wanting established rules that are being followed to be universal for everyone.

Stakeholder Ethical Theory

Stakeholder theory is an extremely social tradition that is meant to serve more than its shareholders, but a communal society that benefits large segments of the local population (Attas, 2004). This theory is a highly participatory concept of corporate governance, in which the corporation is not just generating profit for select investors and major executives, but for the benefit of large segments of the local population (Archie, 1991; Chou, 2008). Issues on stakeholder theory are becoming important corporate value drivers, showing a strong relationship between the stakeholder viewpoint, and a number of concepts and practices that emphasize non-financial aspects of company behavior, like corporate social responsibility and corporate governance (Carroll & Buchholtz, 2008; Hart, 1995). Again, the stakeholder theory includes the argument that the purpose of a business is creating value for stakeholders (Bitler et al., 2005). The goal for success involves corporate leaders uniting the interest of all stakeholders such as shareholders, suppliers, employees, customers, government, and community at large (Lipman & Lipman, 2006). It is more important to focus on modifications to accomplish this goal by managing for all stakeholders who, in turn, create more value for shareholders and investors (Zambon & Del Bello, 2005). Therefore, corporate governance transparency, and useful disclosure norms are key areas for further research (Proswe, 1996).

Agency Theory

In relation to corporate governance, agency theory is between business managers and owners. This means there would be in existence some resistance and uncertainty between the two groups (Jensen & Meckling, 1976). In effect, the theory includes recognition of the various conflicts of opinions between corporate interest groups (Davis, 1994; Eisenhardt, 1989). Also, it is a functionalist theory that serves to explain the most aspects of corporate structure based on recognized effectiveness ethical value (Fama & Jensen, 1983). Again, Nielson and Tierney (2003) showed that the structure of agency theory is reliant on an unhindered takeover market that thrived around the year 1980, but ceased at the beginning of the year 1990 because of the self-protective actions of corporate boards and political manipulations by corporate managers. Agency theorists believe that shareholders have traditionally been dormant because of lack of knowledge, and lack of expertise in corporate governance (Bergh, 2007; Davis & Thompson, 1994; Lipman & Lipman, 2006). Furthermore, Bergh (2007) contended that shareholders can remain passive in corporate governance because of the existence of efficient contrivances protecting personal interests. This shows that managerial politics can halt an effective market for corporate control (Fama & Jensen, 1983; Nielson & Tierney, 2003). Hence there is a need for corporations to have an ethical corporate code of governance, and standard of practice guidelines in place that employees must adhere to so that potential issues can be efficiently resolved (Bergh, 2007). Economic analysis of the validity of the concept of agency theory is not available; further research is needed in this area (Bitler et al., 2005; Higson, 2003).

Stewardship Theory

This theoretical deliberation argues a view of managerial motivation alternative to agency theory (Bergh, 2007). Leadership is more focused on doing a good job, and being a good steward of the corporate assets. This means that there is no inherent general problem of executive motivation (Armstrong et al., 2003). The view is that performance variations arise from the structural situation and effective action by leaders (Archie, 1991). Bergh, 2007 identified the issue to be whether or not the organizational structure helps leaders in formulating and implementing plans for high corporate performance. Yet, the focus of stewardship theory is on facilitating and empowering structures that embrace the concept of a combination of the position of roles of company leaders for efficiency and production of higher returns to shareholders (Lipman & Lipman, 2006).

Casuistic Ethical Theory

The casuistic theory is a comparison of a current ethical dilemma with models of similar ethical dilemmas and the outcomes (Armstrong et al., 2003). It allows for the evaluation of how severe a situation is, so that the best possible solution based on other experiences can be developed. Usually, models that represent the extremes of the situation will be found so that a compromise can be reached that will positively include the knowledge gained from prior models (Anderson & Johnson, 1997). However, a drawback to this ethical theory is that there can be a set of comparable examples for a given ethical dilemma (Davis & Thompson, 1994). Also, casuistic theory includes the assumption that the results of the current ethical dilemma will be like the results in the examples, which may not be true and can greatly hinder the effectiveness of applying the theory (Geva, 2006).

In summary, ethical theories and principles bring characteristics to the decision-making process with advantages and disadvantages (Bitler et al., 2005). However, a combination of all these ethical theories can be used to obtain the most ethically correct answer possible for any given scenario (Davis & Thompson, 1994). For example, a rights theory may use the casuistic theory and compare similar situations to a real-life situation in order to determine the choice that will benefit the most people (Lipman & Lipman, 2006; Rechner & Dalton, 1991). Systems theory is the interdisciplinary study of the whole system (Beer, 1995; Bowler, 1981). Since theories are interdependent on each other, there must be a balance in the implementation of theories (Archie, 1991). A variety of ethical theories provide a substantial framework when trying to make ethically correct answers (Bergh, 2007; Geva, 2006). Each ethical theory is an attempt to adhere to ethical principles that lead to success when trying to reach the best decision (Anderson & Johnson, 1997). An understanding of each individual theory, including its strengths and weaknesses, can help in making informed decisions when trying to achieve an ethically correct answer to an issue (Brown, 2009; Carroll & Buchholtz, 2008).

Corporate Governance

Chandler (1977) showed the evolution of corporate governance preparations as part of a larger advisory project about the development of the modern corporate business in the United States. In effect, governance practices change with the development of the corporation as organizations respond to the expansion of markets (Davis & Thompson, 1994). Again, Lipman and Lipman (2006) indicated that in current business organizations, the main external stakeholder groups are shareholders, debt holders, trade creditor, suppliers, customers, and the society affected by the corporation's activities; but internal stakeholders are the board of directors, managers, and other employees (Fields, 2011). Hence the current concern in corporate governance is focused on modification of the conflicts of interests between all stakeholders (Newton et al., 2010).

However, a corporate governance system based on doing what is right can balance ethical risks (Bernardi & LaCross, 2005). The Sarbanes-Oxley Act of 2002 accounting reform is an example of a governmental regulation that was ratified in response to corporate accounting scandals (Larcker, Richardson, & Tuna, 2007; Wang, 2010). To avoid the intervention of government due to non-compliance of governmental regulations, corporations must adhere to high business ethical standards in accounting as good corporate citizens (Archie, 1991). An organization has legal and moral obligations to its owners. All organizations should follow the current best practices as shown by Lipman and Lipman (2006), based on the organization of the board of directors and the action of the board of directors, as well as other corporate governance practices. The key is practical corporate governance that develops cost-efficient corporate governance structures for a business using ethical best practices (Bernardi & LaCross, 2005; Tysiac & Pastor, 2012).

Leadership commitment to corporate ethics educational programs is mandatory for the whole organizational integration of ethical practices (Carter et al., 2006; Stansbury & Barry, 2007). Corporations have all-encompassing accountability to all stakeholders, and shareholders, hence the need for a corporate structure that supports everyone. Effective ethics educational programs such as (a) a code of ethics, (b) an ethics communication system, and (c) ethics training will allow for good ethical behavior (Anders, 2009; Bates & Khasawneha, 2005; ERC, 2011b; Fields, 2011; Larcker et al., 2007).

Corporate Social Responsibility

Social responsibility is an ethical theory that an organization or individual is committed to act in such a way that benefits people at large; this can be passive in the evasion of participating in socially harmful acts, or active in the performance of activities that directly improves social goals (Bowen, 1953). Corporate responsibility involves the ethics of a business where every organization has core values that affect all business relationships globally (Archie, 1991). Bowen (1953) used corporate social responsibility to describe businesses' integration of social and environmental issues into decisions, goals, and operations. For example, in the Sarbanes Oxley Act of 2002, a company must provide a code of ethics for executives, and make it available to investors (Baker & Hayes, 2005; Mitra & Mahmud, 2011). This can be done by including the code of ethics in the annual financial report, on the Internet website, or by offering to provide the code of ethics upon request in the annual report (Newton et al., 2010).

Corporate social responsibility, as reported by Carroll and Buchholtz (2003), means that an organization has moral, ethical, and humanitarian responsibilities to all stakeholders. This concept is related to business ethics, in which the concentration is on the moral judgments and behavior of individuals and groups within organizations, but corporate social responsibility incorporates the economic, legal, ethical, and discretionary responsibilities of organizations (Newton et al., 2010). Again, Carroll and Buchholtz (2003) indicated that corporate social responsibility issues that arise can be at the workplace, environment, or community. Leadership behavior must show high responsibility when it comes to issues involving ethics (Geva, 2008; Higson, 2003).

Social Responsibility and Rights

The ethical concept that an individual is committed to act in such a way that benefits people at large is social responsibility; this can be inert in the evasion of participating in socially harmful acts, or active in the performance of activities that directly improve social goals (Archie, 1991). On the other hand, individual rights are lawful social or ethical principles of freedom (Newton et al., 2010). This involves the essential rules on what is permissible for people in agreeing to some legal system. Negative and positive conflicts will arise due to disagreements between individual rights and social responsibility. Rights are often considered important to civilization for the support of people and culture (Kamm, 2007). This is fundamental to a due process system of unlawful justice; usually presumed to be inversely connected to social control. For example, there has been contention that people will be less likely violate the law if there is a consequence imposed by the legal system for punishment of the violation (Kubal et al., 2006). In contrast, assuming the legal system is illogical, individuals will have no incentive for truly following the law. Some people who contend individual rights are more important than social control are called individual rights advocates (Huggett & Kaplan, 2011).

Usually, rights are important only with the existence of consistent duties and responsibilities for enforcement, imposed by a government that collects taxes (Looker & Hallett, 2006). The United States Constitution outlines individual rights through the Bill of Rights. The establishment of individual rights in principle as the basis of international legal norms was made by the Universal Declaration of Human Rights in 1948 (Kerlinger, 1979). An example for comparison, as shown by Looker and Hallett (2006), is when individuals with free rights may want to amass the supply of a vaccine for personal use just in case an epidemic breaks out; this is not beneficial for everyone in the society since the result involves deprivation of a needed vaccine. On the other hand, social responsibility occurs when the conflict involves actions that an individual cannot personally choose so that the whole population can benefit and infection is prevented; this would be at the cost of inconveniencing each individual for the public good (Miller, 2003).

The challenge for lawmakers is in using a balanced approach that takes into consideration the population, the overall benefit for everyone, and the preservation of individual rights (Newton et al., 2010). Again, explaining social conflict should be with the ethical awareness that all participants in a society endeavor to maximize individual personal benefits against the needs of all members of the society, which can result in a failure of pleasant interactions or the introduction of destructive behaviors (Looker & Hallett, 2006). The collapse of Enron shows such failure, when the company expended so much money on contributions to political campaigns for personal gains (Baker & Hayes, 2005). Enron, according to Newton et al. (2010), was the most insistent and loudest voice for deregulation. Workplace differences are normal, and resolution can be negative or positive; however, it is of utmost importance to consider diversity of opinion, capability, and build awareness while allowing the growth of new ideas where everyone contributes with different information to overcome barriers for successful interactions (Huggett & Kaplan, 2011). Hence, social responsibility strategy involves high ethical standards with fundamental values that are clearly beneficial (Malerba & Montobbio, 2003). There is a need to embed social responsibility in accounting and business practices that involve employee awareness of ethics learning using a well-monitored communication system that is reliable (Armstrong et al., 2003; Bates & Khasawneha, 2005; Pieter, 2003).

In summary, Geva (2008) indicated that social responsibility as part of a corporation's role to society is an ethical theory that an organization or individual is committed to act in such a way that benefits people at large. Corporate responsibility, as noted by Archie (1991), involves the ethics of a business such that every organization has core values that affect all business relationships globally. Bowen (1953) used corporate social responsibility to refer to businesses' incorporation of social and environmental issues into resolutions, objectives, and procedures. Geva (2006) depicted the order of the domains as economic, legal, ethical, and philanthropic responsibilities. An opinion in favor of corporate social responsibility, as demonstrated by Carroll and Buchholtz (2003), is a long-term view that accounting and business practices should conduct business at all times in a way that assures a favorable ethical functioning system for all employees in the future.

Corporate Shared Accountability

Corporate shared accountability, or the corporate social responsibility concept, has been in existence over several decades and several concepts have been developed (Maguad & Krone, 2009). This usually involves the ethics of a business such that every organization has some set of core values that affect relationships globally (Archie, 1991). Bowen (1953) used shared accountability to refer to businesses' incorporation of social and environmental issues into resolutions, objectives, and procedures. Carroll and Buchholtz (2003) show that corporate shared accountability means that an organization has in addition to earning a fair return for investors and complying with the law, also moral, ethical, and humanitarian accountabilities to all stakeholders (Archie, 1991; Stride, Wall, & Catley, 2007). Businesses are utilizing human and financial capital to make the world a better place. Also, there is the emphasis on open communication and transparency (Lipman & Lipman, 2006). Society specifies the importance of business ethical accountability and measurement in terms of corporate social responsibility; there is a greater demand today for businesses to present information in a fair, open, transparent manner (Carroll & Buchholtz, 2003; Geva, 2008).

Business Ethics Report

Accounting and business practices can establish the importance of ethical awareness by producing a business ethics report. A code of ethics conduct report can comprise of standards, procedures, and principled regulation (Farrell & Farrell, 1998). Ethics statements can address all probable circumstances, or be an overall statement of company standards or an internal statement representing business ethics with a focus on problems identified (Reason, 1990). A study of some businesses on the development in approval of ethics statements shows that ethics reports that are dynamically supported increased by over 20% from the year 1997 to the year 2003 (Kaptein et al., 2005). In contrast, another study indicated there was no substantial difference in employees' ethical perception because of the presence of business ethics report (Malloy & Agrawal, 2003). Another study of marketing and advertising professionals showed that there was no important difference in employees' ethical perception with or without a formal code of business ethics (Murphy, 2005). Divergent to this same study, Pelletier and Bligh (2006) established that employee acuities of the cognizance of a company code of ethics were not meaningfully related to the perception of ethical training effectiveness. Geva (2006) specified that it is common to differentiate between compliance and ethics, since ethics involve a lot more than compliance.

Accounting History

Accounting history goes back to when the first ancient accounting system began, which was originally based on measurement and recording activities, and then the emergence of double-entry bookkeeping around the 15th century, as a basis for advanced accounting development, which subsequently resulted in modern Anglo- American accounting in the 20th century (Riahi-Belkaou, 1998). Although accounting was mainly an internal matter when managers were close to the business, the growth of companies led to the necessity of stewardship accounting (Pincus & Wasley, 1994). With industrial development, the changing social environment, and the establishment of professional accounting bodies, accounting theory systematically developed in accordance with importance of accounting into today's modern society (Lilien et al., 1988). In recent years, more and more theorists start to assess the nature of accounting theory as well as argue whether there is an accounting theory or not (Schroeder et al., 2011). Again, the objective of financial reporting is the foundation of the conceptual framework (Miller, 2003). Other aspects of the framework are qualitative characteristics, elements of financial statements, definition of a reporting entity, recognition and measurement, and presentation and disclosure with high employee ethical standards awareness all flow logically from the objective (Gaffney & Fogg, 1986; Thibodeau & Freier, 2011).

In summary, positive modifications, as reported by Krishnan (2005), are needed by an accounting firm to remain competitive in today's dynamic economy. Previously, an accounting firm focused more on financial reporting; but today, accountants require applying high ethical standards, and improved skill sets that involve open communication, leadership style, critical strategic thinking abilities, and interpreting unified information (Marshall et al., 2007). SOX has enforced new audit costs on companies, and the benefits of improved auditing and more reliable financial statements is not happening (Choi & Meek, 2008). However, an ethical business model for accounting and business practice is needed (Higson, 2003; Schroeder et al., 2011). Also, recognizing the value of employees' ethics learning awareness in the business environment reflects the practicalities of today's 21st century business (Schroeder et al., 2011; Sherman & Young, 2001).

The Sarbanes-Oxley Act (SOX)

In 2002, the Sarbanes-Oxley Act (SOX) brought about changes in federal regulation applicable to corporate America and its executives, auditors and advisers (Di Lorenzo, 2007). This includes corporate governance and accounting reforms, and numerous changes that immediately impacted many executive compensation arrangements and administration (Fields, 2011). SOX was created because of the numerous ethical lapses by various companies such as Enron and Tyco, to hold senior executives accountable for the statements made and the accuracy of their financial reporting (Stabile, 2002). The new rules laid out by SOX include many benefits for the stakeholder. By strengthening the controls and procedures relating to the reporting of financial data, SOX is an attempt to provide protection for shareholders (Miller, 2003).

With SOX, accounting gaps used by companies such as Enron to conceal losses are closed up, giving the shareholder an accurate depiction of investment performance instead of a broadly misrepresented one (Stabile, 2002). The goal is to re-establish public confidence about the nation's markets using good ethical standards (Lipman & Lipman, 2006). Reliability is a fundamental requirement in choosing corporate officers and board members; developing a business ethical code of conduct for directors and executives promotes ethical and responsible decision making (Fields, 2011). A plan for implementation of procedures will help independently verify and safeguard the integrity of the business financial reporting statement with high ethical standards (Lipman & Lipman, 2006). SOX provided guidelines for businesses to follow with consequences for ethical violation. Re-establishing assurance in the society's perceptions of business ethics and implementing greater transparency is a primary goal of SOX (Di Lorenzo, 2007).

Enron Period

This historical time is essential in this study since survey data was collected by NBES in 2000 before the Enron collapse and the Sarbanes Oxley Act, and subsequent years after the implementation of the SOX Act (Madrick, 2002; Mitra & Mahmud, 2011). The collapse of Enron involved ethical gaps that ruined a lucrative, well-known business establishment (Baker & Hayes, 2005). This shows that Enron needed a business assessment with high ethical standards of the financial position, but the evaluation provided by Enron's auditors was lacking positive accountability of the true financial position which contributed to Enron's business failure (Webb & O'Connell, 2002). The accounting firm, along with Enron itself, contributed to Enron's collapse; hence, the motivation behind the creation of Sarbanes-Oxley Act in 2002 (Bernardi & LaCross, 2005; Kowalewski, 2003). An ethical framework was provided by SOX as a model for all businesses to follow with consequences for unethical behavior (Wheat, 2002). The goal of SOX included reestablishing societal assurance in business ethics with more transparency (Sandelands, 2006).

National Business Ethics Survey (NBES)

The Ethics Resource Center (ERC) conducts the National Business Ethics Survey (NBES), which is a nationwide descriptive survey of employees in various positions for understanding diverse ethical viewpoints and compliance at the workplace (ERC, 2000). NBES is the furthermost rigorous longitudinal research effort to examine developments in business ethics from the employee viewpoint (ERC, 2011b). The ERC has directed numerous surveys on employees' perception of ethics at the workplace (Anders, 2009). As noted by the ERC (2011b), the NBES 2011 survey is the seventh conducted by the ERC. Throughout the survey reports, ERC compared data from 2011 with that from 2009, 2007, 2005, 2003, and 2000 to find trends (ERC, 2000, 2003, 2005, 2007, 20011a, 2011b). The NBES findings in 2001 showed that the percentage of employees who observed misconduct at work fell to 45% compared to 49% in 2009 and 55% 2007 (ERC, 2011b). Reported unethical behavior increased to 65% from 63% in 2009 and 53% in 2005. However, ethics declined in terms of retaliation against employees who reported unethical behaviors because one in five employees (22%) in 2011 who reported unethical behavior experienced retaliation compared to 12% in 2007 and 15% in 2009 (ERC, 2011b).

Employees in 2011 who perceived pressure to compromise standards to do their jobs was 13% in comparison to 14% in 2000. Businesses that do not have strong ethics cultures increased to 42% from 35% in 2009. The economy in 2011 seems only slightly better with slow economic growth (ERC, 2011b). Also, NBES results indicated that 34% of employees observed close monitoring by management, and 42% of employees observed that management increased efforts to raise awareness about ethics (ERC, 2011b). From the ERC's extended review of the NBES results, it can be concluded that year 2011 survey results marked the beginning of specific changes in employee behavior at the workplace. Conversely, it can be viewed as a change in a workforce pushed away from its momentous historical inclination, and currently in the process of returning to a different moment. The ERC believes it is most probably a snapshot showing a decline in ethical behavior (Marini, 2011).

The key findings of the 2003 NBES as indicated by the ERC (2003) are as follows:

- Of all the employees surveyed, 73% admitted that their workplace has established written ethical standards of business conduct.
- Of businesses with more than 500 employees, 88% have written ethical code of business standards.
- Of businesses with less than 500 employees, 58% have written ethical codes of business standards.
- Of all the employees surveyed, 54% admitted their workplace provided ethics training.
- Of all the employees surveyed, 42% admitted that their workplace has an ethics office or other ethics resources available.

These findings showed that written ethics standards, ethics training, and ethics resource availability have varying amounts of awareness based on the type and size of business

(ERC, 2003). The NBES study was concentrated on the larger analysis of ethical training programs and employees' perceived awareness of workplace response to ethical issues. Also, this study included the perceptions of employees from different industries and company sizes. This analysis did not cover the individuals within the organization by age group or salary (ERC, 2003).

The key findings of the 2011 NBES as indicated by the ERC (2011) are as follows:

- 45% of United States employee observed unethical behavior at the workplace.
- 65% of employees who observed unethical behavior reported it.
- 22% of employees that reported unethical behavior faced retaliation. This shows an increase from prior years; an 8% increase from 2009, and a 10% increase from 2007.
- The percentage of those who reported unethical behaviors observed edged up to a record high of 65%.
- In businesses with strong ethics training programs, 83% of employees who observed unethical behavior eventually reported it.
- The strength of business ethical culture reduced substantially in 2011.
- The percentage of employees who say they are well trained to handle situations that could result in a violation of organizational policy declined from 86% in 2009 to 77% in 2011.
- Fewer employees feel positive about the financial future of their respective workplaces.

- 71% expressed confidence in 2011 compared to 77% in 2009.
- Over 53% expressed that there was minimal likelihood for misconduct at their workplace based on the current economic recession.
- 44% of employees expressed concern about businesses taking fewer risks.
- 34% of employees expressed there is ongoing close leadership monitoring.
- 40% of employees expressed leadership involvement in talk about integrity and following the organizational code of conduct.
- 42% of employees expressed that their workplace intensified efforts to increase awareness about ethics.

In summary, although business leaders often criticize government regulation, a number of employees consider government oversight assists in the improvement of employee ethical behavior (42% of employees); while 13% stated that regulation does not help with good ethical behavior, and 46% stated that regulation has no impact on ethics one way or the other (ERC, 2011b; Marini, 2011). However, illegal political contributions are on the rise, increasing to 4% in 2011 from 1% in 2009. Also, 4% of employees reported observing offers of inappropriate payments to public officials (ERC, 2011b).

Federal Sentencing Guidelines for Organizations (FSGO)

In 1991, the United States Sentencing Commission (USSC) put into effect the Federal Sentencing Guidelines for Organizations (FSGO) for organizations with ethics and compliance programs to adhere to definite standards, earn credit to abridge consequences if employees engage in unethical behavior, and for businesses with substandard programs to receive extremely harsher consequences (ERC, 2011b). Over several years, these guidelines have stimulated American businesses to generate operational ethics and compliance programs. The ERC (2000, 2003, 2005, 2007, 2011a, 20011b) showed that employee acuity of available ethics learning enables businesses to delineate and perceive employee unethical behavior and to be proactive. In 2011, ERC asked employees about the degree of awareness that their workplace implements features of an effective ethical training and compliance program, as outlined in the FSGO. Table 2 shows the comparison of results of some repeated questions before SOX in 2002 and after SOX in 2002 as noted by the ERC (2011b).

Table 2

NBES Questions Repeated Over Several Years (ERC, 2011b)

Ethics & Compliance Program Elements Recommended by the Federal Sentencing Guidelines for Organizations (FSGO)	2000	2003	2005	2007	2011
Written standards for ethical conduct	79%	68%	83%	83%	82%
Training on company standards of ethical workplace conduct	54%	50%	65%	75%	76%
Provision of a mechanism for seeking ethics-related advice or information	47%	41%	63%	65%	68%
Provision of a mechanism for reporting misconduct anonymously	n/a	62%	71%	80%	77%
Assessment of ethical conduct as a part of employee performance evaluations	n/a	71%	66%	67%	67%

The findings from the previously mentioned questions, as noted by the ERC

(2000, 2003, 2005, 2007, 2011a, 20011b), shows employee awareness of:

- Written ethical standards decreased from 79% in 2000 before SOX to 68% in 2003 right after the SOX act of 2002, but increased in subsequent years
- Training on company standards of ethical workplace behavior decreased from 54% in 2000 before SOX to 50% in 2003 after the SOX act of 2002, but increased in subsequent years.
- Provision of resources for seeking ethics-related information decreased from 47% in 2000 before SOX to 41% in 2003 after the SOX act of 2002, but increased in subsequent years.
- Assessment of ethical behavior as part of employee performance reviews was not available before SOX in 2002 but decreased in 2003 from 71% to 61% in 2011.

Of the employees surveyed, 42% expressed that their workplace has a weak ethical culture in 2011, which is a 7% increase from year 2000. Hence, organizational culture shows the type of system in place from employees' perception of ethics, to employees' behavior, and availability of ethical training and resources (ERC, 2011b). Ethics is an element of the culture of businesses (Carroll & Buchholtz, 2008; Geva, 2008). NBES measured vital characteristics of ethics culture including management's responsibility, leadership's observance of ethics and the model for proper behavior as well as the degree to which employees' value and support ethical conduct, accountability, and transparency (Bernardi & LaCross, 2005; ERC, 2011b; Keast & Towler, 2009; Maguad & Krone, 2009; Marcus, 2011).

Additionally, the ERC (2011b) reported on the NBES study that 86% of businesses with a well-implemented ethics and compliance program also have a strong ethics culture. Fewer than 25% of companies with little to no program have a strong culture that promotes integrity in the workplace. Resilient ethics training programs and a resilient ethical business culture creates considerably improved results with lesser amount of ethical risk, reduced unethical behavior, better business reporting, and less retaliation in a stronger ethical environment (Marini, 2011). Nevertheless, the ERC study shows that a direct causal relationship cannot be determined, but it is evident that some key correlations exist. Explicitly, being forced to compromise standards is linked to observed misconduct and experiences of retaliation are linked to declines in employee willingness to report misconduct internally (ERC, 2000, 2003, 2005, 2007, 2011a, 20011b). Moreover, operational ethics and compliance training programs support a resilient business ethical culture (ERC, 2011; Marcus, 2011). This means that a decrease in ethical risk is a result of two key drivers: (a) existence of a well-implemented ethics and compliance program, and (b) employees' awareness of working in an establishment with resilient ethical culture (ERC, 2011; Keast & Towler, 2009). Furthermore, NBES data confirms that a well-implemented employee ethics training program leads to a resilient ethical culture. The more employees are aware of workplace ethical training and resource programs, the more likely there is an increased probability of perceiving the work environment as being well grounded with a resilient ethical culture that must be adhered to (ERC, 2011b; Maguad & Krone, 2009).

Emphasis on the Four Best Practices Solutions Model

Ethical standards and responsibility should be an integral part of the modification process for corporate leaders, because if certain ethical standards are not followed, success is hindered and improvement cannot be successful (Leonard & McAdam, 2002; Stabile, 2002; Vickers, 1980). Strong and highly effective ethical standards should be the foundation of any organization (Lipman & Lipman, 2006). It is a culture that fosters open communication in a professional environment (Michael, 2011). Core ethical values of a business signify the vision; the way business is conducted and managed with integrity and accountability to the society (Longenecker, Moore, Petty, Palich, & McKinney, 2006). This creates the need for accounting and business practices with high ethical standards to provide easy access to ethical resources to increase employee awareness of ethics learning, which must include norms and culture of the local communities in other countries as needed (Luthar et al., 1997; Stansbury & Barry, 2007). Modification can only take place in an organization with employees from diverse backgrounds if the organizational culture is based on resilient ethical core values (Murphy, 2005).

Written Ethical Standards and Training by Accounting and Business Practices

Ethical practices form the basis of an organization's innovative process. Ethical practices includes employees' dignity that involves everyone in the business' ethical training program (Archie, 1991; Murphy, 2005). Valentine and Fleischman (2004) expounded that if accounting and business firms want to survive and achieve long-term profits, business relationships must be conducted with high ethical standards, which must include employee ethical training (Elkington, 1997). Increasingly, corporations are motivated to become more socially responsible because stakeholders expect transparency in the understanding of employee issues (Davis & Thompson, 1994; Newton et al., 2010). Understanding what causes are important to employees is usually the main focus

(Schroeder, Clark, & Cathey, 2011). This is because there are many interrelated business benefits as a result of increased employee engagement such as loyalty, improved recruitment, lower turnover, and higher productivity (Bitler et al., 2005; Michael, 2011).

Moreover, the Sarbanes-Oxley Act (SOX) of 2002 mandated the SEC to examine the viability of ethics-based accounting systems (Mitra & Mahmud, 2011). The result of the examination showed that ethics-based accounting and business practices provide a conceptual basis for accountants and businesses to follow (Dooley & O'Sullivan, 2001). It was noted that an ethics-based approach is more likely to result in business transactions that reflect true economic element (Schroeder, Clark, & Cathey, 2011). Also, Maguad and Krone (2009) suggested that some accounting professionals view an ethics-based system as one that is more thoughtful, transparent, and reflective. Again, in business, if certain ethical standards are not followed, success is hindered and implementation of modification will fail (Archie, 1991). A strong and highly effective ethical concept should be the foundation of any organization (Webley & Werner, 2008).

Without any acceptable ethics learning programs in place, organizations become vulnerable to multiple legal risks (Chiang, 2005). For example, creating written guidelines to advise employees on truthful procedures with notifications of unethical practices and behavior contributes immensely to positive modifications (Larcker et al., 2007). Providing all employees with easy access to transitory ethics course will contribute to employees' awareness of good ethical standards (Lipman & Lipman, 2006).

A rational, ethical, responsibility strategy should be centered on high standards with fundamental values that are clearly beneficial and involve an ongoing commitment that adds to economic development and improvement of the quality of service rendered to employees and society at large (Newton et al., 2010). Likewise, Tyco International showed that improvement on corporate governance occurred with a written guide on ethical conduct (Vogl, 2004). The guide was created to assist employees on truthful processes and impart caution about unethical practices and behavior (Schroeder et al., 2011). All employees were required to take a brief ethics course, and sign a yearly ethics statement in an effort to improve customer awareness and redeem the corporate image, which resulted in tripled profits (Lipman & Lipman, 2006). Ethics training, as noted by Brock (2006), means that a formal ethics training program will result in more positive employee perceptions of organizational ethics (Lopez et al., 2005). Ethical training was found to be highly linked to ethical behavior (Christian, 2000). Again, in an examination of over 300 business professionals, Valentine and Fleischman (2004) indicated the relationship between ethics training and additional progressive awareness of business ethics in comparison to professionals lacking formal ethical training. In contrast, Valentine and Fleischman (2004) noted that an introduction to formal ethics training did not have a substantial effect on ethical awareness. However, this current study encompassed a sample from a large cross-section of the United States business employees (Apelian, 2009; ERC, 2011b)

Sims and Gegez (2004) indicated that it is beneficial to provide access to employee learning on a continuous basis as part of a business code of ethics in an everyday business environment. Ethics training offers a mechanism for communication and problem solving that leads employees through the resolution of complex issues that may develop from conflicts of interest (Richtermeyer, Greller, & Valentine, 2006). Corporate governance modification must focus on ways to increase employees’ acuity of ethics learning, and apply the organization's code of business ethics for positive employee behavior (Sherman & Young, 2001). Ethics training should help strengthen the guidelines and strictures for employees and management while clearly defining boundaries, limitations, and expectations within the business establishment (Lopez et al., 2005). Discretion, properly exercised, makes for a positive ethical workplace environment, and ethics training is the first step toward corporate compliance (Maguad & Krone, 2009).

In summary, business ethics training in the present day is typically presented in the form of modules, which are somewhat like miniature courses that include discussion of a scenario or topic in detail (Longenecker et al., 2006). Business ethics training companies present these modules in packages to a company in need of training as a part of their annual ethics training policy and procedures (Lopez et al., 2005; Maguad & Krone, 2009). Modules are usually presented on a server that is hosted by the ethics training company, and allows trainees to log in and complete coursework, as each course is checked off once finished (Michael, 2011). A course completion checklist is usually maintained by the moderator or manager in charge of the program, as documented proof of successful training (Murphy, 2005; Schroeder et al., 2011).

Employee training means that firms are willing to invest in training workers to develop firm-specific skills that are productive at the current firm, but not at other firms (Stride et al., 2007). Employee capital can be defined as the knowledge that individuals acquire during their life and use to produce goods and services or ideas in market or non-market circumstances (Apelian, 2009; Berkowitz, 2001). It is the standard of competencies and knowledge; social and personality attributes, including creativity, embodied in the ability to perform work so as to produce economic value. Sauter (1991) noted under the proprietary and entity theories of the organization that accountants focus more on the influence of the value of human assets.

Employee capital, as noted by Schroeder et al. (2011), is an aggregate economic view of the human being acting within economies, which is an attempt to capture the social, biological, cultural, and psychological complexity when interacting. Many theories explicitly connect investment in human capital development to education, and the role of human capital in economic development, productivity growth, and innovation has frequently been cited as a justification for government subsidies for education and job skills training (Apelian, 2009; Bai, 2006; Becker, Huselid, & Ulrich, 2001; Berkowitz, 2001).

As a resource, employees concurrently represent the single greatest potential asset and the single greatest potential liability that an organization will acquire as it goes about its business (Murphy, 2005; Shipton et al., 2006). Human capital consists of intangible assets that can be influenced, but never completely controlled, invested in wisely, or wasted thoughtlessly, and still have tremendous value. These distinguishing features are what make employees, as a resource, an indefinable asset (FASB, 2012; Stride et al., 2007; Tsai & Shih, 2005).

In summary, Becker et al. (2001) arguments assumed that training enhances the productivity of workers and their firms. This means that firms are willing to invest in training workers to develop firm-specific skills that are productive at the current firm, but not at other firms (Stride et al., 2007). However, firms are unwilling to invest in general skills training for workers because of the inability to recover investments in general skills training since workers can simply move to new firms if paid less than wanted (Huggett & Kaplan, 2011). A recent review of the literature that uses firm-level data to identify the impact of human capital investments on firm performance indicated that increasingly, studies provide evidence that training generates substantial gains for employers (Bai, 2006). If training activity by firms generates economic returns, then it should ultimately be reflected in the firm's equity valuation (Huggett & Kaplan, 2011).

Open Communication and Learning

There is necessity for transparency in communication that is resilient enough to be adopted in accounting and business practices (Dooley & O'Sullivan, 2001; Marshall et al., 2007). In addition, an accounting firm's assertion to the awareness of and strategy for executing change needs to be reinforced by leadership with the commitment of capital, incentives, and an approving system that is integrated with guidelines (Archie, 1991; Maguad & Krone, 2009; Senge, 1990). Schwepker and Good (2010) emphasized the importance of ethical learning that consists of change of the individual self across all departments in accounting and business practices, which would lead to change of others for a cohesive and balanced approach to employee ethical awareness (Armstrong et al., 2003; Quinn, 2004). This becomes a learning process in which businesses and accounting practices generate a strong principled environment that takes account of employees' perspective with ease of access to ethical training programs entrenched as part of the organizational culture (Archie, 1991; Luthar et al., 1997; Stansbury & Barry, 2007).

Human information processing theory deals with how people receive, store, integrate, retrieve, and use information (Riahi-Belkaoui, 1989). For example, a question such as, how do we decrease the effort it takes for untrained individuals to better process information technology? (Abraham, 2012) is information processing and critical to better grasp effective communication and the skeptical mind. Griffin and Pustay (2005) explained that there is a relationship between heuristic-systematic information processing and the theory of planned behavior through a model of risk information seeking and processing. In this model, the form of information processing individuals apply to accounting risk information from any source affects beliefs, evaluations, and attitudes, which is considered important in making decisions that involve less risky ethical behaviors (Riahi- Belkaoui, 1989; Schroeder et al., 2011).

Again, considering critical thinking as a cognitive mode that deals with evidence and analytical evaluation developed by communications researchers gives a dual-process view of human information processing (Brown, 2009). The foundation of this widely used model is simply that people are cognitively economical. Every attempt to seek information from a source, and then process that information, is governed by this rule (Bernardi & LaCross, 2005). For example, assuming information on a press release about a new accounting issue means checking out the study, reading highly technical papers that do not make sense, and a simple fact check that was difficult to understand (Riahi-Belkaoui, 1989). This means that the effort that a person is willing to expend in finding and processing this type of information determines the style of thinking used (Wahlen, Baginski, & Bradshaw, 2008). This cognitive economy separates thinking into two styles: heuristic and systematic. Heuristic thinking is what could be thought of as the intuitive reaction style of thought (Porter, 2004). It is quick, relies on information that is already known from personal experience, observation, or inference, and enables making spontaneous judgments on information (Wahlen et al., 2008). For example, if an individual views Intel Corporation as a reputable source of information, seeing an Intel logo on a press release can lead to relying on that information whether or not it is factually accurate (Murphy, 2005).

On the contrary, systematic thinking is a much more in-depth style, and would typify what one would consider to be critical thinking (Porter, 2004). Usually, in seeking information about a topic, there is a gap in knowledge about that topic and a need to fill that gap in order to make a confident decision about it (Riahi-Belkaoui, 1989). The sufficiency principle says that there is a level of information sufficiency that must be reached before confidence can be attained to stop looking for and processing information (Murphy, 2005; Schroeder et al., 2011; Thibodeau & Freier, 2011).

Organizational learning, as demonstrated by Davila et al. (2006), is used for the successful implementation of modification. However, solution-focused learning (SFL) is used to identify original solutions to introduce modification (Carter et al., 2005). Two major types of learning identified by Davila et al. (2006) are as follows:

- *Learning to act,* which involves the collaborative assessments of how the current systems-structure, processes, and resources are working, developing shared values, and how to strategically improve systems
- *Learning to learn,* this involves structured processes to evaluate how well the organization is responsive to learning and modification. Incremental modification relies to a larger extent on the learning to act cycle while radical innovation uses the learning to learn cycle more often.

In summary, employees should be aware of ethical learning and openly communicate personal commitment to good ethical behavior (Davila et al., 2006). Leadership must be part of this process by talking more about the significance of ethical integrity at all times even during challenging external conditions (Murphy, 2005). Urgent emphasis should be placed on employees' awareness of the availability of support with ethical training programs on an ongoing basis (Schroeder et al., 2011). This should involve integrating the position and support of accounting and business firms' leadership on ethical standards with open communication at all times (Thibodeau & Freier, 2011).

Leadership and Employee Accessibility to Ethical Resources

Leadership can be characterized as the practice of social influence such that somebody can petition the assistance of other people in completing a collective project (Geva, 2006). Leadership is about making a way for people to enable something uncommon to materialize (Quinn, 2004; Schwepker & Good, 2010). Again, organizations have problems today because of employees' knowledge deficiency of the difficulties within the business, and employees' behavior at the workplace (Di Lorenzo, 2007; Kaptein et al., 2005). Cross-functional work teams are advantageous in organizations to help employees develop an awareness of what is expected of each team member with the maximum level of ethical standard (Hesselbein et al., 2002; Stiglitz, 2003).

Developing an open workplace environment that accepts and appreciates the differences individual employees bring is beneficial (Harjrom & Pudelko, 2010; Malloy & Agarwal, 2003). This will help make employees of diverse cultural backgrounds feel at ease, recognized, and valued (Reiche et al., 2010). Leadership goals and objectives on employees' perspective on ethical awareness should be frequently redefined and relayed to all employees to help clear up any misunderstandings and possible conflicts (Brown, 2009). Coordination among different work units will provide easy accessibility to ethical resources at all times to improve leadership and employee communication flow essential in a modern economy (Webley & Werner, 2008).

Ethics resources are the various channels available for employees regarding ethical awareness. Numerous businesses show that ethics training programs have a considerable impact on ethical behavior (Lopez et al., 2005; Weaver & Trevino, 1999). The purpose of the development of an ethics training program is to motivate ethical behavior in any business (McDonald & Nijhof, 1999). Ethics is the standard of conduct (Geva, 2006) that helps businesses identify if an act is either correct or incorrect (Bartels, 1967). This means that an operational ethics educational training program as shown by Armstrong et al. (2003) must include (a) an awareness of the ethical goals; (b) measures for ethical decision making; (c) proper dissemination of resources such as open communication channels; (d) required skills; and (e) individual plans for ethical behavior. Business ethics training programs are usually comprised of an ethical code of conduct, an ethical communication method, and an ethical training program (Bernardi & LaCross, 2005). As specified by Di Lorenzo (2007), there is a need for standards and limitations on ethics. Ethical training programs can function as a managerial mechanism over a variety of behaviors (Weaver & Trevino, 1999). Anders (2009) suggested that this form of mechanism is important to administrations since it makes collaboration possible. Ethics principles and practices are extremely vital, and the government has also provided guidelines for ethics programs through the Sarbanes-Oxley Act of 2002 (Kubal et al., 2006; Sandelands, 2006).

In summary, open communication must be clear and strong enough to be internalized throughout the entire organizational system (Bernardi & LaCross, 2005). In addition, the organization's commitment to the vision and strategy must be supported by leadership with the commitment of resources, incentives, and recognition systems that are aligned with the strategy (Weaver & Trevino, 1999). Maguad and Krone (2009) indicated that leadership ethics can have a positive effect for overall success or a negative effect for failure on organizational change. The tone leadership sets radiates from the top to all other facets of the business (Longenecker et al., 2006).

Organizational Culture and Social Awareness Ethical Behavior

Vogl (2004) noted that Tyco's new management assigned top priority to practicing good corporate governance with high ethical standards. The argument is that since Tyco's issue was based on leadership failure, then changes must begin with the board (Bernardi & LaCross, 2005; Lopez et al., 2005). For instance, Tyco was able to successfully create a business culture that implements good corporate governance best practices as noted by Verhezen (2010) that involved transparency in leadership style, board structure reorganization, and disclosure in business practices with the use of business consultants and advisors on a regular basis (Chiang, 2005; Lipman & Lipman, 2006; Trevino et al., 2006).

Organizational culture must encourage innovation and leaders must behave in a manner that encourages and promotes innovation at all times (Hofstede, Hofstede, & Minkov, 2010). The company's culture must be one that is open to innovation, questions, and challenges to prevailing models from everyone and not just a selected few (Lopez et al., 2005). This means doing everything quickly, learning from it, and then doing it differently as needed (House et al., 2004). A strong corporate culture provides employees with a sense of stability, belonging, and serving a higher purpose which increases performance (Lipman & Lipman, 2006).

Hrebiniak (2006) identified four strategies for effective ethical modification as follows:

- Clear vision and values, which involves having a highly motivating strategy in place for success that is resilient and clear enough to be adopted throughout the organizational rank.
- Formulating a common set of ethical values that represent the criteria for making hiring choices, promoting employees, rewarding and recognizing employees, and evaluating the performance of employees. The process will start with ethical training workshops and meetings for leadership and all employees.
- Investing in employees is expected to be very rewarding as it will turn supervisors and managers into trainers and leaders.
- Using a common set of metrics such as ethics workshops and resources is very important (Hesselbein et al., 2002). Modification can then take effect when the entire group applies the lesson learned at individual places of employment to educate other employees (Huggett & Kaplan, 2011).

Building, supporting, and monitoring organizational culture based on truth and transparency will eventually drive successful modification in accounting and business practices (Hofstede et al., 2010). When leadership creates strong ethical standards, it becomes part of the organizational culture for a lasting, competitive advantage (Hammond et al., 2006). Leaders as moral managers should conform to high standards of ethical behavior with sound ethical standards that are well grounded in principles of fairness, justice, and respect for rights and laws (Maguad & Krone, 2009). Although most American companies have a corporate code of conduct which serves as a compass for all employees, directors, and business partners to consistently act upon with uncompromising integrity; research shows that this is not enough since business ethical malpractices still abound (Griffin & Pustay, 2005). According to Webley and Werner (2008), accounting and business leaders must develop and support successful and sustainable corporate ethical values and policies as part of the organizational ethical culture at all levels of the organization by involving all employees and providing training sessions as deemed appropriate (Hajrom & Pudelko, 2010; Hild, 2010).

An example is Wal-Mart, a multinational corporation operating in several countries with over 6,500 stores globally that started international expansion because of changes in the United States market condition (Grant & Schlesinger, 1995). Although Wal-Mart Corporation introduced American-style products in South Korea, the market was unsuited for American products because of the customs and cultures of Southern Koreans (Gilpin, 2003; Grant & Schlesinger, 1995). The corporation worked for several years, struggling to make Wal-Mart Korean stores compete against strong, established local retailers; but was unsuccessful and had to pull out from the South Korean market with an agreement to sell all the Wal-Mart Korean stores to another top discount chain corporation (Kim, 2006). Wal-Mart Korea lost millions in sales in 2005 because Wal-Mart did not study the South Korean culture as a learning process; so, the marketing style failed to meet the needs of Korean consumers (Kim & Mauborgne, 2005; Oluku & Ojeka, 2011). The corporation aggressively focused on return on investment instead of Korean culture (Kim & Mauborgne, 2005). Wal-Mart refused to adapt to the cultural tastes of the Korean market for system expansion which resulted in a net loss for Wal-Mart costing billions (Keast & Towler, 2009). Social awareness means that leadership must develop ways to support business ethical culture using social networks (Davis & Thompson, 1994). Verhezen (2010) showed that leadership can use social awareness to connect employees, and involve everyone in ethical issue discussions. Social interaction is stressing differences in workplace ethics, and the use of technology is modifying employees' acuities about good ethical conduct enormously (Lopez et al., 2005). Studies show that employees' workplace ethics respond positively to social interactions (Davila et al., 2006). Hence, by involving employees and creating awareness of ethical training at the workplace, unethical conduct will be reported and minimized, and emphasis will be placed on good ethical conduct, which would have a positive effect on employees' ethical behavior (Webley & Werner, 2008). This means that social networking offers the opportunity for business leaders to involve employees in discussing ethical standards.

Social awareness as part of the organizational culture is an extremely powerful tool that leaders must endeavor to use in organizations (Frigo & Anderson, 2009; Hesselbein et al., 2002). This requires being innovative in the leading, managing, and building of organizations (Zimmerman & Scarborough, 2010). This type of concept makes employee efficiency possible for organizational innovation growth and success (Fields, 2011; Malerba & Montobbio, 2003). Ethical behavior emanates from the principles, views, and approaches in an individual's environment (Farrell & Farrell, 1998). The basis for ethical behavior is reliability which supports and develops the whole efficiency of businesses (Trevino, Weaver, & Reynolds, 2006). By maintaining high ethical values, accounting and business practices show that acceptable ethical guidelines acceptable by all stakeholders are being adhered to. Hence, understanding leadership integrity is when considering employee ethical behavior (ERC, 2011b; Luthar et al., 1997).

In addition, Oluku and Ojeka (2011) elucidated on how good ethical actions and accounting principles relate to each other in developing accounting standards globally. Their finding was that ethical reflection involves nationwide cultures, traditions and practices that will be progressively more challenging in businesses and accounting firms (Brock, 2006; Choi & Meek, 2008; Leonard & McAdam, 2002; Oluku & Ojeka, 2011). An organizational culture of accounting and business practices must be created with the awareness that all participants in a society endeavor to maximize the needs of all members of the society as a whole to decrease business failure (Davila, Epstein, & Shelton, 2006; Lopez et al., 2005). For instance, the collapse of Enron shows failure that had a negative impact on Enron's accounting firm, Arthur Anderson (Newton et al., 2010; Thibodeau & Freier, 2011). So, it is important to build and support an organizational culture based on truth and transparency for successful implementation of ethical change (Maguad & Krone, 2009). This becomes a learning process in which businesses and accounting firms create a strong learning environment that includes employees' perspective and easy accessibility of ethical training programs imbedded as part of the organizational culture (Archie, 1991; Hesselbein et al., 2002). Effective leaders are great thinkers with high ethical standards who believe entering the fundamental state of leadership transforms the self, and helps others by providing opportunities for social awareness on ethics (Newton et al., 2010; Quinn, 2004). Additionally, Hofstede et al.'s (2010) cultural dimensions used for analyzing a country's culture can be used to help integrate employees' diverse perspectives from different cultural backgrounds when organizing continuous training sessions and designing a corporate code of ethical conduct (Chang, Choy, Cooper, & Ruefli, 2009). This will help employees establish a harmonized workplace environment where information is transparent (House et al., 2004; Reiche et al., 2010). Therefore, the effect of social awareness on employees' ethical standards is highly (Higson, 2003; Ilyas & Rafiq, 2012).

In summary, people with high ethical principles and culture achieve much more than any team of managers or planners could ever imagine (Newton et al., 2010). Carter et al. (2005) emphasized the importance of leaders sharing positive knowledge with all team members. Furthermore, an ethical environment encourages truthfulness among employees; while an unethical environment brings out the worst in employees (ERC, 2011b; Ilyas & Rafiq, 2012). The challenge for leadership is in providing the best ethical standards in personal and business relationships to build reputable organizations that can be trusted worldwide (Carter et al., 2005; Davila, Epstein, & Shelton, 2006).

Summary

Employee awareness of ethical training programs is well grounded in traditional ethical theory; this theory is interrelated through ethics training programs. Research has shown that ethical training programs can have a substantial impact on employees' ethical behavior (Carter et al. 2005; Christian, 2002; Davila, Epstein, & Shelton, 2006; Di Lorenzo, 2007; Dooley & O'Sullivan, 2001; Hesselbein et al., 2002; House et al., 2004; Lipman & Lipman, 2006; Sandelands, 2006; Weaver & Trevino, 1999). Ethics should be part of the whole organizational culture for continuous improvement; several current studies in the literature identified the effectiveness reaching all accounting and businesses (Chou, 2008; Lopez et al., 2005; Maguad & Krone, 2009; Newton et al., 2010; Oluku & Ojeka, 2011; Ragothaman & Gollakota, 2009; Schroeder et al., 2011; Stanwick & Stanwick, 2010; Webley & Werner, 2008). This current research served to explore corporate governance modification in employee acuity of ethical learning, and the impact on employees' behavior as a result of implementing some best practices in accounting and business practices.

CHAPTER THREE: METHODOLOGY

Purpose Restatement

The purpose of this study was to explore the extent to which employee awareness changes as a consequence of organizational ethics learning programs after SOX regulation was approved in 2002 (Thibodeau & Freier, 2011). This study measured the change in group responses to the same type of questions before and after the failure of Enron and Arthur Anderson using secondary data from surveys of 2000 to 2002, and 2009 to 2011, to test data that was collected both previous to and after the enactment of the SOX Act in 2002 (Lipman & Lipman, 2006; Schroeder et al., 2011).

In the current study, the researcher used a strategic model as a way to execute new models with good ethical standards as a guide for use in accounting and business practices (Dooley & O' Sullivan, 2001; Higson, 2003). The researcher evaluated diverse types of models to show the significance of research in the execution of positive changes (Davila et al., 2006; Keast & Towler, 2009). Also, historical and current literature documents indicate that unethical behavior inherently constitutes a problem at the place of work and ethical training must be executed in accounting and business practices (Bartels, 1967; Bernardi & LaCross, 2005; Christian, 2000; Stansbury & Barry, 2007).

This study served to assess modifications in the cognizance of ethics issues as a result of extended ethical learning based on secondary data analysis. The Ethics Resource Center (ERC) provided quantitative research data. However, for this research, the researcher used a qualitative grounded theory method both for theory testing and examining beyond the particular cases studied by the Ethics Resource Center (Creswell, 2009; ERC, 2011b).

Research Questions

This study enabled a better understanding of the differences in awareness of four best practices using (a) written ethical standards and training, (b) open communication and learning, (c) leadership and accessibility of ethics resources, and (d) organizational culture and social awareness within accounting and business practices as a way of implementing positive modifications in ethical learning awareness (Marshall et al., 2007). The researcher used the following research questions as a guide to explore the objectives.

Overarching Research Question

The primary research question was, What was the change in employees' awareness of organizational reactions to ethical issues between 2000 and 2011?

Specific Research Questions

1. What ethical strategies have been most successfully executed in accounting and business practices after the execution of SOX?
2. What is the modification in employee awareness of the existence of ethical training after the execution of SOX?
3. What is the modification in the awareness of the existence of the availability of ethics resources, such as an ethics committee, or support services, after the execution of SOX?

The researcher developed the research questions using Osborn's 73 Idea-Spurring models, which is an organized, consistent method for creating new solutions when needed (Daupert, 2012). Osborn's 73 Idea-Spurring model increases the probability of producing unique and beneficial solutions for any type of problem (Hild, 2010). This resulted in the integration of diversified best practices with practical solutions using a grounded theory qualitative research process (Alreck & Settle, 2004; Keast & Towler, 2009).

Hypothesis

The hypothesis that the researcher investigated is the relationship between the quality and effectiveness of the awareness of ethics programs related to accounting and business practices before SOX from 2000 to 2002, and the quality of accounting and business firms' ethics programs between 2009 and 2011 after implementing SOX (Alreck & Settle, 2004; Higson, 2003; Webley & Werner, 2008). A positive correlation between the quality and effectiveness of the awareness of ethics programs concerning accounting and business practices before SOX from 2000 to 2002, and the quality of accounting and business practices ethics program between 2009 and 2011 after implementing SOX, resulted in the development of a strategic model for implementation of ethical change in accounting and business practices that can be utilized by organizations. If there was a negative correlation, or no correlation, between both relationships, then the outcome would have been to continue further research into alternative strategic changes. The correlation or lack of correlation determined which model to use (Hild, 2010; Keast & Towler, 2009). The null hypothesis was Ho, and an alternate one was Ha as shown in the following section.

Research Questions (RQ) and Hypotheses

(RQ1): What ethical strategies have been most successfully executed in accounting and business practices after the execution of SOX?

H1o: There is no difference in the ethical strategies successfully executed in accounting and business practices after the implementation of SOX.

H1a: There is a difference in the ethical strategies successfully executed in accounting and business practices after the implementation of SOX.

(RQ2): What is the modification in employee awareness of the existence of ethical training after the execution of SOX?

H2o: There is no difference in employee awareness of the existence of ethical training after the execution of SOX.

H2a: There is a difference in employee awareness of the existence of ethical training after the execution of SOX.

(RQ3): What is the modification in the awareness of the existence of the availability of ethics resources, such as ethics committees, or support services, after the execution of SOX?

H3o: There is no difference in the awareness of the existence of availability of ethics resources, such as ethics committees, or support services, after the execution of SOX.

H3a: There is a difference in the awareness of the existence of availability of ethics resources, such as ethics committees, or support services, after the execution of SOX.

Additionally, two hypotheses that measured the awareness differences in the effectiveness of ethical training based on the observation of negative ethical behavior and the occurrence of misconduct were as follows:

(RQ4): What was the change in employee perception of the effectiveness of training after the implementation of SOX?

H4o: There is no difference in employee perception of observed unethical behavior after the implementation of SOX.

H4a: There is a difference in employee perception of observed unethical behavior after the implementation of SOX.

(RQ5): What was the change in employee perception of the occurrence of unethical behavior before and after the implementation of SOX?

H5o: There is no difference in employee perception of occurrence of unethical behavior before and after the implementation of SOX.

H5a: There is a difference in employee perception of occurrence of unethical behavior before and after the implementation of SOX.

Operational Manner of Variables/Concepts

The independent variable for this research study was the SOX regulation. The dependent variables in this research study were the existence of written ethical standards, the existence of ethics training programs, the accessibility of ethical resources, the observation of unethical behavior, and the occurrence of perceived unethical behavior. For relationship analysis, the dependent variables in this study were the existence of written ethical principles, the existence of ethical training programs, and the accessibility of ethical resources (Smith & Von Winterfeldt, 2004). The dependent variables for this examination were perceived unethical behavior and the occurrence of perceived unethical conduct (Creswell, 2009). The qualitative variable concept involved the use of open communication, ethical training, social awareness, and written ethical standards as a way for implementing change in accounting and business practices, and comparing variances within the studies (Alreck & Settle, 2004; Smith, 2004).

Definitions of Operational Variables

Existence of written ethical standards: This variable, as defined in the survey conducted by the ERC (2011b), was studied in an operational manner to answer the assessment enquiry: Does your business have any written principles of ethical business behavior such as an ethical code of conduct, policy report on principles, or strategies for good business behavior at your job? This was a dichotomous dependent variable since the response to the assessment question was either yes or no.

Accessibility of Ethical Resources: This variable, as defined by the ERC (2011b), was researched by ERC in an operational manner to answer the study inquiry: Does your business have a particular workplace telephone line assigned for help on business ethics issues? This was a dichotomous dependent variable since the response to the assessment question was yes or no.

Unethical behavior observed: This variable, as defined by the ERC (2011a; 2011b), was studied by ERC in an operational manner in response to the survey question: All through the previous year, have you generally perceived behavior that disrupted the regulation or ethics of behavior at your workplace? This was a dichotomous dependent variable since the response to the assessment question was yes or no.

Occurrence of unethical behavior observed: This variable, as defined by the ERC (2011b), was researched in an operational manner in answer to the study inquiry: Exactly how frequently have you perceived unethical conduct? Is it repeatedly, seldom, or not at all? This was a trichotomous dependent variable since the responses to the assessment question could be repeatedly, seldom, or not at all.

Independent variables: These variables, as tested by the ERC (2011b), were researched by ERC in an operational manner in reply to the study inquiry: What is your occupational position? The independent variable of management was operative as the answer to the study inquiry: Are you top executive, mid-management, or a first-line manager? The independent variable for gender was operational in answer to the examination inquiry: Male or Female?

Research Design

This present study was based on data collected by the ERC between 2000 and 2011 from the National Business Ethic Survey, or NBES (ERC, 2000, 2003, 2005, 2007, 2011b). This was a secondary data source, which was set as a standard of employee ethical perceptions (Cooper & Schindler, 2006; Cowton, 1998; Smith, 2004). The goal of the NBES survey was to provide leaders with data on how employees view ethical values and practices at the workplace; to bring up-to-date national business ethical standards; and to increase employee understanding of the relationships between ethical standards practices, and consequences at the workplace (Anders, 2009; Brown, 2009; ERC, 2011b).

Qualitative research methodology is utilized in numerous academic fields of study, typically in the social sciences, for market analysis, and in other situations. It is beneficial in the improvement of an innovative awareness (Alreck & Settle, 2004; Watts, 2008). For the purpose of this current research, it would allow for the learning about employees' perception of the current ethical principles and finding different strategies for positive modification (Hesselbein et al., 2002; Higson, 2003). Moreover, a comprehensive awareness of human conduct with explanations guiding such actions can be assessed (Creswell, 2009). Qualitative research is needed for finding the degree of value employees in the system place on ethical standards in accounting and business practices (Webley & Werner, 2008). This would help make available tools for evaluating a multifaceted social system and coordinating the effects of modification (Maguad & Krone, 2009). Unlike quantitative research methods that offer information about universal positions, applicable concrete qualitative techniques will result in comprehensive structured awareness about ethics significance, practices, values, and gaining understanding for expecting and evading complications (Christian, 2000; Fielding & Lee, 1998).

The major reason for utilizing secondary data is because of the exertion in obtaining valid and reliable primary data (Alreck & Settle, 2004; Stewart & Kamins, 1993;). The main advantage of using secondary data over collecting primary data is cost and ease of access. For this research, attaining primary data was beyond the capability of the researcher. Despite the low cost of secondary data, there was still a need to invest supplementary time and effort in management and analysis for conveying innovative perceptions to present data such as (a) insights on the effectiveness of ethics training programs after SOX; and (b) findings on decreased perceptions of ethical programs and equivalent reduction in perceived unethical behavior (Kamm, 2007; Smith, 2004). A disadvantage of utilizing large secondary datasets is the probability of unequal issue representation. This can be modified through careful study of the data by means of sample weights to correct the discrepancy (Creswell, 2009).

Data Analysis

Data analysis is the procedure of systematically examining and arranging discussion records and all information gathered to augment understanding and facilitate the presentation of findings (Charmaz, 2001). Data analysis also encompasses structure, condensed association of information that allows assumptions to be made and actions taken (Alreck & Settle, 2004). In the current study, the researcher recognized fundamental subjects, clustered themes in groups, and established a framework showing coded categories to position the research study as authentic qualitative research (Miles & Huberman, 2002; Smith, 2004). This framework was in the form of a table depiction of the diverse research classifications, viewpoints, validations, and explanations for the study (Steinberg, 2008).

According to ERC (2011b), data reported in the 2005, 2003, and 2000 reports were un-weighted for inquiry. For the 2011, 2009, and 2007 analyses, results were weighted using the U.S. Current Population Survey (CPS) August and yearly assessments, the September estimations, and the 2009 decennial census data, respectively. Most of the studies presented in the 2011 NBES are cross-tabulations of weighted data. Significance was examined using modification of means tests, and the starting point for recording associations as statistically was set as $p<.05$ (ERC, 2011).

Instrument Analysis

The trustworthiness and authority of the measures included in the study was built on the secondary data collected and analyzed. The instrument of Malmquist Indexes model was used by the current researcher to measure discrepancies in employee awareness of modification, and the efficiency of businesses and accounting practices before and after the implementation of SOX (Chang et al., 2009; Weitzman, 2000).

Data Analysis Software

Computer aided qualitative data analysis software (CAQDAS) is evolving as an indispensable instrument in qualitative research. This software allows for a quicker and more vigorous qualitative data analysis (Fielding & Lee, 1998). There are different kinds of software offered under CAQDAS. Hyper RESEARCH is one that helps in the coding, labeling, classification of documented and multimedia data, and allows for the coding of structures from audio and video files. Also, NVivo9 software enhances rigor, and data analysis for coding qualitative archival data analysis. NVivo9 helps to interpret and consolidate qualitative data with complicated organizing functions allowing the relationship of data in different ways (Weitzman & Miles, 1995; Weitzman, 2000).

Data Collection Procedures

This qualitative research built on prior substantive quantitative primary research analysis which became a document analysis of secondary data (archival data) from an online database with open public access (Alreck & Settle, 2004; ERC, 2011b; Stewart & Kamins, 1993). This enabled a better understanding of the differences in awareness of four best practices using (a) written ethical standards and training, (b) open communication and learning, (c) leadership and accessibility of ethics resources, and (d) organizational culture and social awareness within accounting and business practices as a way of implementing positive modifications in accounting and business firms (Stewart & Kamins, 1993). Also, this type of study provided a greater understanding of ethics program effectiveness after SOX from 2008 to 2011. Secondary data for use in this study was provided by the ERC of Washington, D.C., based on the quantitative research of over 21,000 employee surveys conducted from 2000 to 2011 (Creswell, 2009; ERC, 2011b).

The ERC has been a resource for public and private institutions with the commitment of strong ethical culture since 1922. ERC's information provides the opportunity for a public discussion on ethics and ethical behavior. As noted by the ERC (2011b), the researchers at the ERC analyze current and emerging issues that are relevant for public trust. Hence, the ERC has always handled the National Business Ethics Survey (NBES), which is a nationally representative survey of employees at all levels, to understand various ethical viewpoints and compliance in the workplace. The NBES represents the most rigorous longitudinal research effort to examine trends in business ethics from the employee viewpoint (ERC, 2011b). The long-term nature of the study is because it provides background for national developments. NBES is the only longitudinal study that tracks the opinions of employees at all levels within businesses to disclose real-life assessments of what actually occurs within businesses on ethical issues (ERC, 2011b).

As noted by the ERC (2011b), surveys were managed and conducted by O'Neil Associates using a questionnaire developed by the ERC. The NBES survey included questions for employees about how they perceived ethics at work. The initial analysis of the dataset tables of participants was by category of employment and gender. The researcher examined the distribution of data to give a preliminary idea of the perceptions of organizational ethical programs. The frequency was broken down by year (2000 and 2011) in order to verify whether there were changes from pre-SOX implementation (year 2000) to post-SOX implementation (year 2011). This data is available online from the ERC with open public accessibility (Alreck & Settle, 2004; Creswell, 2009; ERC, 2011b).

Decision Model

Payoffs are the values the decision maker is placing on the occurrences (e.g., how much ethics training is worth to corporations). So, payoffs can be positive (ethical training) or negative (ethical scandals, bankruptcy, and lawsuits). It is often useful to represent a decision problem using a decision tree (Hild, 2010; Japuntich, & Baker, 2011; Paul & Smith-Hunter, 2011; Piper, Loh, Smith). Decision trees can be helpful in evaluating the key drivers of viability and in planning risk-mitigation strategies. When considering competitive situations, different viewpoints can be represented by a separate decision tree, thereby creating several decision trees (Hild, 2010). All-encompassing judgment should be utilized in controlling the options that are measured. A value tree affords the opportunity of using a tool to support the reasoning of the selection of the choices made based on the facts affecting the decision (Hild, 2010; Keast & Towler, 2009; Paul & Smith-Hunter, 2011; Sims & Gegez, 2004). Figure 3

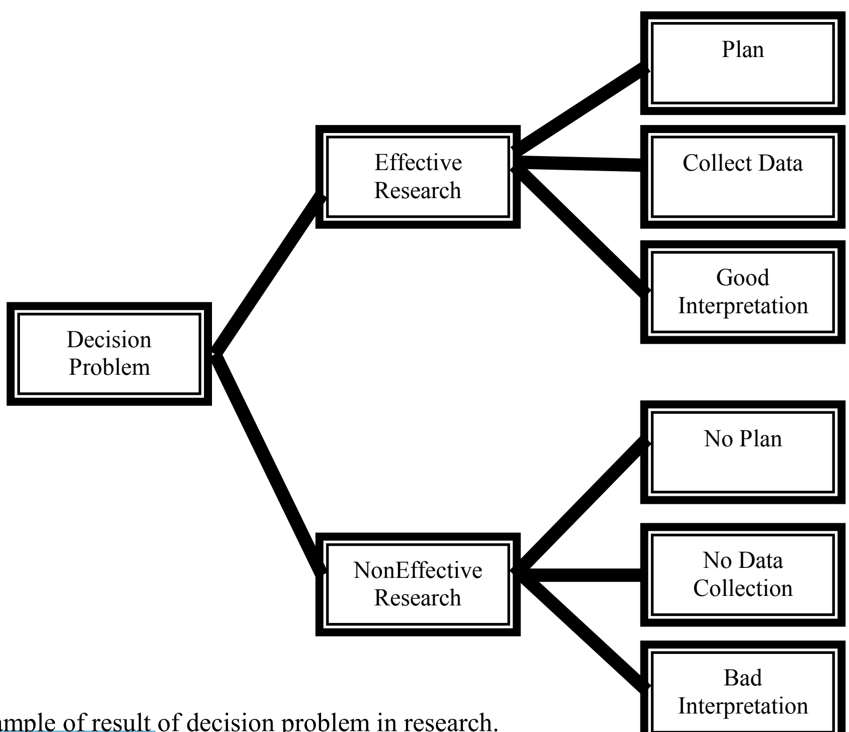

Figure 3. Example of result of decision problem in research.

Sample

A sample is archetypal when it is a precise relative exemplification of the population to be studied (Creswell, 2009). For a sample to be exactly typical, every respondent would need to have a like chance of being selected to take part in the survey by random sampling (Steinberg, 2008). The ERC (2011b) indicated that data analyzed using NBES research from 2000 to 2002 and from 2009 to 2011 was centered on random household telephone surveys of adults working at least 20 hours a week in organizations that employ two or more people in 48 states (Hacking, 2006).

The research questions were grounded on the standard that ethical knowledge has been presented to have a major effect on the ethical conduct of employees between 2000 and 2002 before SOX, and between 2009 and 2011 after SOX. The secondary data observations were collected over time by NBES (Cooper & Schindler, 2006; Higson, 2003). Using data over time enhances the credibility of the source. In addition, these data sources have been utilized by other researchers (Keast & Towler, 2009); as well as two data points in data collection before and after SOX (Brian & David, 2009).

All surveys from 2000 through 2009 were piloted over the telephone, whereas one-third in 2011 were piloted by telephone and two-thirds were directed online. The online participants came from online panels and populations (Creswell, 2009; ERC, 2011b). The panels and groups were comprised of dual opt-in respondents who fit the fixed criteria for involvement in the survey. In 2000 through 2009, the telephone surveys were piloted over landlines. In 2011, one-quarter of those surveyed by telephone took part by cell phone. This major difference in 2011 was a result of the changing nature of phone possession and usage. Cell phone-only households presently consist of about 25%

of all households in the U.S. The ERC purposefully determined to have cell phone users make up 25% of the telephone sample. The list that was ordered was archetypal sampling of the nation by time zone. The online sample consisted of a randomly selected group of panel participants who received invitations to join in the survey through email across the four time zones (Alreck & Settle, 2004; ERC, 2011b).

Sample of Report by the ERC

The ERC has surveyed and described findings on more than 21,000 employees through research over numerous years. For example, in 2011, 4,800 replies were collected, and evaluation of the data show that 117 respondents worked in the government sector. Also, 4,683 answers were from employees in the for-profit sector. Participants in the 2011 NBES were 18 years of age or older; presently employed at least 20 hours per week; working for a corporation that employs at least two people; and randomly selected towards completing a representative national distribution. One-third of all respondents were interviewed by telephone with 75% of the phone sample over land lines, 25% of the phone sample over cellphones, and two-thirds took part through an online survey with the use of online panels and communities. The scope of the telephone and online groups in the sample were weighted to equal 1 (ERC, 2000, 2003, 2005, 2007, 20llb). Respondents were guaranteed that individual responses to survey questions would be confidential. For 2011, the survey was released September 15, and closed September 29. The survey questions and sampling procedure were established by the ERC; data collection was managed by Survey Sampling International (SSI). An inquiry by the ERC was based upon a framework provided by the Federal Sentencing Guidelines (FSG) for Organizations; the Sarbanes-Oxley Act of 2002; and professional capability in defining elements of official programs, ethical culture, risk, and outcomes. The sampling error of the findings presented in the report is +/- 1.4 percent at the 95% confidence level (ERC, 2011).

Additionally, in all survey years, excluding 2009, data were weighted by age, gender, and education. Results for 2011 and years prior to 2009 are conveyed according to all three weighting factors. In 2009, information about education was not presented and survey data were weighted by age and gender only. The sampling error of the NBES 2000 survey piloted as ± 2.5% or less at the 95% confidence level (ERC, 2000). The 2003 NBES survey finalized 1,503 interviews, with individuals in residential households in all 48 states, between January 31, 2003, and March 17, 2003. The sampling error of the NBES 2003 survey was ± 2.5% or less at the 95% confidence level (ERC, 2003).

Institutional Review Board (IRB)

The Argosy University Institutional Review Board (IRB) approves every research project from the institution before the researcher collects any data. Hence, an application for approval on this research was submitted and approved prior to data collection. The data collection process was based on the use of secondary data. Ethically, after completing the Collaborative Institutional Training Initiative (CITI) training and in consultation with the researcher's faculty research supervisor, an application for certification, exempt Level 1, for the document analysis and literature reviews with no participant interaction was submitted (Creswell, 2009). The expedited application is used for studies with low-to-moderate risk to the participants. The Institutional Review Board carries out its primary responsibility by reviewing applications for certification of compliance submitted (Alreck & Settle, 2004).

Survey Questions

Survey Questions From the 2000 to 2011 NBES Study

1. What is your gender? Female or Male
2. Has your organization experienced merger, acquisition, or restructuring in the last two years? Yes or No
3. Does your organization have any written standards of ethical business? Yes or No
4. Does your organization have any code of conduct? Yes or No. For example
    - Code of ethics? Yes or No
    - Policy statement on ethics? Yes or No
    - Guidelines on proper business conduct that provide guidance for your job?

      Yes or No
5. Does your organization provide training on its standards of ethical conduct? Yes or No
6. Does your organization have a specific office or telephone line where you can get advice about business ethics issues? Yes or No.
7. What is your level of responsibility? Do you consider yourself:
    - Senior management
    - Middle management
    - First line supervisor
    - Non-management
    - Other

8. What is your job position?
    - Professional employee
    - Technical employee
    - Administrative employee
    - Clerical employee
    - Other category of employment
9. During the past year, have you personally observed conduct that you thought violated the law or your organization's standards of conduct? Yes or No
10. How often have you observed this conduct?
    - Frequently
    - Occasionally
    - Rarely

Survey Ethical Issues

Credibility/Integrity

A fundamental concern in qualitative research is credibility. Credibility was established by research validation, peer debriefing, extended engagement, auditability, and conformability (Creswell, 2007; Smith, 2004; Watts, 2008). Integrity includes trustworthiness when conducting qualitative research which reinforces ethical practice in data gathering and inquiry. The credibility of the sources used for research can be measured based on diverse perspectives (Alreck & Settle, 2004; Creswell, 2009).

Triangulation

This is a principal procedure that enables authentication of data by verifying from other sources. It specifically denotes the presentation and grouping of numerous research methodologies in the learning of the same occurrence (Oliver-Hoyo & Allen, 2008). By integrating several models, and materials, inherent unfairness and problems can be minimized (Alreck & Settle, 2004). The aim of choosing different strategies in the same study is to have a sense of balance to reduce the margin of error (Creswell, 2009; Higson, 2003). This all-inclusive approach helps to answer the how, why, what, and how of many questions (Hild, 2010; Keast & Towler, 2010).

Rigor

This research involved citing of credible references to support the concept of implementing change in ethical standards (Webley & Werner, 2008). There was an overall result based on extensive research. The conclusion was the suggestion of a four best practices strategic model needed by an accounting and business firms for successful implementation of change in ethical standards (Davila et al., 2006; Keast & Towler, 2009).

Validity

This research showed rationality that represents the scope of in-depth analysis using various theories (Fink, 2002). Data was valid, reliable, factual, and truthful (Alreck & Settle, 2004). A valid measurement is reliable, but a reliable measurement can either be valid or not valid (Creswell, 2009).

Reflexivity/Ethics

Actions and roles of researchers are constantly being examined in the research process, with the same in-depth analysis applied to data research (Keast & Towler, 2009). This includes problems on the critical reason for the research, interpersonal aspects, and the interactions between the researcher and participants which involve ethical consideration (Higson, 2003; Webley & Werner, 2008). Reflexivity can be a greater level of reflection that results in perceiving an individual as an intellectual in a specific setting with definite preferences (Christian, 2000).

Moreover, it is important for a researcher to be involved in educating as well as creating knowledge, an active practice that necessitates study, thinking, questioning of the data, researcher, participants, and the setting population (Creswell, 2007; Finlay, 1998). The goal is to improve the value and rationality of the research, while identifying the confines of the knowledge created, which results in authentic research (Hertz, 1997; Hild, 2010).

Grounded Theory/Model Overview

Theories/models serve to define occurrences or circumstances that happen consistently in the same set of situations. Grounded theory can be defined as learning theory from data (Glaser, 2005, Thomas & James, 2000). This theory can help to project the adaptable use of theories that are ambiguous. Usually, most papers are on highly empirical studies with the conclusion that has an attached explanation taken from a logically inferred theory. The author will give the data a general meaning, as well as an interpretation of the findings (Charmaz, 2008; Glaser, 2003). However, in this current study, the theories generated from the data serve to explain the data based on grounded theory as opposed to using data to explain a current theory (Glasser, 2007). This qualitative grounded theory inductive approach that is used in an accounting environment, as noted by Smith (2004), allows for an exploratory research of changes in data over several years without distortion of the findings.

Grounded Theory

This approach, as noted by Creswell (2007), is used to move beyond description and to produce or learn a theory, or to create an abstract analytical schema of a development, act, or communication. The change of the theory might help explain practice or provide a context for further research. A key idea is that this theoretical process is well-grounded in secondary field data from participants who have experienced the method. Hence, grounded theory is a qualitative research design in which the researcher creates a theory of a development, act, or communication that is formed by the visions of a huge number of participants (Creswell, 2009). When a theory is needed to explain how people are experiencing a phenomenon, grounded theory developed by the researcher will provide a general framework (Strauss & Corbin, 1998).

Additionally, the current researcher used grounded theory to organize and evaluate the data of this qualitative research (Smith, 2004). There are various forms of grounded theory such as the constructivist and the objectivist systems. The constructivist method emphasizes the experiences of the researcher and the participants in the data; while the objectivist method is based on the assumption that data signifies objective facts about an educated society. In effect, the data is available for the researcher to discover, and it is referred to as an unbiased observer's report (Charmaz, 2000; Glaser & Strauss, 1967). However, this research was dependent on the objectivist form of grounded theory. This is because data was based on the experiences and observations of the participants.

Data Organization Tools in Grounded Theory

The data examination features of grounded theory are memoing, coding, and sorting. These features are utilized for unifying and evaluating the data. As Smith (2004) expressed, it involves the following:

Memoing means that when coding, some hypothetical suggestions may occur. These can be on relations between classifications, or about a fundamental classification that is essential to the study. As the classifications and groupings develop, a theory emerges (Smith, 2004; Thornberg & Charmaz, 2012).

Coding is a system of codes with distinct meaning or a process of identification. In other words, it is a method of recognizing employees' perception of ethical awareness at the workplace. This process involves taking a sentence at a time from the qualitative data, then examining, comparing, and coding it (Smith, 2004).

Sorting is combining into categories. In this current study, the core categories are ethical employees' awareness of accessibility of ethical training at the workplace. The sub-categories emerged after sorting and coding (Smith, 2004). In this study, the collected data fitting into any of the conceptual models caused a theory to emerge with suggestion of four best practices that will positively impact employees' behavior.

The Methods of Organizing Data in Grounded Theory

There are several other methods used in the process of data analysis. First, *open coding*, as described by Strauss and Corbin (1998), simplifies the data and allows the identification of some categories, the properties, and dimensional locations. Second, *discovering categories* involves grouping similar categories until a particular occurrence is discovered, then the data can be grouped from place to place. This shows that the procedure of combining concepts that relates to the same occurrence is called categorizing (Charmaz, 2008; Straus & Corbin, 1998). The researcher gave every occurrence represented by a category an abstract conceptual name such as written standards for ethical conduct on NBES repeated questions as reported by ERC (2011b; see Appendix B). In this study, this meant grouping employee ethics learning awareness over several years under different conceptual names. Third*, comparative analysis* in grounded theory uses the rationality of comparison in data analysis. Comparison brings out similarities and differences between two or more things. As described by Glaser (2005) comparative analysis can be used to generate substantial and formal theory. The data from this study is only appropriate for substantial theory.

Next, *practical or substantive theory* is developed for a functional area of sociological inquiry such as race relations, professional education, or research organizations. Lastly, *formal theory* is theory developed for formal conceptual areas of review, such as divergent behavior, or formal organizations. Therefore, substantive theory serves to disseminate theory from the substantive area rooted in the research data (Charmaz, 2008; Glaser 2005; Thornberg & Charmaz, 2012).

CHAPTER FOUR: DATA COLLECTION AND ANALYSIS

Purpose Restatement

The purpose of this study was to explore the level of variation in employee cognizance of workplace ethical training programs after the SOX guideline was sanctioned in 2002 (Thibodeau & Freier, 2011). This research study served to assess the variation in employee response to the same type of questions before and after the failure of Enron and Arthur Anderson using document analysis from National Business Ethics Surveys (NBES) of 2000 to 2002, and 2009 to 2011, to assess data that was collected both prior to and after the enactment of the SOX Act in 2002 (ERC, 2003, 2005, 2007, 2011b; Lipman & Lipman, 2006; Schroeder et al., 2011). A strategic model was used as a way for executing new models with good ethical standards as a guide for use in accounting and business practices (Dooley & O'Sullivan, 2001; Higson, 2003).

Grounded Theory/Model

Theories/models serve to define occurrences or circumstances that happen consistently in the same set of situations. Grounded theory can be defined as learning theory from data (Glaser, 1992; Smith, 2004). This theory helped to project the adaptable use of theories that were ambiguous (Creswell, 2009). In the initial planning process, the researcher developed a conceptual representation of the research study to clarify important relationships since it contributes to theory (Creswell, 2009). This qualitative, grounded theory inductive approach that is used in an accounting environment (Smith, 2004) did not involve the use of humans. This allowed for an exploratory research of changes in data over several years without distortion of the findings (Smith, 2004).

This grounded theory approach, as noted by Creswell (2007), is used to move beyond description and to produce or learn a theory, or to create an abstract analytical schema of a development, act, or communication. The change of the theory might help explain practice or provide a context for further research. A key idea is that this theoretical process is well-grounded in secondary field data from participants who have experienced the method. Hence, grounded theory is a qualitative research design in which the researcher creates a theory of a development, act, or communication that is formed by the visions of a huge number of participants (Creswell, 2009).

When a theory is needed to explain how people are experiencing a phenomenon, a grounded theory developed by the researcher will provide a general framework (Strauss & Corbin, 1998; Smith, 2004). Also, theory that is inductively developed from logical realistic research will more likely fit the data being analyzed, and would be more useful, reasonable, and available. Grounded theory approaches are designed to manage and control bias in building theory using qualitative methodology to find embedded meanings in data (Glasser & Strauss, 1967; Smith, 2004).

Data Analysis Technique/Coding

Data analysis is the method of exploring and placing discussion records and all information gathered together to improve awareness and enable the presentation of results (Charmaz, 2001). Also, Smith (2004) indicated that data analysis involves three actions occurring together in a structured, condensed, and actionable manner. So, data analysis included identifying fundamental subjects and grouping of themes into categories.

The researcher developed a framework showing coded categories to position the research study as an authentic qualitative grounded theory research. For example, the researcher included a framework in form of a table representation of the different research categories, such as effects before SOX, effects after SOX, exploratory explanations, and the type of research study conducted (Smith & Von Winterfeldt, 2004). This involved organizing the data into topics, categories, and coding to ascribe meaning (Charmaz, 2001; Creswell, 2007).

Data reduction is part of data analysis activity, and it is a continuous process. It resulted by selecting a theoretical structure, and was expressed by reviews, coding of subjects, and data gathering (Strauss & Corbin, 1998). A fundamental method for data reduction and presentation is coding. This involved simplified searching for relationships and classifying patterns that needed further analysis (Smith, 2004).

Interpretations of Patterns of Interaction Identified

Based on the available data, the researcher assigned the codes meaningful names that gave a suggestion of the supporting perception of the subject or grouping. A pattern of relationship emerged, which allowed parts of the data related to a theme to be coded as applicable. This process involved accurate reading of the text. The list of codes helped to identify any problems contained in the data set (Creswell, 2007). Open-minded coding and categorizing techniques allowed for some probing thoughts about the data; for example, the type of process that was going on, employees' perspective of the availability of training programs, the impact on employees' behavior, and the relationship between structure, and context to actions (Charmaz, 2001). Coding was consistent, with usage of better codes as needed. The researcher compared coded categories to eliminate duplication of coding, and unnecessary use of data for proper arrangement (Weitzman, 2000; Smith, 2004).

Data Analysis

This qualitative study served to assess modifications in the cognizance of ethics issues as a result of extended ethical learning based on secondary data analysis. The Ethics Resource Center (ERC) provided quantitative research data. However, for this research, the researcher used a qualitative grounded theory method for exploring the data beyond the particular cases already studied by the ERC (Creswell, 2009; ERC, 2011b).

This qualitative research study built on prior substantive quantitative primary research analysis conducted by the ERC, which became a document analysis of secondary data (archival data) from an online database with open public access (Alreck & Settle, 2004; ERC, 2011b; Stewart & Kamins, 1993). Secondary data for use in this study was provided by the ERC of Washington, D.C., based on quantitative research of over 21,000 employee surveys conducted from 2000 to 2011 (Creswell, 2009; ERC, 2011b).

The researcher used a qualitative grounded theory method both for theory testing and examining beyond the particular cases studied (Brock, 2008; Creswell, 2009; ERC, 2011). This chapter includes a presentation of the results of responses conducted on the theory in order to address the main research questions of this study on the change in employees' awareness of organizational reactions to ethical issues between 2000 and 2011 (ERC, 2000, 2003, 2005,2007, 2011b).

The data analysis procedure involved coding, determining categories, and identifying relationships. First, the coding process led to determining categories, and then breaking down the data into controllable divisions which enabled the researcher to determine the categories. The second step of categorizing involved grouping concepts around occurrences. Occurrences are observable events or an outward sign of the working of a law of nature (Glaser & Strauss, 2005; Thornberg, 2012). The occurrence in this study is the level of variation in employee cognizance of workplace ethical training programs after the SOX guideline was sanctioned in 2002 (Thibodeau & Freier, 2011).

In the next step, the researcher assigned perceptions conceptual names given to the various categories in the process of coding. The condition of choosing a name in a category is the certainty of the name being logically related to the data that is represented. Moreover, giving names to categories was explicitly based on the researcher's discretion, which signifies that the names of each category are anticipated to be the product of the researcher. Plagiarized conceptual names are usually discouraged because of the supplementary connotation that can cause obscurity (Smith, 2004). Also, the name given to each group should show added abstract that the cluster represents. For instance, the conceptual names in Table 1, such as effects before the SOX (EBS) and effects after the SOX (EAS), are abstract names in comparison to the properties of the relationships.

Data Interpretation

Research Theory 1

The first research theory was as follows: Are changes in strategies successfully implemented in accounting and business practices prior to and subsequent to the execution of the SOX such as employees' perceptions of written ethical standards between 2000 and 2011? The null hypothesis 1 (H1o) was, "There is no difference in the strategies successfully executed in accounting and business practices after the implementation of the SOX" (Brock, 2008; ERC, 2000, 2003, 2005, 2007, 2011b). To test this theory, quantitative research analyses were performed by the ERC between 2000 and 2011 (Brock, 2008; ERC, 2000-2011). The current researcher used the qualitative grounded theory method, which involved coding, determining categories, and identifying relationships both for theory testing and exploring beyond the particular cases studied by the ERC (ERC, 2011; Creswell, 2009).

The researcher analyzed the data during the collection process. The coding process involved utilizing a constant comparative method of data analysis for gathering the data, going back and forth to obtain more information, and comparing to emerging theories (Creswell, 2007). The researcher first used grounded theory open coding (GTOC), which is the conceptualization of the first level of perception. For example, in the beginning of the study, the researcher coded the data to find out about the problem and how it would be resolved. This phase was time-consuming since the researcher was conceptualizing all occurrences in the data which yielded many concepts. Open coding of more data allowed for comparison and for new concepts to emerge, after which the researcher made modifications as necessary (Strauss & Corbin, 1998). The researcher went back and forth while comparing data, continuously modifying and improving the developing theory at the same time.

Next, from this open coding, the researcher used grounded theory axial coding (GTAC), in which one main occurrence to focus on was identified. Axial coding is the process of relating codes to one another through a combination of inductive and deductive thinking. The basic framework of universal relationships is understood using a coding model that includes classifications associated to the occurrence under study; the circumstances related to that occurrence; the actions and strategies focused on managing or handling the occurrence; and the consequences of the actions related to the phenomenon (Charmaz, 2001; Creswell, 2007; Strauss & Corbin, 1998).

The final step was selective coding, conducted after having found the core variable or the uncertain core that fits with the data. After choosing the core variable, the researcher selectively coded data with the core guiding the coding. Selective coding defined the study and made the process move faster. Again, with grounded theory, the concern is not with research data accuracy, but with generating concepts that are abstract of time, place, and people. Hence, selective coding was conducted by coding newly gathered data. This form of grounded theory, as developed by the researcher, is articulated toward the end of a study and can assume several forms such as a narrative statement, a visual picture, or a series of theories (Creswell, 2007; Strauss & Corbin, 1998).

A theory emerged with help from the process through which the researcher would write down ideas about the evolving theory throughout the process of open, axial, and selective coding. However, the substantive-level theory was tested for its empirical verification with quantitative data from the ERC. For the purpose of this qualitative research analysis, the study will end with the generation of a theory as the goal of the research (Creswell, 2007). Table 3 shows the analysis for Research Theory 1.

Table 3

Research Theory 1 Analysis

Effects before SOX	Effects after SOX	Exploration
The results showed that the percentage of individuals who perceived that there were ethical strategies in place within their organization decreased between 2000 and 2002, before SOX.	The percentage of respondents who stated that they were aware of ethical strategies in place within their organization varied between 2003 and 2011, after SOX.	The test results did not reject the null theory. This indicates that the decrease in employees' awareness of ethical strategies was not different

Note. The ERC research study was performed to determine if the variation in employee answers was different (ERC, 2000-2011).

Research Theory 2

The second research theory was as follows: Are there changes in perceptions of employees' acuity of the presence of ethics training programs subsequent to the implementation of SOX? The ERC null hypothesis 2 (H2o) was, "There is no difference in employee awareness of the existence of ethical training after the execution of SOX" (Brock, 2008; ERC, 2000, 2003, 2005, 2007, 2011b). To test this theory, quantitative research analyses were performed by the ERC between years 2000 and 2011 (Brock, 2008; ERC, 2000, 2003, 2005, 2007, 2011b). The researcher used the qualitative grounded theory method as described for Research Theory 1, which involved coding, determining categories, and identifying relationships both for theory testing and exploring beyond the particular cases studied by the ERC (Creswell, 2009; ERC, 2011b). Table 4 shows the analysis for Research Theory 2.

Table 4

Research Theory 2 Analysis

Effects before SOX	Effects after SOX	Exploration
The results showed that the percentage of individuals who perceived that there were ethics training programs available within their organization had no changes before SOX.	The proportion of respondents who were aware of ethics training availability within the organization varied between 2003 and 2011, after SOX.	The test result did not reject the null theory. This supports the finding that there were changes in employees' perception of the availability of training programs.

Note. Analyses were based on NBES survey question 2, "Does your organization provide training on its standards of ethical conduct?" (ERC, 2000, 2003, 2005, 2007, 2011b).

Research Theory 3

The third research theory was as follows: Are there modifications in employees' acuity of the availability of ethics resources, such as ethics committees subsequent to the implementation of SOX? The ERC null hypotheses 3 (H3o) was, "There is no difference in the awareness of the existence of availability of ethics resources, such as ethics committee, or support services, after the execution of the SOX" (ERC, 2000, 2003, 2005, 2007, 2011b). To test this theory, the ERC performed quantitative analyses between years 2000 and 2011 (Brock, 2008; ERC, 2000, 2003, 2005, 2007, 2011b). The researcher used the qualitative grounded theory method as described in Research Theory 1, which involved coding, determining categories, and identifying relationships both for theory testing and exploring beyond the particular cases studied by the ERC (Creswell, 2009; ERC, 2011b). Table 5 shows the analysis for Research Theory 3.

Table 5

Research Theory 3 Analysis

Effects before SOX	Effects after SOX	Exploration
The results showed that the proportion of individuals who perceived that there were ethical resources available within their organization such as a specific phone line for ethics advice varied for all employees before SOX.	The proportion of respondents who stated that they were aware of ethical resources available within their organization decreased after SOX in 2003, but increased between 2005 and 2011.	The test results did not reject the null theory. This suggests that the increase in employees' awareness of the availability of ethical resources was not different.

Note. Analyses were based on NBES survey question 3, "Does your organization have a specific office or telephone line where you can get advice about business ethics issues?" (ERC, 2000, 2003, 2005, 2007, 2011b).

Research Theory 4

The fourth research theory was as follows: Changes in employee acuity of the effectiveness of training on observed unethical behavior subsequent to the implementation of the SOX. The ERC null hypotheses 4 (H4o) was, "There is a difference in employee perception of effectiveness of training on observed unethical behavior after the implementation of SOX" (ERC, 2000, 2003, 2005, 2007, 2011b). To test this theory, quantitative research analyses were performed by the ERC between years 2000 and 2011 (Brock, 2008; ERC, 2000, 2003, 2005, 2007, 2011b). The researcher used the qualitative grounded theory method, which involved coding, determining categories, and identifying relationships both for theory testing and exploring beyond the particular cases studied by the ERC (Creswell, 2009; ERC, 2011b). Table 6 shows the analysis for Research Theory 4.

Table 6

Research Theory 4 Analysis

Effects before SOX	Effects after SOX	Exploration
The results showed that the proportion of individuals who observed unethical behaviors within their organization decreased before SOX.	The proportion of individuals who observed unethical behaviors within their organization varied after SOX.	The test result did not reject the null theory. This implies that the increase in observed unethical behavior was not different.

Note. Analyses were based on the NBES survey question 6, "During the past year, have you personally observed conduct that you thought violated the law or your organization's standards of conduct?" (ERC, 2000, 2003, 2005, 2007, 2011b).

Research Theory 5

The fifth and final research theory was as follows: Modification in employee acuity of the existence of unethical behavior prior to and subsequent to the implementation of the SOX. The ERC null hypotheses 5 (H5o) was, "There is no difference in employee perception of occurrence of unethical behavior before and after the implementation of the SOX" (ERC, 2000, 2003, 2005, 2007, 2011b). To test this theory, quantitative research analyses were performed by the ERC between years 2000 and 2011 (Brock, 2008; ERC, 2000, 2003, 2005, 2007, 2011b). The researcher used the qualitative grounded theory method, which involved coding, determining categories, and identifying relationships both for theory testing and exploring beyond the particular cases studied by the ERC (Creswell, 2009; ERC, 2011b). Table 7 shows the analysis for Research Theory 5.

Table 7

Research Theory 5 Analysis

Effects before SOX	Effects after SOX	Exploration
The results showed that the frequency of observation of unethical behaviors varied for all employees before SOX.	Most respondents stated that the frequency of observation of unethical behavior varied after SOX with emphasis on rarely occurring.	The test was not conducted for this category. The results suggest that the frequency of observed unethical behavior decreased.

Note. Analyses were based on NBES question 7, "How often have you observed this conduct? Have you observed it frequently, occasionally, or rarely?" (ERC, 2000, 2003, 2005, 2007, 2011b).

Evaluation of Conceptual Model Using Grounded Theory

The researcher used grounded theory to establish and assess the data of this qualitative research (Smith, 2004). There are various forms of grounded theory such as constructivist and objectivist systems. The constructivist method accentuates the understandings of the researcher and the participants in the data, while the objectivist process is grounded on the assumption that data denotes objective facts about an educated society. In effect, the data was available for the researcher to discover, and it was discussed as an unbiased observer's report (Charmaz, 2001; Glaser & Strauss, 1967).

This research was dependent on the objectivist form of grounded theory, as discussed in chapter 3. This is because data was centered on the experiences and observations of the participants, as noted by the ERC (2011b). The researcher used the conceptual framework in chapter 1 to guide this research by providing a visual representation of theoretical constructs of interest (Schroeder et al., 2011). This qualitative grounded theory research built on prior substantive quantitative primary research analysis conducted by the ERC, which became a document analysis of secondary data (archival data) from an online database with open public access (Alreck & Settle, 2004; ERC, 2011b; Stewart & Kamins, 1993).

Summary

The theory explored in this chapter was the association concerning the quality and success of the responsiveness of ethics training programs related to accounting and business practices before SOX from 2000 to 2002, and the quality of accounting and business firms' employee ethics training programs between 2003 and 2011 after executing SOX since there were no data available for 2012 (Alreck & Settle, 2004; Higson, 2003; Webley & Werner, 2008). There was a positive relationship between the quality and success of employees' acuity of ethics training programs concerning accounting and business practices before SOX, from 2000 to 2002, and the quality of accounting and business practices ethics program between 2003 and 2011 after executing SOX in all 48 states (Hild, 2010; Keast & Towler, 2009). This chapter included a presentation of the findings for the researcher's qualitative research questions, as well as the quantitative research questions by the ERC. A discussion of these findings as well as recommendations for future research are included in chapter 5.

CHAPTER 5: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Discussion of Results

The objective of this chapter is to validate the theories from the research data in the previous chapters with the four authenticating requirements of grounded theory (Bryant & Charmaz, 2007; Glaser, 2003). Additionally, the researcher hopes that the theories created from the data will serve to explain the data in a general method based on grounded theory (Corbin & Strauss, 2008; Glaser & Strauss, 1967). The purpose of this study was to explore the extent to which employee awareness changes as a consequence of organizational ethics learning programs after SOX regulation was approved in 2002 (Anders, 2009; Armstrong et al., 2003; Thibodeau & Freier, 2011). The researcher evaluated these needs by modeling the research data in four best practices conceptual models; namely, (a) written ethical standards and training, (b) open communication and learning, (c) leadership and accessibility of ethics resources, and (d) organizational culture and social awareness within accounting and business practices as a way of implementing positive modifications in accounting and business practices as discussed in chapter 2 (Marshall et al., 2007; Michael, 2011; Stewart & Kamins, 1993; Tysiac & Pastor, 2012).

Research Question One

Research question one was, “What ethical strategies have been most successfully executed in accounting and business practices after the execution of SOX?” In this first research question, the researcher explored the change in the perception of the existence of written ethical standards after the implementation of SOX. The results of the question showed that the percentage of individuals who observed that written standards of ethical business conduct was in existence within their place of work differed between 2000 and 2011 for all employees (Anders, 2009; ERC, 2000, 2003, 2005, 2007, 2011b). Specifically, the results showed that awareness of the existence of written ethical standards decreased by 11% in 2003 after SOX, but it increased by about 13% between 2005 and 2011 (ERC, 2000, 2003, 2005, 2007, 2011b). There was an 11% decrease between year 2000 before SOX, and year 2003 after SOX. However, there was an increase from year 2003 by 15% in year 2005, 2007, and 14% in year 2011 as depicted graphically in Figure 4.

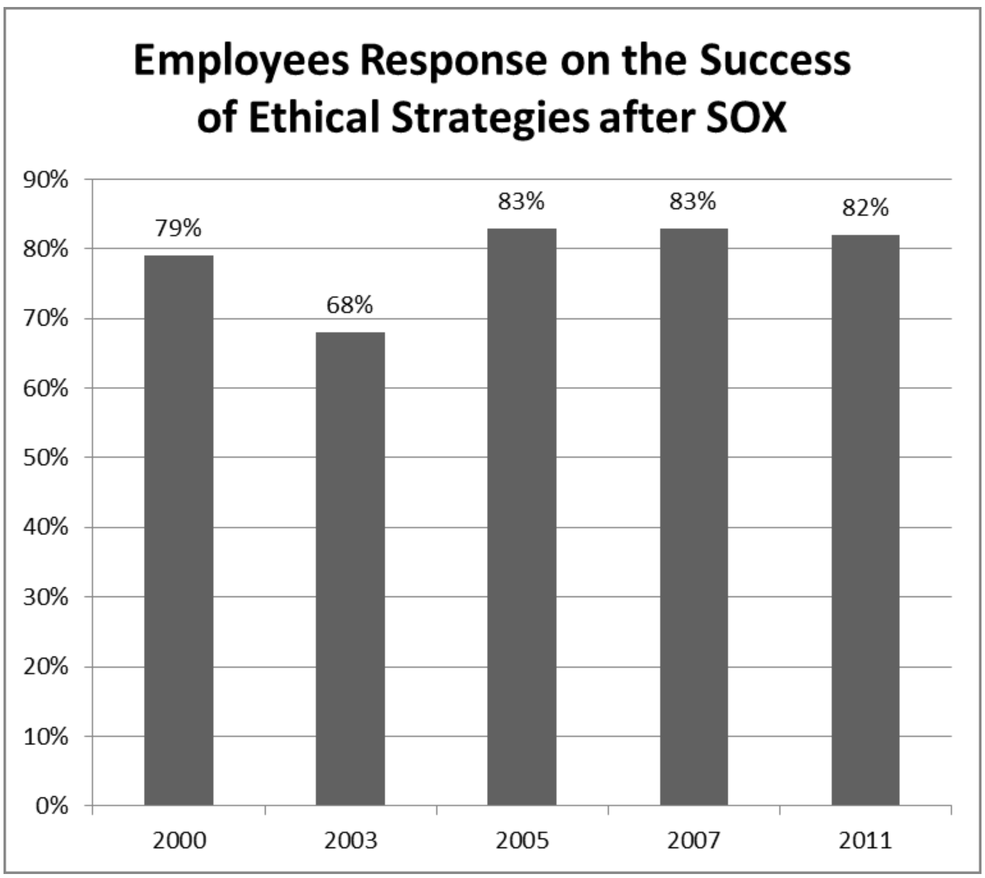

Figure 4. Employees' response on the success of ethical strategies after SOX.

The analysis of the data shows that the ethical strategies executed in accounting and business practices at the workplace decreased after SOX in 2003, and increased again in years 2005, 2007, and 2011 (ERC, 2000, 2003, 2005, 2007, 2011b; Marini, 2011).

Research Question Two

Research question two was, "What is the modification in employee awareness of the existence of ethical training after the execution of SOX?" The results of the second research question showed that the percentage of employees who observed the existence of ethics training programs in the workplace did not change considerably between 2000 and 2003 (ERC, 2000, 2003). There was a 4% decrease from year 2000 before SOX, and year 2003 after SOX. However, there was an increase from year 2003 by 15% in year 2005, an additional increase of 10% in 2007, and 1% in 2011 as depicted graphically in Figure 5.

Figure 5. Employees' response on the awareness of ethical training after SOX.

The analysis of the data shows that the percentage of employees who perceived the existence of ethics training program at the workplace increased after SOX in 2005, 2007, and 2011 (ERC, 2000, 2003, 2005, 2007, 2011b; Marini, 2011).

Research Question Three

Research question three was, "What is the modification in the awareness of the existence of the availability of ethics resources, such as ethics committees, or support services, after the execution of SOX?" The third research question was on the change in employee awareness on the accessibility of ethics resources in the workplace such as the presence of an ethics committee, or other support services after the implementation of SOX. The results showed that the percentage of employees who observed the availability of ethics resources in the workplace varied between 2000 and 2011 (Anders, 2009; ERC, 2000, 2003, 2005, 2007, 2011b). There was a decrease from 47% in 2000 before SOX to 41% in 2003 after SOX. However, there was an increase to 63% in 2005, 65% in 2007, and 68% in 2011 as illustrated in Figure 6.

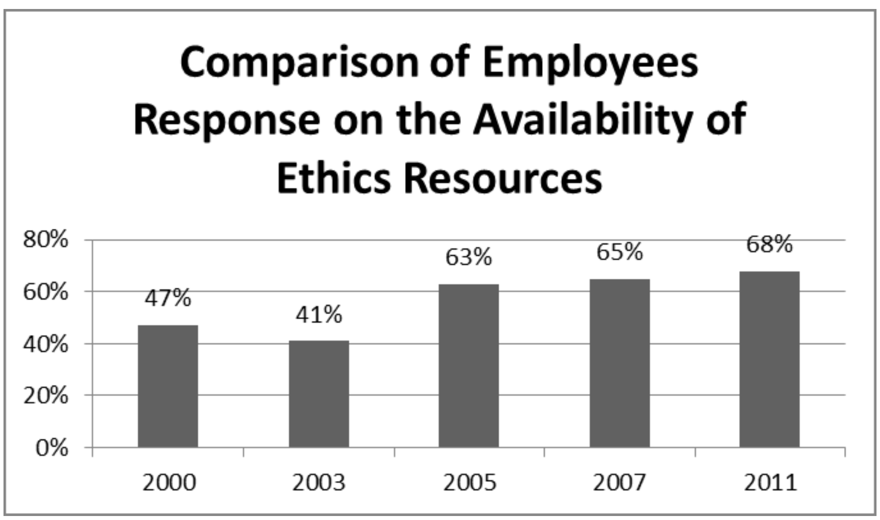

Figure 6. Comparison of employees' response on the availability of ethics resources.

Specifically, the results showed that the decrease in awareness of availability of ethics resources decreased among all employees between 2000 and 2003 by 6%. However, there was an increase of 22% in 2005, 2% increase in 2007, and 3% increase in

2011 (ERC, 2000, 2003, 2005, 2007, 2011b; Marini, 2011).

Research Question Four

Research question four was, “What was the change in employee perception of the effectiveness of training after the implementation of SOX?” The fourth research question addressed the change in employee awareness of the effect of training after implementing SOX, which included personal observation of conduct that violated the workplace code of ethical standards, and the availability of a mechanism for reporting such misconduct anonymously after the implementation of SOX. The results showed that the percentage of individuals who perceived unethical behaviors in the workplace varied between 2003 and 2011 for all employees, but there was no data available in year 2000 (ERC, 2000, 2003, 2005, 2007, 2011b). The percentage in 2003 was 62% with an increase to 71% in 2005; it further increased to 80% in 2007, but decreased by 3% to 77% in year 2011 (see Figure 7).

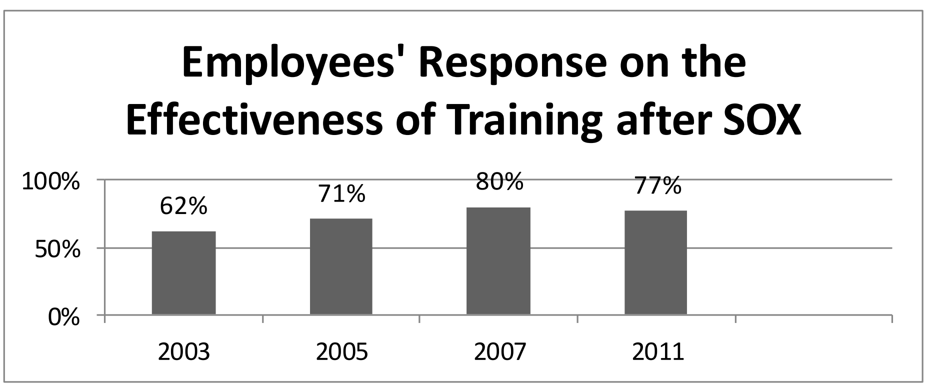

Figure 7. Employees’ response on the effectiveness of training after SOX.

An analysis of the data shows that the proportion of individuals who observed conduct that violated the ethical policies varied amongst all employees respectively between 2003 and 2011 (ERC, 2000, 2003, 2005, 2007, 2011b; Marini, 2011).

Research Question Five

Research question five was, "What was the change in employee perception of the occurrence of unethical behavior before and after the implementation of SOX?" Results from the fifth research question, which explored ethics culture and change in employee awareness of observed frequency of unethical behavior after the implementation of SOX, showed that the frequency of observations of unethical behaviors varied between 2000 and 2011 (ERC, 2000, 2003, 2005, 2007, 2011b). The assessment of unethical conduct decreased between 2007 and 2011 for all employees to 67% (see Figure 8).

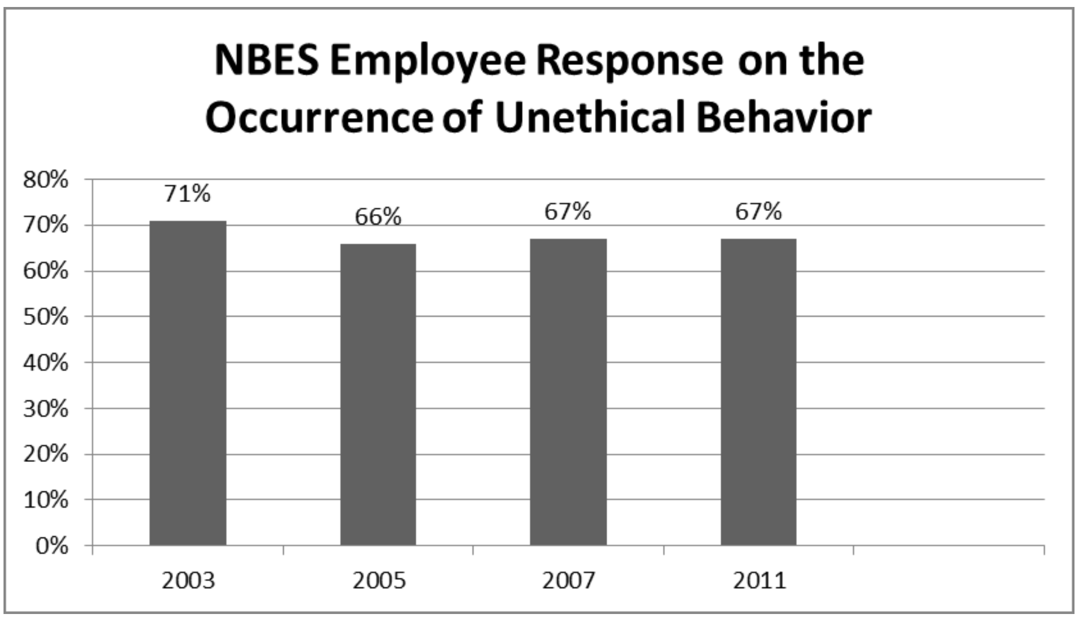

Figure 8. Employee response on the occurrence of unethical behavior.

The data show that there is a decline in ethical culture in the workplace from 2005 to 2011 after SOX (ERC, ERC, 2000, 2003, 2005, 2007, 2011b; Marini, 2011).

The summary of the results shows that there is a decrease in the awareness of the existence of written ethical standards and availability of ethical resources, but no substantial changes in the perceptions of ethical training programs by all employees (Brock, 2008; ERC, ERC, 2000, 2003, 2005, 2007, 2011b). Although there were no major changes in the observations of ethical training programs by all employees, there was a decrease in the proportion of individuals who observed conduct they believed to have violated the organization's standards of conduct, and that the frequency of observed unethical behaviors decreased between 2000 and 2011. Employees' perceptions of organizational response to ethical issues, in terms of written ethical standards and availability of ethics resources, decreased between 2000 and 2003, but increased between 2005 and 2011 (ERC, 2000, 2003, 2005, 2007, 2011b). Yet, perceptions in terms of the effectiveness of the ethical programs remained unchanged, which suggests that the participants were still mostly aware of the effectiveness of the ethical programs since violations of ethical conduct observed decreased (Brock, 2008; ERC, 2000, 2003, 2005, 2007, 2011b).

Appropriateness of Data in Conceptual Models

The results of this research suggest a conceptual model based on four best practices to model the data from the research. Following is a discussion of the appropriate data for the model in order to evaluate the possible theories that have developed (Corbin & Strauss, 2008). The purpose of fitting the data into the conceptual models is to test the adequacy of data conditions and observation of possible theory/theories that emerge from the data (Charmaz, 2008; Smith, 2004; Michael, 2011).

Authenticating Findings and Application of Grounded Theory

The difference between grounded theory and other theories is that grounded theory could be applied in everyday circumstances by the learned theorists in a simplified form (Bryant & Charmaz, 2007; Smith, 2004). There are four basic requirements for testing the application of grounded theory. First, the theory must be the most appropriate to the practical range in which it will be used. Second, it must be easily understood by anybody concerned with the range. Third, it must be generally adequate in application in various diverse circumstances within the practical capacity; and fourth, it needs to permit the user some control of the structure and process of everyday circumstances and changes over time (Charmaz, 2008; Corbin & Strauss, 2008; Glaser, 2005; Thornberg, 2012).

Most appropriate is utilization of grounded theory to analyze the research data to establish the most appropriate way of applying theory discovered from data (Bryant & Charmaz, 2007). This means the theory must be closely connected to what actually happens in real life in the functional range, which is most appropriate (Smith, 2004). In this current research, the conceptual models were intellectual assumptions of reality, with data being reality. The likelihood was the research data being appropriate with the four best practices, thereby allowing theory to develop. The data explored was appropriate for each of the four best practices. Hence, in fitting the research data into the conceptual model, a theory emerges based on four best practices (Glaser, 2003, 2005).

Easily understood is based on the theory being easily understandable by everyone concerned with the practicality of the theory (Glaser, 2005). This involves explaining the theory such that other professionals that are not considered experts in the field of study, such as accountants, can read and understand this theory. Hence, the theory created from this research has been able to meet the second validation requirement of grounded theory (Glaser, 2005; Smith, 2004; Thornberg, 2012).

Practical application of grounded theory based on the data collected from various facets of the study is very important (Glaser, 2005). This qualitative study served to assess modifications in the cognizance of ethics issues as a result of extended ethical learning based on secondary data analysis of quantitative data provided by the Ethics Resource Center (ERC). However, for this research, the researcher used a qualitative grounded theory method for exploring the data beyond the particular cases already studied by the ERC (Creswell, 2009; ERC, 2000, 2003, 2005, 2007, 2011b). Also, this qualitative, grounded theory inductive approach that is used in an accounting environment (Smith, 2004) did not involve the use of humans. This allowed for an exploratory research of changes in data over several years without distortion of the findings. The data from which the theories originated clearly support the general application of the theory in the applicable area of study (Glaser, 2005). Hence, this research showed the need for corporate governance modification in employee acuity of ethics learning in accounting and business practices before and after SOX, and this resulted in the suggestion of a model of four best practices to improve employees' behavior (Marshall et al., 2007; Tysiac & Pastor, 2012). The professionals' awareness of this need caused the general application of these theories, which shows that the theories met this requirement for using qualitative grounded theory research method.

Permit user control is the last validation of grounded theory, which requires that the theory allows for user's partial control of the building of procedural changes over time (Glaser, 2005). This means that the professional applying the theory in the fundamental area of study has the freedom of adjustment where needed for modifications (Charmaz, 2008; Thomas & James, 2006). Therefore, modifications in employee acuity of ethical learning is dynamic and the application of some best practices to meet the needs of accounting and business practices in this area is dynamic as well. Consequently, employees and businesses must adjust to ethical modifications for organizational growth. For instance, as modifications take place in the learning of ethics accounting, business firms are expected to improve their ethics learning as needed and progressively implement the four best practices suggested (Marshall et al., 2007; Michael, 2011; Tysiac & Pastor, 2012). This becomes the control requirement embedded in these theories; subsequently, the theories have met this requirement as well (Thornberg & Charmaz, 2012; Thornberg, 2012).

Implications of the Findings

The test result explored for each theory showed various changes from 2000 to 2011 in acuities of present training programs (ERC, ERC, 2000, 2003, 2005, 2007, 2011b). Nevertheless, the test results showed that there was an increase/decrease from 2000 to 2011 in the following perceptions:

- The existence of written standards for ethical business conduct for all employees decreased between 2000 and 2003, but increased between 2005 and 2011.
- The availability of ethical resources within the workplace for all employees decreased between 2000 and 2003, but increased between 2005 and 2011.
- The frequency of observations of unethical behavior for all employees and a mechanism for reporting misconduct decreased in 2003, but increased between 2005 and 2011.
- The assessment of ethical conduct was 71% in 2003, but decreased between 2005 and 2011.

The implication here is that the training programs could have been effective within the businesses since this study indicated a decrease in observed violations of ethical conduct from 2000 to 2011 (ERC, 2000, 2003, 2005, 2007, 2011b). This study highlighted some limitations, such as the findings that showed a decrease in awareness for some employees of observed violations of ethical conduct after SOX between 2005 and 2011, which would suggest that the implementation of SOX was successful. The findings also showed a decrease in awareness for some employees of the existence of written ethical standards and availability of ethical resources right after SOX in 2003, which may suggest a number of causes for the results.

For example, this can mean that the implementation of SOX succeeded in establishing ethical standards, but with time, importance of ethical standards decreased, resulting in the decrease of awareness; therefore SOX was not successful because employees were less aware of ethical standards after its implementation (Anders, 2009; ERC, 2000, 2003, 2005, 2007, 2011b). Perhaps, over time, the definitions the respondents used for ethical programs may have changed. For instance, since the collapse of Enron and other various businesses, ethical issues have increased and the comparison of businesses has been less aggressive (Baker & Hayes, 2005).

On the other hand, with the Enron catastrophe, what was usually defined by respondents as acceptable standards and programs now may possibly appear unsuccessful. Additionally, an alternative probable explanation could be that after the implementation of SOX, employees were more interested in observing policy implementation at their workplace in order to keep their jobs, and beliefs of what creates acceptable ethical policy changed, which created an observed gap (Michael, 2011; Tysiac & Pastor, 2012). Employees may possibly have become more observant and attentive to the prevention of ethical violations individually; hence ethical violations would have continued to decrease with or without formal written ethics standards and ethical programs. In effect, employees could have become more cognizant of the theoretically disturbing significances of unethical conduct, and from a self-defense view, could have now decided to remain quiet about unethical workplace behavior. However, it could be a combination of all the possibilities given (Carroll & Buchholtz, 2008).

Implications for Theory and Practice

The basis for good employee ethical behavior is reliability, which has been shown to improve the overall effectiveness of business practices (Trevino et al., 2006). The ethical culture that a business supports is fundamental for keeping businesses within acceptable ethical guidelines that all stakeholders accept. Leadership's ethical integrity is vital in the understanding of employee ethical behavior. This behavior among employees at the workplace varies in different circumstances (Davila et al., 2006). The implication of this research was to determine whether the awareness of business response to ethical issues was equal across various business practices, and whether employee acuities changed after implementing SOX. The study served to explore the growth of organizational reaction, and the consequent legal efforts to control gaps in employee ethical behavior.

Cullinan and Du (2010) noted that businesses spent time and money in the implementation of ethical programs, as a consequence of SOX, for improving the ethical behavior of their businesses. Other studies showed the acceptance for unethical behavior seemed to decrease with formal business ethical learning (Armstrong et al., 2009; Bates & Khasawneha, 2005). Furthermore, in a training class of business students requested to act out situations as managers and employees, the ethical behavior of managers was better than the employees (Davila et al., 2006). Bernardi and LaCross (2005) advocated that accounting and business firms can begin setting an organizational ethical culture by being transparent to all stakeholders when creating a business ethics code of conduct that contains organizational values, guidelines, and ethical direction. This current study showed that employees observed fewer unethical behaviors at the workplace between 2005 and 2011. Hence, employees are becoming more aware of the existence of written ethical standards and availability of ethical resources (Stansbury & Barry, 2007).

Summary

Implementation of change requires using critical thinking and analytical skills to introduce new processes for the improvement of organizational functions (Frigo & Anderson, 2009). In the current study, the researcher evaluated a theory analysis and strategic model and discussed the need for corporate governance modifications in employee acuity of ethics learning and suggestion of four best practices (Armstrong et al., 2009; Bates & Khasawneha, 2005). The research also included discussion and study of various theories through extensive research and a review of the need to implement modification in accounting and business practices. Also included was evaluation of some strategic models to these factors as well as the principles and practices that can be utilized to implement modifications (Hesselbein et al., 2002; Krishnan, 2005).

Implementing positive corporate governance modifications by accounting and business practices will ensure providing excellent customer service by employees, building positive relationships, and improvement in employees' ethical behavior that involves everyone as part of the organizational ethical culture, which minimizes ethical risk for businesses to remain competitive in today's dynamic economy (Frigo &

Anderson, 2009; Tysiac & Pastor, 2012). When employees learn and apply high ethical standards, an improvement in the areas of open communication, corporate governance, ethical strategic planning, strategic thinking abilities, and organizational learning in the implementation of positive ethical behavior occurs (Davila et al., 2006). Therefore, the specific research question based on what unified, balanced, strategic model should be implemented for successful modification in ethical learning by accounting and business practices is answered.

Recommendations

Corporate governance modification should develop and plan for implementation with motivation, vision, and a strategy that involves all employees and business leaders to achieve success (Dooley & O'Sullivan, 2001; Hessselbein et al., 2002). This will involve business leaders participating dynamically in establishing strategic goals that include business ethics learning awareness training on an ongoing basis (Higson, 2003; Riahi-Belkaoui, 1998).

Leadership modifications should include a model based on implementing four best practices suggested in the areas of (a) written ethical standards and training, (b) open communication and learning, (c) leadership and accessibility of ethics resources, and (d) organizational culture and social awareness (Marshall et al., 2007; Michael, 2011; Newton et al., 2010; Tysiac & Pastor, 2012). All accounting and business practices should have a written corporate code of business conduct that is transparent and easy to understand as well as an ongoing employee training program with fast access to resources on ethical conduct (Bernardi & LaCross, 2005; Geva, 2006; Schroeder et al., 2011; Wang, 2010). In addition, a balanced ethical model that allows for an all-inclusive integrated view of employee perspectives is recommended for implementation using solution-focused learning (SFL), and timely communication with an ongoing monitoring system on ethical culture (Davila et al., 2006; Maguad & Krone, 2009).

The concept of utility ethical theory discussed in chapter one can be applied to employees, businesses, and personal life in terms of job satisfaction and ethical awareness (Lipman & Lipman, 2006; Tversky, 1967). Research shows that expected utility theory yields unpredictable scales of utility with these scales differing methodically from scales obtained using other methods for scaling subjective value (Higson, 2003; Payne, 1982). By substituting objective values with the corresponding subjective ones, a scale of preferences is established that allows creation of a utility function based on preference interactions with the critical purpose of maximizing expected utility. Hence, a positive relationship between employee ethical awareness and job satisfaction exists (Keast & Towler, 2009).

Open communication and learning on strategic implementation of change is still undergoing further research (Chiang, 2005; Dooley & O'Sullivan, 2001). Change in this area will enhance leaders' and employees' personal and business relations within the community. Organizational change in accounting and business practices should be with the awareness that all participants in a society endeavor to maximize the needs of all members of the society as a whole to reduce business failure and unpleasant interactions (Carter et al., 2005; Davila et al., 2006; Schroeder et al., 2011). It is an ongoing learning process that will add to the scholarly improvement and better understanding of ethical concepts for lasting profitable business relationships and organizational growth (Hesselbein et al., 2002; Higson, 2003). The gap identified is the timing in the development of new ideas for modification after implementation of new ethical learning awareness programs (Armstrong et al., 2003).

Corporate Governance Plan for Strategic Implementation of Change

There was a positive relationship between the quality and success of employees' acuity of ethics training programs concerning accounting and business practices before SOX from 2000 to 2002; and the quality of accounting and business practices ethics programs between 2003 and 2011 after executing SOX in all 48 states resulting in the development of a business model for execution of ethical change that can be used by all businesses (Keast & Towler, 2009). An ethical learning awareness implementation plan should focus on employees' perceptions, actions, or issues (Hrebiniak, 2006). This results-oriented strategy should be revisited on an ongoing basis with emphasis on the following.

Demands of plan. Demands of plan is the communal strategy based on the whole business organization with a focus on ethical learning, culture, and resource allocation. This professional strategy concentrates on business competition, economic advantage, business diversity, and efficiency plans (Baker & Hayes, 2005). In developing different capabilities for different strategies, such as employee ethics learning awareness training programs, accounting and business leaders can focus on investing on the utilization of cross-functional teams from various departments for modifications (Davila et al., 2006).

Accounting and business practices organizational structure. This is the operating unit that makes up the whole organization. A unified modification system can be utilized here, if necessary, and would involve everyone in order to improve open communication between corporate leaders and employees which would result in better employee behavior (Higson, 2003).

Accounting and business practices integration. This involves integrating corporate and business strategies of accounting and business practices. Also, strategic long-term plans should be converted to short-term effective goals and an action plan that stresses daily goals on a daily, weekly, monthly, or quarterly schedule to manage, minimize, and monitor ethical issues (Hesselbein et al., 2006).

Establishment of applicable incentives of common-sense value. This recognizes that humans want to be recognized and appreciated with some form of motivation. Since all employees need to go through the ethical learning awareness program as needed, total commitment from everyone is important. Hence, a learning process can be developed by corporate leaders with open communication (Hrebiniak, 2006).

Recommendations for Further Research

The outcome of this qualitative research study includes several possible areas for future research. Additional research is needed in the understanding of the impact of SOX on ethics programs and the successive insights of occupational groups and gender. This researcher focused on modifications in employee acuity of ethics learning in accounting and business practices, before and after SOX, with suggestions on four best practices for improving employees' behavior. Further research can also build on this study post-SOX to include 2014. This could lead to greater understanding of ethics program effectiveness against SOX impact. Another research study could extend to quantifying the impact on employee behavior using a quantitative research study (Brock, 2008; ERC, 2000, 2003, 2005, 2007, 2011b; Trevino et al., 2006).

Conclusion

Research on the implementation of ethical change is ongoing and many important questions remain to be answered. This research study primarily entailed secondary database research; some portions of the research writing was peer-reviewed (Alreck & Settle, 2004; Creswell, 2009; Smith, 2004). Research was documented in a way that should afford beneficial opportunities for future leaders choosing to emphasize implementing positive ethical changes in accounting and business practices (Davila et al., 2006; Frigo & Anderson, 2009). Overall, this topic should have a constructive influence within accounting and business practices producing a different concept which, if executed, can build affirmative business relationships in the global market (Ariely, 2008; Barnett & Storey, 2001; Brown, 2009; Schroeder et al., 2011).

The fundamental objective of this research was to explore if there were any modifications in employees' acuity of business responses to ethical issues by analyzing data. This study served to establish that there was a general decrease in employees' perceived awareness of business responses to ethical issues in 2000 to 2003, but this increased between 2005 and 2011 (ERC, 2000, 2003, 2005, 2007, 2011b). Specifically, this study showed that there was a decrease in the number of observed behavioral violations of ethical conduct. The implications of these results are that while ethical programs may appear be effective due to the decrease in observed violations of ethical conduct, the results emphasized a decrease in awareness of the existence of written ethical standards in 2003, which increased between 2005 and 2011. In order to determine the effectiveness of ethics training programs brought about as a result of SOX, the researcher recommends that further studies be conducted to quantify the behavior of employees (ERC, 2000, 2003, 2005, 2007, 2011b; Marini, 2011).

The purpose of this study was to analyze some probable causes for the observed decline in employee cognizance of the presence of written ethical standards and accessibility of ethics resources in accounting and business firms (Luthar et al., 1997; Maguad & Krone, 2009; Tenbrunsel & Smith-Crowe, 2008). This qualitative study did show that a relationship existed between ethics training and the awareness by employees of the ethics training. Four best practices for corporate governance modification of employees' perception of ethics learning in accounting and business practices were suggested (Hesselbein et al., 2002; Higson, 2003; Michael, 2011). A better understanding emerged on the effectiveness of ethics training programs after SOX, as well as employee perception of ethical learning awareness (Miles & Huberman, 1994; Tysiac & Pastor, 2012). The conclusion of this scholarly research is intended to help accounting and business companies, as well as colleges and universities, to build on curricula to meet their objectives of ethics training and learning awareness (Di Lorenzo, 2007). The results of this study may also aid in the establishment of accounting and business practices, such as the creation of a new corporate governance ethical department, to provide a system for supporting and monitoring ethical learning of employees, and creating a positive ethical culture at the workplace.

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APPENDICES

APPENDIX A

Sample Report by ERC and Sample Questionnaire

APPENDIX A

SAMPLE REPORT BY ERC AND SAMPLE QUESTIONAIRE

Overview of NBES

ERC has surveyed and described findings on more than 21,000 employees through research over numerous years. For example, in 2011, 4,800 replies were collected, and evaluation of the data show that 117 respondents worked in the government sector. Also, 4,683 answers were from employees in the for-profit sector. Participants in the 2011 NBES were 18 years of age or older; presently employed at least 20 hours per week; working for a corporation that employs at least two people; and randomly selected towards completing a representative national distribution. One-third of all respondents were interviewed by telephone with 75 % of phone sample over land lines, 25% of phone sample over cellular phones, and two-thirds took part through an online survey with the use of online panels and communities. The scope of the telephone and online groups in the sample were weighted to equal 1. All respondents were guaranteed that individual responses to survey questions would be confidential. For 2011, survey was released September 15, and closed September 29. Survey questions and sampling procedure were established by ERC; data collection was managed by Survey Sampling International (SSI). Inquiry by ERC was based upon a framework provided by the Federal Sentencing Guidelines (FSG) for Organizations; the Sarbanes-Oxley Act of 2002; and professional capability in defining elements of official programs, ethical culture, risk, and outcomes. The sampling error of the findings presented in the report is +/- 1.4 percent at the 95% confidence level (ERC, 2011).

Additionally, in all survey years, excluding 2009, data were weighted by age, gender and education. Results for 2011 and years prior to 2009 are conveyed according to all three weighting factors. In 2009, information about education was not presented and survey data were weighted by age and gender only. The sampling error of the NBES 2000 survey piloted was ± 2.5% or less at the 95% confidence level (NBES, 2000). The 2003 NBES survey finalized 1,503 interviews, with individuals in residential households in all 48 states, between January 31, 2003, and March 17, 2003. The sampling error of the NBES 2003 survey was ± 2.5% or less at the 95% confidence level (NBES, 2003).

SURVEY QUESTIONS FROM THE 2000 TO 2011 NBES STUDY

1. What is your gender? Female or Male
2. Has your organization gone through merger, acquisition, or restructuring in the last two years? Yes or No
3. Does your business have any written standards of ethical standards? Yes or No
4. Does your organization have any code of conduct? Yes or No. For instance:
    - Code of ethics? Yes or No
    - Policy statement on ethics statement? Yes or No

- Procedures on appropriate business conduct that offer direction for your job? Yes or No

5. Does your business provide training on principles of ethical conduct? Yes or No
6. Does your business have a particular office or telephone line for getting advice about business ethics issues? Yes or No.
7. What is your level of work responsibility? Do you consider yourself:

    - Upper level management
    - Middle level management
    - First line supervisor
    - Non-management
    - Other

8. What is your job position?

    - Professional employee
    - Technical employee
    - Administrative employee
    - Clerical employee
    - Other category of employment

9. During the past year, have you individually perceived conduct that you assumed violated the law or your organization's standards of conduct? Yes or No

10. How often have you observed this conduct?

    a. Regularly

    b. Seldom

    c. Infrequently

    d. Not at all

APPENDIX B

Some Examples of the Effect of Employee Acuity of Good Ethical Behavior

APPENDIX B

SOME EXAMPLES OF THE EFFECT OF EMPLOYEE ACUITY OF GOOD ETHICAL BEHAVIOR

Schwab Charitable is among the largest fundraising charities in the United States committed to transparency and financial accountability. Customers rated Schwab as an ethical, service-based company because they have provided the best and most ethical financial services in the world by listening to customers. Employees radiate this philosophy with ethical principles during every interaction with customers referred to as doing well by doing good which is now part of the company culture (Hesselbein et al. 2002).

British Airways is an airline that changed the business culture to encourage innovation by doing business differently based on ethical standards (Davila et al., 2006). In the 1970's the airline was known for bad customer service but in recent past it became the most respected. Leadership made changes to the organizational culture from being a transportation provider to being a service provider by retraining the entire employees and promoted innovation. This separated the company from other competitors; the company was able to achieve other successful innovation processes (p.238).

Nordstrom is one of the most successful retailers in the United States and the company has a very resilient organizational culture on customer service. Regular employees based on personal values reflect the culture that shows that customers are highly valued. There have been stories of extra services being offered to customers such as driving out in the snow to deliver a pair of shoes on time, purchasing tie from another competitor to have the perfect suit to satisfy customers' needs, or helping a customer who is unable to change a car tire change it. These values will keep customers coming back, increase sales and profitability (Davila et al. 2006).

In contrast, large companies think that they can succeed anywhere without changing anything. Various large companies have actually failed and have been forced to shut down foreign branches. Recent events involving; Enron, Arthur Andersen, health industry, and financial institutions are some examples of the negative consequences of actions taken by executives.

Some examples of the effect of employee acuity of unethical behavior are:

Wal-Mart Corporation as reported by Hesselbein et al. (2002) expanded in Germany in 1997 with the hope that Germans, like Americans, would clear up low-priced products. By July 2006, Wal-Mart had closed its German operations and absorbed about$1 billion in losses. This was because the company did not evaluate the German culture to make necessary adjustments based on people's preferences at specialty stores.

American Airlines under the former president Robert Crandall known as a legend in the airline industry, who was also involved in several changes that turned around the airline industry, there was a concentrated focus on accountability and assigning blame. This shows the lack of moral values due to unethical principles. As part of the company function if any delay occurs, managers are usually in charge of figuring out which function was responsible. This system had a negative effect. Employees become self-centered since they have to look out for themselves to avoid allegations. Instead of directing focus on shared goals of every one, on-time performance, accurate baggage handling and customers satisfaction, they would rather protect themselves, discourage team work, and lose customers (Davila et al. 2006). Also, this situation occurs in the sale of used automotive vehicles with so many problems to customers without full disclosure.

*Hewlett-Packard a*s reported by Davila et al. (2006) a proud organization can reflect unethical standards in terms of communication. This can lead to overconfidence while engaging in projects that are of high risk though profitable. The company can become self-satisfied and content in the way of doing business while ignoring the fact that other competitors really exist. At Hewlett Packard, the "HP way" way attitude resulted in the company producing employees that were proud and felt privileged to be working with HP. This principle that the company imbibed into the organizational culture had a negative effect on HP's ethical standards and outside competitors. The company had started losing its achievements when it was taken over under the new management of Carly Fiorina (p.248). This signifies that culture and change is not static but should be changed when necessary as the company grows.